

Saint Petersburg State University

Department of World Economy

**INTERNATIONAL ASPECTS OF E-COMMERCE IN RUSSIA AND CHINA:
CHALLENGES AND PERSPECTIVES**

Thesis submitted in partial fulfillment of the requirements
for the degree of
Master of Arts 38.04.01 “Economics”
International Trading System MA program

I hereby certify
that this is entirely my own work
unless otherwise stated

By Daria S. Bondarchuk



Signature

Supervisor

Professor Alexander I. Pogorletskiy



Signature

Saint Petersburg
2022

Content

INTRODUCTION	3
CHAPTER 1. THE CONCEPT OF E-COMMERCE IN CONTEMPORARY ECONOMICS	7
1.1 Terminology, types and infrastructure of e-commerce systems.....	7
1.2 E-commerce in the context of digitalization and radical uncertainty.....	16
CHAPTER 2. E-COMMERCE IN RUSSIA AND CHINA.....	24
2.1 E-commerce in China: current situation.....	24
2.2 E-commerce in Russia: challenges and perspectives	31
CHAPTER 3. E-COMMERCE TAXATION IN RUSSIA AND CHINA.....	40
3.1 Comparative analysis of e-commerce taxation and its challenges in Russia and China	40
3.2 Perspectives of e-commerce taxation in Russia and China in the conditions of new uncertainty	48
CONCLUSION	56
REFERENCES.....	60

Introduction

Relevance. Electronic commerce, which appeared in the 90s of the XX century, revealed new prospects in business development, which predetermined its steady growth and the introduction of new technologies. E-commerce accounts for a relatively small share of total retail transactions¹, nevertheless, it is necessary to take into account its high growth potential, which is noticeably outpacing both the growth of the world economy and the growth of export operations of international trade in goods and services². E-commerce provides a number of significant advantages to manufacturers and entrepreneurs: saving costs for organization and decoration of sales areas, salaries of a number of employees: sellers, administrators, managers, cashiers, security guards, as well as the ability to expand one business worldwide.

Recently, the spread of COVID-19 pandemic has significantly changed the development path of Russian and Chinese e-commerce. On the one hand, this event has fostered its growth as a response to lockdown and changed consumers behavior and attitude towards online shopping. On the other hand, it has created new issues and challenges, due to recession, closed borders and disturbed trading mechanisms. Anyway, these tendencies may possible have a long-run effect.

These circumstances mentioned above determine the choice of the topic of this master's thesis, its goal, objectives, object and subject.

The goal of this master's thesis is to define the current state, main problems and prospects of the development of electronic commerce in Russia and China.

The achievement of this goal was pursued via setting and solving a set of logically interrelated *objectives*, consistently revealing the topic of this paper:

- analyzing the terms, classifications and infrastructure of e-commerce;
- determining the role of digitalization and radical uncertainty in online trade;
- analyzing the current state of domestic and cross-border e-commerce in China;
- analyzing the challenges and perspectives of domestic and cross-border e-commerce in Russia;
- comparing Russian and Chinese e-commerce taxation and identifying their challenges;
- observing the state of Russian and Chinese e-commerce taxation in the conditions of the new uncertainty.

The object of this research is the economic entities of e-commerce systems.

¹ E-commerce share of total global retail sales from 2015 to 2023 // Statista. URL: <https://www.statista.com/statistics/534123/e-commerce-share-of-retail-sales-worldwide/> (accessed on 02 May 2021).

² A. I. Pogorletskiy, Taxation of Cross-Border e-commerce Transactions: Features, Challenges and Opportunities // Tomsk State University Journals of Economics. – №46. – 2019. – Pp. 229-250.

The subject of the research is the mechanisms of trade and regulation existing in the e-commerce systems in Russia and China at the present stage.

Background. Information technology research issues, including the problems of e-commerce development, are reflected in the papers of many scientists. R. R. Dyganova observes and explains the essence of most widely accepted e-commerce models³. H. B. Okholm considers value delivery methods used in e-commerce⁴. A. N. Agafonova determines the features and elements of the infrastructure of e-commerce systems at the micro and macro levels⁵. E. N. Smirnov pays attention to digitalization processes and their impact on cross-border e-commerce⁶. The concept of radical uncertainty is taken into consideration through the researches of J. M. Keynes⁷ and F. Knight⁸. N. N. Taleb elaborates on the black swan theory⁹ and the concept of antifragility¹⁰. All these concepts are essential to be observed in regards with e-commerce.

