

Legal Liability Regulation of Cross-Border E-Commerce under the "Belt and Road" Initiative

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Abstract: Under the deepening background of the "Belt and Road" Initiative, cross-border e-commerce, as an emerging trade form, has ushered in significant development opportunities. However, due to notable differences in legal regulations among countries along the route in customs supervision, tax systems, intellectual property protection, and consumer rights, Chinese cross-border e-commerce enterprises face issues such as conflicts in applicable laws and high compliance costs in practice. This paper analyzes the current problems in China's legal regulation of cross-border e-commerce, including fragmentation, insufficient extraterritorial effect, lack of international coordination mechanisms, and low efficiency in dispute resolution. Drawing on international experience, it proposes building a multi-level legal system, implementing differentiated liability allocation mechanisms, and using blockchain technology to optimize cross-border dispute resolution. The study argues that through domestic legislative integration, promotion of regional agreements, and deepening international cooperation, a systematic and forward-looking legal liability framework for cross-border e-commerce should be established to effectively reduce corporate compliance risks, enhance the global competitiveness of Chinese enterprises, and promote high-quality development of cross-border e-commerce under the Belt and Road Initiative.

Keywords: belt and road, cross-border e-commerce, legal regulation.

1. Introduction

The Belt and Road Initiative, as an important strategy for China to promote global economic cooperation and connectivity, provides a historic opportunity for the vigorous development of cross-border e-commerce (hereinafter referred to as "cross-border e-commerce"). Against this backdrop, the flower industry in Yunnan has flourished. In 2024, relying on its unique geographic advantages and resource endowment, Yunnan's fresh cut flower exports reached 760 million yuan [1]. However, countries along the route have significant differences in customs regulations, intellectual property systems, consumer rights protection, etc. For example, flowers exported from Yunnan to Kazakhstan are subject to a 12% Value Added Tax (VAT), while flowers entering Thailand via cross-border e-commerce must comply with specific inspection and quarantine electronic certification requirements. Such inconsistencies in legal requirements expose Yunnan's flower enterprises to multiple compliance risks in practice. How to scientifically allocate legal liability to balance trade facilitation and risk control has become a core issue in promoting high-quality development of

cross-border e-commerce under the Belt and Road Initiative. In this context, some studies have pointed out that the core of legal regulation lies in bridging institutional differences through international cooperation, such as promoting the formulation of regional agreements, establishing cross-border dispute resolution institutions, and strengthening platform accountability. Based on this, this study uses the cross-border transportation of Yunnan flowers as an entry point to reveal the practical challenges and regulatory paths of legal liability in cross-border e-commerce under the Belt and Road Initiative, aiming to improve cross-border e-commerce legal conflict resolution mechanisms and promote the healthy development of cross-border e-commerce [2].

2. Literature review

Due to differences in legal practices, theoretical foundations, and national policies, many scholars emphasize different aspects of the current legal analysis of cross-border e-commerce. However, there is a broad consensus on many issues. China started relatively late in legislation on cross-border e-commerce; the recently enacted "Electronic Commerce Law of the People's Republic of China" partially protects cross-border e-commerce rights but has developed rapidly under the guidance of advanced extraterritorial experiences [3].

In practice, it is believed that the allocation of the burden of proof should be optimized in logistics disputes, requiring freight forwarders to bear higher evidentiary responsibilities. Some scholars argue that the responsibilities of e-commerce platforms should be clarified, including substantive review obligations of operator qualifications, and that platforms should initially bear liability for infringement compensation in disputes, then seek recourse from actual operators, to resolve consumer difficulties in cross-border accountability.

On the one hand, some scholars suggest exploring dynamic governance of cross-border e-commerce regulation, providing external compliance training and internal refined supervision. On the other hand, some call for enterprises to proactively adapt to host country rules and fulfill obligations due to intellectual property rights being based on sovereign laws, while governments and platforms should share data to address "duplicate regulation" or "blind spots." Compliance training (e.g., on intellectual property and tax reporting) can reduce legal risks [4].