L. Zhang, S. Cheng¹¹ focus on the duality of digitalization in China, while V. G. Khalin, G. V. Chernova do the same in terms of Russian digitalization¹², and therefore, e-commerce as well. A. I. Pogorletskiy presents new opportunities for taxation and tax regulation, contributing to the development of e-commerce¹³, focuses on the priority of the regulatory (stimulating) role of taxes when they are used as tools of influencing international online trade, and considers possible innovations in the cross-border e-commerce taxation in Russia¹⁴. L. V. Polezharova and A. M. Krasnobaeva, examined the possibility of the introduction of a tax on digital services in Russia, by focusing on the prematurity of this decision¹⁵. Zhang

³ R. R. Dyganova, G. G. Ivanov, R. R. Salihova, V. A. Matosyan, E-commerce. – Moscow: Dashkov b k, 2021. – 150 pp.

⁴ H. B. Okholm, M. H. Thelle, A. Möller, B. Basalisco, S. Rølmer, E-commerce and delivery. – Copenhagen: Copenhagen Economics, 2013. – 297 pp.

⁵ A. N. Agafonova, Methodology for Managing the Set of Information Services in Electronic Commerce: dis... Cand. Economic Sciences: 08.00.05 / SSEU. – Samara, 2015. – 333 pp.

⁶ E. N. Smirnov, Digital globalization: The new era of global flows // E-Management. – Vol. 2, № 1. – 2019. – pp. 78–84.

⁷ J. M. Keynes, A Treatise on Probability. – Cosimo Classics, 2007 (1921). – 484 p.

⁸ F. Knight, Risk, Uncertainty, and Profit. – Scholar's Bookshelf, 1964. – 397.

⁹ N. N. Taleb, The black swan: the impact of the highly improbable. New York: Random House, 2007. – 369 p.

¹⁰ N. N. Taleb, Antifragile: Things That Gain from Disorder. New York: Random House, 2012. – 564 p.

¹¹ L. Zhang, S. Cheng, China's digital economy: opportunities and risks // Bulletin of international organizations. – Vol. 14, № 2. – 2019. – Pp. 275–303.

¹² V. G. Khalin, G. V. Chernova, Digitalization and its impact on the Russian economy and society: advantages, challenges, threats and risks // Management Consulting. – № 10. – 2018. – Pp. 46–62.

¹³ A. I. Pogorletskiy, op. cit.

¹⁴ A. I. Pogorletskiy, Historical Reconstruction of the Impact of Pandemics on the Development of Indirect Taxation [Electronic resource] // Journal of Applied Economic Research. – Vol. 19, № 2. – 2020. – Pp. 180–207.

¹⁵ L. V. Polezharova, A. M. Krasnobaeva, E-Commerce Taxation in Russia: Problems and Approaches // Journal of Tax Reform. – 6(2). – 2020. – Pp. 104–123.

Junjun identified 7 types of influence of e-commerce development on the Chinese taxation¹⁶, Liu Shuping, Wang Mingxing, and Xu Yiqing identified problems in tax planning in China¹⁷.

In terms of sources of information, this master's thesis considers the terminology of e-commerce in Russian and Chinese legislation, by appealing to laws related to online trade regulation in these countries: Decision № 2463 of the Government of the Russian Federation¹⁸ and The Law of the People's Republic of China "On Electronic Commerce"¹⁹.

The main sources used in this research are OECD data on China's and Russia's policy responses to COVID-19 and their economic results²⁰, Data Insight with reports on Russia's e-commerce market, B2C and C2C sector revenues²¹. Statista provides with statistics on Russia about main problems for online exporters during the pandemics²², e-commerce market growth, and fast-moving consumer goods growth rate in e-commerce²³. As for the data on Chinese e-commerce, the website of The Ministry of Commerce of the PRC has been mainly used²⁴. The results of the survey about transition from offline purchases to online, conducted among Chinese and Russian consumers, has been taken from the website of UNCTAD²⁵. The materials and data used during business forums and conferences such as Business forum "Global post-

¹⁶ 张俊军, 我国电子商务征税的原则与技术对策=Zhang Junjun, Principles and technical countermeasures of PRC e-commerce taxation // Reformation & Strategy. – Vol.36, №7. – 2020. – Pp. 58-65.

¹⁷ 刘淑萍、王明星、徐以晴, 电子商务企业税务筹划问题分析= Liu Shuping, Wang Mingxing, Xu Yiqing, Analysis on Tax Planning of E-commerce Enterprises // Technology and Market. – Vol. 28, №11. – 2021. – Pp.145-146.

¹⁸ Decision № 2463 of the Government of the Russian Federation "On approval of the Rules for the sale of goods under a retail sale and purchase agreement, a list of durable goods that are not subject to the consumer's requirement for the free provision of goods with the same basic consumer properties, for the period of repair or replacement of such a product, and the list of non-food products of good quality that cannot be exchanged, as well as amending some acts of the Government of the RF" // Consultant Plus. – URL: http://www.consultant.ru/document/cons_doc_LAW_373622/ (accessed on 7 May 2021).

¹⁹ 中华人民共和国电子商务法: 2018年8月31日第十三届全国人民代表大会常务委员会第五次会议通过 = The Law of the People's Republic of China "On Electronic Commerce": Adopted at the Fifth Session of the Standing Committee of the Thirteenth National People's Congress on 31 August 2018 // 国家市场监督管理总局. – URL: https://gkml.samr.gov.cn/nsjg/fgs/201908/t20190820_306141.html (accessed on 7 May 2021).

²⁰ OECD Policy Responses to Coronavirus (COVID-19). E-commerce in the time of COVID-19 // OECD. – URL: <http://www.oecd.org/coronavirus/policy-responses/e-commerce-in-the-time-of-covid-19-3a2b78e8/> (accessed on 7 May 2021).

²¹ E-Commerce in Russia 2020 // Data Insight. – URL: https://datainsight.ru/DI_eCommerce2020 (accessed on 03 June 2021).

²² What was the most serious problem for export sales amid the coronavirus (COVID-19) pandemic in 2020? // Statista. – URL: <https://www.statista.com/statistics/1198509/major-challenges-for-online-export-sales-during-covid-19/> (accessed on 04 June 2021).

²³ Year-over-year FMCG nominal growth rate in e-commerce in Russia from January 6 to March 15, 2020, by week // Statista. – URL: <https://www.statista.com/statistics/1108816/russia-fmcg-sales-growth-online-trade/> (accessed on 04 June 2021).

²⁴ 中国电子商务报告 = 2019 Report on E-Commerce in China 2019 // 中华人民共和国商务部. – URL: <http://dzsww.mofcom.gov.cn/article/ztxx/ndbg/202007/20200702979478.shtml> (accessed on 03 June 2021).

²⁵ COVID-19 and E-commerce. Findings from a survey of online consumers in 9 countries // UNCTAD. – URL: https://unctad.org/system/files/official-document/dtlstictinf2020d1_en.pdf (accessed on 02 June 2021).

pandemic world: new approaches to organizing business”²⁶ and conference at Dubai Expo²⁷ have been considered in order to reveal the features and subsequent issues of e-commerce taxation in Russia and China.

The theoretical research methods of this master’s thesis include analysis, synthesis, classification, and generalization, as well as quantitative research methods based on the analysis of statistical data, which will help to identify general patterns in the phenomenon under study and make appropriate conclusions.

This master’s thesis consists of introduction, three chapters divided into two paragraphs, conclusion and references. The introduction reveals the relevance of the chosen issue, determines goal and objectives of the research. The first chapter is devoted to the essence of e-commerce, its terminology, types, and concepts of digitalization, radical uncertainty, black swan and antifragility. The second chapter presents the analysis of the current situation, issues and prospects in Russia’s and China’s e-commerce, illustrating how the theoretical concepts provided in the first chapter are reflected in these countries. The third chapter considers Chinese and Russian e-commerce taxation with their challenges, taking into account current situation. The conclusion summarizes the results of the research, make an overall comparison between Russia’s and China’s e-commerce development and regulation.

²⁶ Business forum “Global post-pandemic world: new approaches to organizing business” // V International Economic Symposium - 2021. XVIII International Conference "Evolution of the international trading system: problems and prospects", April 14, 2021, 16:30-18:30.

²⁷ Russia at Expo 2020 Dubai: E-Commerce 2022: [24.02.2022] //Kommersant conferences. – (1:59:15). – URL: https://www.youtube.com/watch?v=GUfcqDbLf4s&t=4470s&ab_channel=%D0%9A%D0%BE%D0%BC%D0%BC%D0%B5%D1%80%D1%81%D0%B0%D0%BD%D1%82%D1%8A%D0%9A%D0%BE%D0%BD%D1%84%D0%B5%D1%80%D0%B5%D0%BD%D1%86%D0%B8%D0%B8 (accessed on 07 April 2022).