In summary, current academic discussions on strategies and recommendations for cross-border e-commerce development are relatively rich and analyze the organic connection between cross-border e-commerce and related industries from multiple angles. However, research on legal liability regulation of cross-border e-commerce under the Belt and Road Initiative remains insufficient, and some studies rely on outdated data that fail to fully reflect the current development status. Furthermore, problem-solving suggestions should be deeply considered from a legal perspective. Therefore, this paper further analyzes the current situation and deeply explores targeted solutions to improve legal regulation that can promote cross-border e-commerce.

3. Current status and limitations of legal regulation of cross-border e-commerce

3.1. Current status of legal regulation of cross-border e-commerce

Currently, global cross-border e-commerce is developing rapidly, but its legal regulatory system shows significant fragmentation, especially with structural gaps in domestic legislation. China has yet to establish a unified legal framework for cross-border e-commerce; relevant rules are scattered across Article 26 of the Electronic Commerce Law (on cross-border application), departmental regulations such as the "Notice on Improving the Supervision of Cross-Border E-Commerce Retail

Imports," and tax facilitation policies from the General Administration of Customs. This legislative status creates frequent regulatory blind spots—for example, there is a lack of clear guidance on liability allocation for overseas warehouses and compliance standards for cross-border data flows. Scholars using the SIR model have confirmed that fragmented legislation easily leads to regulatory gray areas, and insufficient policy attractiveness may even stimulate the expansion of gray markets [5].

In contrast, international regulatory frameworks also face fragmentation challenges. The EU, through reforms to the VAT Directive effective in 2028, implements comprehensive taxation by abolishing the €150 tax exemption threshold and mandating platforms to withhold and remit VAT. The UK's Her Majesty's Revenue and Customs (HMRC) new regulations in 2025 establish "penetrative regulation," requiring e-commerce platforms to perform seven-dimensional verification on sellers, including substantive review of business premises, real-time VAT number validation, and Internet Protocol Address (IP) tracking. The varying tax rules across US states further escalate compliance costs. This "patchwork" of regulations places multiple compliance burdens on Chinese companies—for instance, a home goods exporter must comply simultaneously with the EU's Extended Producer Responsibility (EPR) system, UK packaging tax, and US TPP state tax requirements, with compliance costs reaching 18% of revenue.

Notably, innovation at the local level in China has begun. Yuhang's "Belt and Road" International Legal Affairs Zone pioneered a "1+2+4+N" service mechanism: assembling a foreign-related legal service team, creating dual online and offline platforms (the International Legal Affairs Zone and the "Yushengxin" digital platform), and coordinating among the judicial bureau, commerce bureau, public security, and street-level party organizations to provide multiple routine services. This practice offers valuable experience for coordinated central-local legislation but is limited in scope and cannot solve broader systemic issues.

3.2. Limitations of existing legal liability regulation

3.2.1. Insufficient extraterritorial effect of domestic law

Domestic laws are designed to address issues within domestic e-commerce but become complex in cross-border contexts. Although China's Electronic Commerce Law provides a principle of cross-border application (Article 26), specific rules are still primarily oriented toward domestic e-commerce activities. For example, platform liability provisions focus on protecting domestic consumers and insufficiently consider overseas consumer protection scenarios. When a UK buyer sues a Chinese seller over product quality, domestic regulators find it difficult to hold the seller accountable due to judicial jurisdiction barriers and the lack of recognition and enforcement mechanisms for foreign judgments. More seriously, domestic laws have weak effectiveness in cross-border data regulation—the Data Security Law requires "important data" to be stored locally but does not clearly define obligations for data transfer by overseas e-commerce platforms, causing ambiguity in corporate compliance boundaries [6].