1. The concept of e-commerce in contemporary economics

1.1 Terminology, types and infrastructure of e-commerce systems

E-commerce has fast become the 21st century's phenomenon. Despite its relatively short existence, it has significantly influenced contemporary forms of business and contributed to the era of the information revolution. Companies must adapt to new conditions, otherwise sooner or later they will disappear.

A wide range of definitions of e-commerce can be found in existing literature devoted to this topic. It is necessary to note that understanding of e-commerce is not universal, therefore, the usage of the term varies in different contexts.

Since about 1993, the term “e-commerce” has been used first in the media and then in professional literature to refer to economic activities carried out using computer networks. At the same time, the type of computer networks and extent of their participation in commerce do not have a single point of view. It is believed that the emergence of the term e-commerce refers to an earlier period, namely the 60s of the XX century, when large organizations began to use electronic data interchange technologies in transactions with each other, and banks began to use electronic funds transfer²⁸.

According to Philip Kotler, “e-commerce can be defined as a general term for buying and selling process that is supported by electronic means”²⁹.

As for the OECD definition established in 2001 and revised in 2009, e-commerce is regarded as the sale or purchase of goods or services, conducted over computer networks by methods specifically designed for the purpose of receiving or placing orders³⁰. In this respect, whether a commercial transaction is defined as e-commerce depends on the ordering approach rather than the peculiarities of the product purchased, the parties involved, the type of payment or the delivery channel.

The US Census Bureau uses a similar but broader definition as it adds that e-commerce might also imply sales where the price and terms of the sale are negotiated over the Internet, extranet, a mobile device, Electronic data interchange network, e-mail, or other comparable online systems³¹. According to the OECD and Eurostat definitions, it is possible to conclude that a payment may or may

²⁸ N. M. Vasilyeva, E-commerce as a legal category // Electronic portal «E-commerce law». – URL: <http://ecommercelaw.ru/articles/elektronnaya-kommerciya-kak-pravovaya-kategoriya.html> (accessed on 1 May 2021).

²⁹ Ph. Kotler, H. Kartajaya, Marketing 4.0: Moving from Traditional to Digital. – John Wiley & Sons, 2016. – P. 55.

³⁰ OECD Guide to Measuring the Information Society 2011. – Paris: OECD Publishing, 2011. – P. 92.

³¹ E-commerce statistics (E-STATS) // US Census Bureau. – URL: <https://www.census.gov/programs-surveys/e-stats/about/faqs.html> (accessed on 1 May 2021).

not be made online. Despite the slightly wider definition, the emphasis is still made on how the purchase is initiated rather than on the form of delivery or nature of the product.

Statistics Canada defines that e-commerce is all sales of goods and services in which the order is received and the commitment to purchase is made via the Internet, although payment can be made by other means. It further clarifies that this definition implies orders made over the Internet, through an extranet, or by EDI, and it does not include orders made by telephone calls, facsimile or e-mail³².

At the same time the Japanese Ministry of Economy, Trade and Industry (METI) defines e-commerce not only in a narrow sense, but also in a wider sense in line with the original OECD definition. As for a narrow sense, e-commerce includes transactions or purchase orders that are conducted via computer network systems with a use of Internet technologies and whose contract amounts are captured via such systems. In a wider sense, “Internet” is replaced by “computer network systems”³³.

It is worth being mentioned that in surveys of the private sector the term “e-commerce” in many cases is not defined at all or only relates to a subset of the transactions covered by the OECD definition, which reflects the particular interest of the source. Ambiguities in the definition also appear in the business literature and other resources where, depending on the sphere and audience, e-commerce frequently relates to some most popular models, and most notably to retail, rather than retail and wholesale at the same time.

In contrast to previous examples, the trade policy community has a tendency to take a much broader view of e-commerce. According to the World Trade Organization Work Programme on Electronic Commerce, e-commerce is defined as the “production, distribution, marketing, sale or delivery of goods and services by electronic means”. When it comes to trade in services, the WTO defines e-commerce as: 1) the provision of Internet access services; 2) electronic delivery of services; and 3) the use of the Internet as a channel for distribution services, by which goods and services are purchased over the Internet, but delivered to consumers subsequently in non-electronic form³⁴.

Consequently, the e-commerce definition of the WTO captures a lot of activities that would not fall under the definition used by OECD, which was mentioned above. As for trade in services, only the

³² Retail e-commerce in Canada // Statistics Canada. – URL: <http://www.statcan.gc.ca/pub/11-621-m/11-621-m2016101-eng.htm> (accessed on 1 May 2021).

³³ Results compiled of the e-commerce market survey // METI Japan. – URL: http://www.meti.go.jp/english/press/2016/0614_02.html (accessed on 1 May 2021).

³⁴ Work Programme on Electronic Commerce // World Trade Organization. – URL: https://www.wto.org/english/tratop_e/ecom_e/wkprog_e.htm (accessed on 25 April 2021).

3rd aspect would fall under present OECD definition while the first and the second ones would only be captured to the extent that these services have been ordered over a computer network.

Due to the complexity and ambiguity of the term of “e-commerce”, it is frequently substituted by the term “digital trade”. Some organizations, such as OECD, use these terms in their reports like complementary ones³⁵. In some resources digital trade appears to be a broader concept, than e-commerce and tends to include transactions of the latter one, along with digitally delivered services, irrespective of the method by which they are ordered³⁶. However, other scholars prefer to divide these concepts, although they do not succeed in avoiding overlapping of their meanings. For example, e-commerce can be referred to as the process when physical goods are purchased via digital platforms that need to be shipped overseas and passed through customs clearance into foreign markets. Nevertheless, this concept seems to include mainly cross-border e-commerce, excluding internal e-commerce. On the other hand, digital trade might be regarded as the transfer of data, products or services by electronic means, in most cases via Internet. This concept includes data and services, which were not mentioned in operational sphere of e-commerce. In addition, digital trade is likely to play a significant role in e-commerce by facilitating buying, selling and servicing physical goods and services³⁷. Therefore, distinction between these concepts is not so clear and tends to be blurred. There is no universal and commonly agreed difference between the terms “e-commerce” and “digital trade”, that is why this issue still remains relevant.

E-commerce can be divided into domestic e-commerce and cross-border e-commerce, as it has been done in the project of “Electronic commerce development strategy in the Russian Federation for the period up to 2025”. According to this strategy, cross-border e-commerce is regarded as e-commerce between parties to the transaction located in different jurisdictions, one of which is located on the territory of the Russian Federation, while internal e-commerce appears to be e-commerce between parties to the transaction located in the internal market of the Russian Federation³⁸. This master’s thesis will further pay attention as to domestic e-commerce, as to cross-border e-commerce in Russia

³⁵ S. Fayyaz, A review on measuring digital trade & e-commerce as new economic statistics products // OECD. – URL: https://www.oecd.org/iaos2018/programme/IAOS-OECD2018_Item_3-D-1-Fayyaz.pdf (accessed on 06 May 2021).

³⁶ J. López-González, M. Jouanjean // Digital trade: Developing a framework for analysis. – Paris: OECD Publishing, OECD Trade Policy Papers, №.205, 2017. – P. 5.

³⁷ E. Benson, E-Commerce vs. Digital Trade // Bertelsmann Foundation. – URL: <https://www.bfna.org/digital-economy/e-commerce-vs-digital-trade-3tsxyi3owh/> (accessed on 06 May 2021).

³⁸ “Electronic commerce development strategy in the Russian Federation for the period up to 2025”. Trade development strategy in the Russian Federation for the period up to 2025 // Ministry of Industry and Trade Russia. – URL: https://minpromtorg.gov.ru/docs/#!proekt_strategiya_razvitiya_elektronnoy_torgovli_v_rossiyskoy_federacii_na_period_do_2025_goda (accessed on 7 May 2021).

and China. That is why it is necessary to focus on how the term of e-commerce is considered in Russian and Chinese legislation.

When it comes to the concept of e-commerce in Russian legislation, Decision № 612 of the Government of the Russian Federation of 27 September 2007 (amended on 16 May 2020) “On approval of the Rules for the sale of goods by remote means”, defines electronic commerce as “sale of goods by remote means”, which means the sale of goods under a contract of retail sale concluded on the basis of familiarization of the buyer with the description of the goods, which is proposed by the seller contained in catalogs, brochures, booklets or presented in photographs or using postal communication networks, telecommunication networks, including the information and telecommunication network "Internet", as well as networks for broadcasting TV channels and (or) radio channels, or in other ways that exclude the possibility of direct acquaintance of the buyer with the goods or a sample of goods when concluding such an agreement. However, this act was invalidated on 1 January 2021³⁹.