The UK HMRC tax reform case fully exposes this issue. The 2025 regulation requires platforms to verify sellers' "substantive place of business," but Chinese law does not have a corresponding overseas warehouse registration system. When a UK platform demanded a Jiangsu toy company provide proof of business premises ownership, the company was shut down because no corresponding domestic document template existed, resulting in losses exceeding 2 million RMB. Such conflicts arise from a disconnect between domestic law and international rules, reflecting insufficient legislative foresight.

3.2.2. Lack of international regulation and coordination mechanisms

Current international regulation shows an “island effect.” The EU enforces a local warehouse mandate from July 2025, requiring non-EU sellers to establish warehouses within the EU to centralize goods inspection, addressing the regulatory challenge of 12 million daily inbound parcels. ASEAN, meanwhile, has established a regional data-sharing mechanism under the “Digital Economy Framework Agreement.” However, these mechanisms lack mutual recognition, causing overlapping and even conflicting compliance requirements.

This problem is especially prominent in taxation. The EU’s Import One-Stop Shop (IOSS) system was designed to simplify VAT declarations, but due to divergent member state enforcement, double taxation frequently occurs. For example, Dutch customs levied VAT twice on a parcel for a German consumer who had already paid via IOSS, as tax data were not synchronized in real-time between the two countries. More seriously, international organizations lack effective functions—World Trade Organization (WTO) e-commerce negotiations are stalled, and although the Organization for Economic Co-operation and Development (OECD) promotes data sharing (with the UK joining its platform economy reporting framework in 2024), binding dispute resolution mechanisms are absent [7].

3.3. Causes of low efficiency in cross-border e-commerce dispute resolution

3.3.1. National differences in legal regulation

In 2025, the UK’s HMRC tax reform aimed at cracking down on tax evasion by regarding goods as sold domestically if physically located in the UK at the time of transaction. The differentiated implementation of the EU’s EPR system is a typical example: France requires e-commerce platforms to pre-collect recycling fees and register EPR identification codes; Germany mandates participation in a dual system for packaging. A Shenzhen electronics seller was delisted in France for failing to attach the Triman mark on products sold there and fined 60,000 euros in Germany for not joining the Lizenzero system. These differences stem from national discretion in transposing EU directives, forcing companies to expend significant resources on country-specific compliance adaptations [8].

Tax system differences create structural costs. The UK’s abolition of the £135 tax exemption leads to full-scenario taxation; US state tax rates vary by up to 10.5%; some ASEAN countries still retain tax exemptions. The fragmented rules cause a small commodities exporter in Yiwu to maintain 17 separate tax filing systems, with error rates rising by 35%.

The internationalization of digital platform regulation first surfaced in the early 2000s with the “Yahoo Auctions” case. This widely followed dispute spurred extensive academic debate in Europe and the US on public morality and freedom of speech related to international conflicts involving digital platforms [9].

3.3.2. Long logistics chains and dispersed liability, time pressure exacerbating disputes

Cross-border logistics involve more than seven transfer links (domestic warehouse – customs declaration – maritime transport–customs clearance–delivery– returns), operated by different entities with unclear liability allocation. When goods are damaged during transit in a third country, multiple parties often shift blame. A more pressing issue is violations under time pressure: to meet Amazon FBA’s strict inbound deadlines, a logistics provider falsified customs clearance document dates,

resulting in an entire shipment being detained by EU customs and triggering disputes over liability between buyer and seller.

A new European Parliament proposal (2025) highlights this pain point—it requires non-EU sellers to set up local warehouses in the EU to simplify regulation but does not concurrently establish clear liability for logistics providers. When a Polish consumer claims compensation for delivery delays, the Chinese seller, German overseas warehouse, and Dutch customs agent all shift responsibility, with dispute resolution averaging 143 days.

3.3.3. Difficulties in evidence preservation and verification

In the digital era, 80% of evidence such as electronic contracts, chat records, and payment proofs is digitized. However, judicial acceptance faces three major challenges: difficulty verifying authenticity, fragmentation of performance processes breaking evidence integrity chains, and cross-border evidence collection barriers. The EU's GDPR restricts Chinese courts from directly accessing data stored on servers within its jurisdiction [10].