As the Ministry of Industry and Trade of Russia claimed, the development of new relevant rules have been done and Decision № 2463 of the Government of the Russian Federation of 31 December 2020, which is known as Decision “On approval of the Rules for the sale of goods under a retail sale and purchase agreement, a list of durable goods that are not subject to the consumer's requirement for the free provision of goods with the same basic consumer properties, for the period of repair or replacement of such a product, and the list of non-food products of good quality that cannot be exchanged, as well as amending some acts of the Government of the Russian Federation”, entered into force on 1 January 2021. In this Decision there is still no definition of e-commerce itself, although this term is regarded as “remote means of selling goods using the information and telecommunication network “Internet” (“Internet” network) and (or) programs for electronic computing machines”⁴⁰. As for the Civil Code of the Russian Federation, it does not contain such concepts as an electronic contract or an electronic transaction. That is why it is possible to conclude that the concept of e-commerce does not appear to be clearly defined and seems to be rather vague in this case.

³⁹ Decision № 612 of the Government of the Russian Federation “On approval of the Rules for the sale of goods by remote means” dated 27 September 2007 (amended on 16 May 2020) // Consultant Plus. – URL: http://www.consultant.ru/document/cons_doc_LAW_71418/ (accessed on 7 May 2021).

⁴⁰ Decision № 2463 of the Government of the Russian Federation “On approval of the Rules for the sale of goods under a retail sale and purchase agreement, a list of durable goods that are not subject to the consumer's requirement for the free provision of goods with the same basic consumer properties , for the period of repair or replacement of such a product, and the list of non-food products of good quality that cannot be exchanged, as well as amending some acts of the Government of the Russian Federation”, op. cit.

In terms of the term of e-commerce in Chinese legislation, according to the Article 2 of the Law of the People's Republic of China "On Electronic Commerce", which came into force on 1 January 2019, the term "e-commerce" refers to the business activities of selling goods or providing services through information networks such as the Internet. Article 9 of this law also clarifies the term of "e-commerce operators", which refer to natural persons, legal persons and unincorporated legal entities engaged in business activities of selling goods or providing services through the Internet and other information networks, including e-commerce platform operators, operators on the platforms and through self-built websites, other e-commerce operators selling goods or providing services on the Internet ⁴¹.

There are several classifications of e-commerce models. The first classification is based on e-commerce business transactions, it includes 9 types of business models that can be used in e-commerce as well. E-commerce takes place through a range of different commercial relationships, involving any possible pairing of consumers, businesses or governments.

Business-to-Consumer (B2C) is the model focused on the work of business entities with natural persons (consumers). The subjects of supply are commercial organizations, the subjects of demand are consumers. *Business-to-Business* (B2B) is targeted at simplification, acceleration and transparency of transactions conducted by commercial organizations. Therefore, the subjects of supply and demand are commercial organizations. *Consumer-to-Consumer* (C2C) is a model dedicated to making transactions between natural persons (consumers) remotely, and its subjects of supply and demand are natural persons. *Consumer-to-Business* (C2B) is aimed at the ability of consumers to independently set the price of various goods and services offered by firms. A demand is expected to be established, but it does not mean that a sales transaction will be conducted at the asking price. Using the data of the current demand, the seller sets the final price.

Business-to-Government (B2G) is the model focused on market relations between commercial organizations and the government of the country. Sales transaction of goods and services is conducted by government agencies. Such a demand is satisfied through participation in government procurement, public projects. *Government-to-Business* (G2B) is targeted at non-profit online interactions between local and central government authorities and commercial organizations. The direction of interactions is the provision of information and advisory services on business. *Consumer-to-Government* (C2G) is the model aimed at increasing public participation and chambers of public experts (legislative expertise,

⁴¹ 中华人民共和国电子商务法：2018年8月31日第十三届全国人民代表大会常务委员会第五次会议通过 = The Law of the People's Republic of China "On Electronic Commerce": Adopted at the Fifth Session of the Standing Committee of the Thirteenth National People's Congress on 31 August 2018, op. cit.

political decision-making). *Government-to-Consumer* (G2C) is focused on the interactions between consumers and government through the use of electronic services. *Government-to-Government* (G2G) is the model dedicated to the interaction of government authorities with each other, as well as cross-country interactions of governments. Necessary to note that most of the e-commerce transactions are provided by B2B and B2C models ⁴².

However, it should be mentioned that the further spread of electronic communications and their involvement in the economy will contribute to the development of other e-commerce models, which are also known as mixed models. Competition in the traditional retail market, as well as the impossibility of using traditional methods of selling goods and services, in some cases stimulate the development of e-commerce as one of the ways to diversify the activities of organizations, increasing their ability to build competitive advantages.

The next classification of e-commerce models is based on value delivery methods used in e-commerce: deliver-to-consumer, white and private label, wholesaling, drop shipping, and subscription service.

Direct-to-consumer (D2C) e-commerce business model implies the market for goods, where companies by themselves produce, promote, sell and deliver their product without the involvement of any intermediaries: third-party retailers, wholesalers, or any other middlemen. D2C is characterized by multitasking on behalf of the manufacturers, since it is important for them to combine online and offline activities. However, this feature is also typical the B2B and B2C models. The difference is that in B2B and B2C models tasks of logistics, merchandising, sales, support, promotion are often performed by counterparties, retailers or sales representatives, whereas in the case D2C model these functions are in the manufacturer's area of responsibility.

Next aspect to consider includes *white label* and *private label*. The distinction between white label and private label is assumed to be rather subtle. As for private labeling, a retailer hires a manufacturer in order to create a unique product for them to sell exclusively. It is a business model used in e-commerce, where a manufacturer of physical goods sells unbranded goods to resellers who place branding on these products and sell them to end consumers. This model is effective because it allows as the manufacturer, as the reseller to specialize and avoid the costs of owning the entire value chain.

“White label” is a business model used in e-commerce, in which a software manufacturer sells unbranded software to a reseller, who then brands it. This model means to applying one’s name and

⁴² R. R. Dyganova, G. G. Ivanov, R. R. Salihova, V. A. Matosyan, op. cit. – P. 83.

brand to a generic product purchased from a distributor. This generic product can be sold to multiple retailers. Like a private label, white-label companies are secretly rebranding and reselling products created by a separate supplier. White-label goods are less likely to be customizable than their private label opponents.

The next e-commerce business model is called “*wholesaling*”, which implies that a retailer offers its product in bulk at a discount.

Drop shipping is one of the fastest growing methods of ecommerce. Drop shippers appear to be e-retailers, which ship products directly to the e-consumers from the wholesalers or manufacturers. They can also be e-retailers reselling the products of other retailers, usually of larger e-retailers. Drop shippers appear to be middlemen between the manufacturers and the buyers. Drop shipping involves two delivery options. The first one implies that the larger manufacturers or retailers may store and ship the product directly, using its existing delivery network. The second one means that the drop shippers may organize shipping from the wholesaler or manufacturer themselves.

The final e-commerce business model based on value delivery method is *subscription service*. The subscription model implies that a customer regularly pays a fixed amount, for instance, weekly, monthly or yearly, in order to have access to a service for the particular period of time, which is paid for by this customer⁴³.

No matter that this research distinguishes two classifications of e-commerce business models, these classifications may overlap and some models are likely to include one another. For instance, wholesaling is traditionally using a B2B approach, however, a lot of retailers have offered it to budget-conscious consumers in a B2C context.

The next essential issue to consider is connected with *infrastructure of e-commerce systems*. The study of the features of the organization and management of the e-commerce infrastructure is essential to determine the possibilities for the development of its functional and management systems. Infrastructure is regarded as a set of industries, enterprises and organizations belonging to these industries, their types of activities, which are designed to provide, create conditions for the normal functioning of production and circulation of goods, and also for human activity⁴⁴. In general, the concept of infrastructure implies a set of tools and resources necessary to ensure the life or functioning of something.

⁴³ H. B. Okholm, M. H. Thelle, A. Möller, B. Basalisco, S. Rølmer, op. cit. – P. 201.

⁴⁴ B. A. Raisberg, L. Sh. Lozovsky, E.B. Starodubtseva, Modern economic dictionary. – 2nd ed., Rev. M.: INFRA-M, 1999. – P. 372.