4. Recommendations for improving legal regulation of cross-border e-commerce under the belt and road initiative

4.1. Cultivating a multi-layered legal regulation model for cross-border e-commerce

To address the problem of fragmented legislation, it is recommended to design a three-tier framework of “Domestic Law – Bilateral Agreements – Regional Rules”.

At the domestic level, a Cross-Border E-Commerce Promotion Law should be enacted to integrate existing regulations, establish a registration and public disclosure system for overseas warehouses (aligned with the UK's substantive place of business review), and create a classified regulatory list for cross-border data flows (distinguishing order data from personal information).

At the bilateral level, under the RCEP framework, tax cooperation memoranda should be signed with ASEAN countries to establish VAT refund fast channels and pilot “regulatory sandboxes” allowing enterprises to test innovative models within a safe space (e.g., cross-border settlement with digital RMB).

At the regional level, relying on the Belt and Road International Legal Affairs Zone (Yuhang model), a permanent cross-border e-commerce working group should be established to publish “Compliance Guidelines for Countries Along the Route,” unify EPR certification standards, and promote the “Digital Passport” system—allowing products to circulate across multiple countries through a one-time certification.

The practice of Jiangsu Maotong Law Firm offers a reference. Its developed “Cross-Border Transaction Pass” system integrates law, technology, and global resources, providing full-cycle services through a country-specific legal database, intelligent compliance checklists, and an overseas law firm alliance (“1+N” network). This model can be upgraded into a regional compliance platform.

4.2. Building differentiated liability rules

For large e-commerce platforms (such as Alibaba International Station), “presumed supplier liability” should be applied, requiring them to undertake obligations such as product safety review, tax withholding and remittance, and advance dispute compensation, referencing the EU's VIDA reform plan. For SMEs, exemptions should be granted; companies with annual export volumes

below \$1 million can enjoy simplified tax regimes (such as ASEAN's tax exemption policies). For logistics, shared liability insurance (proportionally covered by multiple parties) should be implemented. For micro-businesses and individual sellers, "compliance custody" should be adopted where platforms uniformly fulfill compliance obligations to reduce individual costs [11].

In logistics, "segmented responsibility labeling" should be promoted, attaching blockchain-traceable tags (e.g., RFID chips) to each package to record responsible parties at each stage. When goods are damaged, smart contracts can automatically trigger compensation from the liable party, shortening dispute resolution cycles by over 60%.

5. Conclusion

Under the continuous advancement of the Belt and Road Initiative, cross-border e-commerce has become an important pillar of China's foreign trade. However, the lagging, fragmented legal regulation and the absence of international coordination mechanisms seriously restrict its high-quality development. This paper systematically analyzed the prominent issues China currently faces in regulating legal liability for cross-border e-commerce, including insufficient extraterritorial application of domestic law, disconnection in international regulatory frameworks, and inefficient dispute resolution mechanisms.

The study suggests that sustainable development of cross-border e-commerce requires constructing a tripartite legal regulation system of "Domestic Law–Bilateral Agreements–Regional Rules," promoting a shift from passive adaptation to proactive leadership in legal frameworks. Meanwhile, differentiated liability rules based on enterprise type and risk characteristics should be established, including platform primary responsibility, SME exemptions, and compliance custody for micro-businesses, to balance cost control and fairness in liability. Furthermore, leveraging blockchain and artificial intelligence technologies to establish efficient and trustworthy Online Dispute Resolution (ODR) platforms will be a key direction to improve dispute handling efficiency in cross-border e-commerce.

Only through coordinated efforts in legal frameworks, liability mechanisms, and technological applications can the current legal obstacles be effectively resolved, supporting the stable growth and compliant development of China's cross-border e-commerce in Belt and Road countries.

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