The essence of the category “infrastructure of e-business”, as well as infrastructure in the overall economic sense, can be examined from a number of perspectives. However, all these perspectives are to some extent common as in e-business, along with other spheres of the economy, infrastructure plays primarily a supporting role and “infrastructural activity is conducted in the form of services”⁴⁵.

Infrastructure of e-commerce at the macroeconomic level appears to be a set of activities serving it, telecommunication, software and technological systems, communication channels and various facilities. Features of the infrastructure have an influence on the organizational forms of e-business. The performance indicators of virtual enterprises depend on the functional parameters of the e-business infrastructure. The subsystems of information technology and logistics infrastructure that support electronic business are closely connected, that is why it is possible to suppose that they are united.

The set of activities required for the effective functioning of e-commerce at the macro level include: telecommunication, IT, logistics, financial activities, control and oversight of the legality of operations⁴⁶.

The primary component here is IT and communications, on the grounds that they provide a communication and information technology system for e-business. One of the most important roles is also played by the legal system that regulates the intellectual, financial, informational, organizational aspects of electronic commerce at the legal level. It is impossible to overestimate the role of the logistics and financial components of the e-commerce infrastructure, which functionally support trade transactions and contribute to the implementation of a closed cycle of trade in the electronic environment.

Features of the e-business infrastructure and e-commerce in particular at the micro level are determined the organizational forms of doing business. The scheme of interaction of infrastructural subsystems and types of e-commerce activities at the micro level is presented in Figure 1.1.

⁴⁵ D. V. Chernova, Strategic logistics of the network economy. – M.: Publishing house "MELAP", 2005. – P. 39.

⁴⁶ A. N. Agafonova, op. cit. – P. 250.

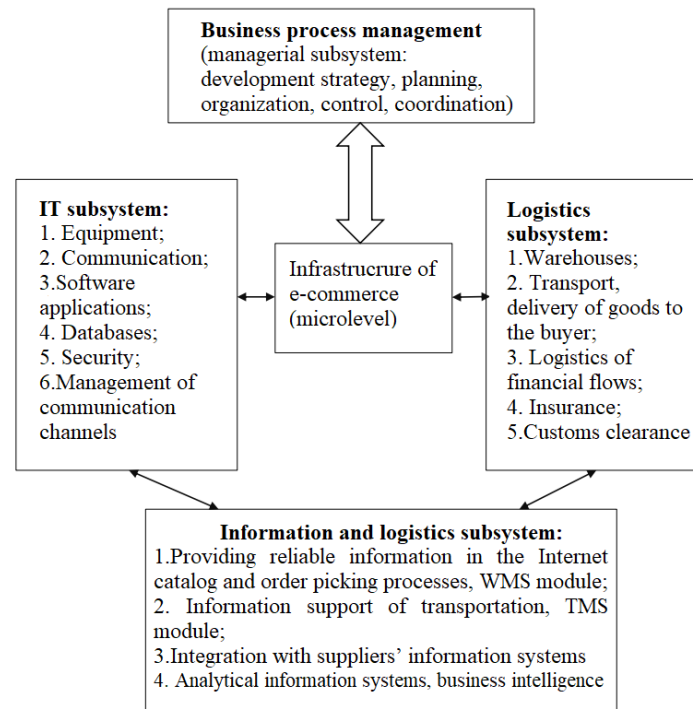


Figure 1.1. Scheme of elements of e-commerce infrastructure at the micro level

Compiled on: A. N. Agafonova, Methodology for Managing the Set of Information Services in Electronic Commerce: dis...

Cand. Economic Sciences: 08.00.05 / SSEU. Samara, 2015. P. 252.

Logistics activities play a special role precisely in the sphere of e-commerce. They ensure the management of commodity flows of virtual enterprises. E-business, which includes a much wider range of types of economic activities, may not be closely related to commodity flows, taking for instance advertising activity on the Internet or the functioning of information and entertainment portals. When the object of sale and purchase is classified as a virtual good, the electronic business does not need the logistics of transactions. However, usually the e-commerce cycle in most cases includes logistics operations (transportation of goods, storage, packaging of goods, etc.). Logistics appears to be an integral part of e-commerce.

In conclusion, there is no unique and universal formulation and interpretation of 'e-commerce' in the existing literature, as well as the distinction between the meanings of e-commerce and digital trade and the usage of these terms depends on the context. The term of e-commerce is defined clearly in Chinese legislation, while in Russian legislation e-commerce currently is not precisely explained and appears to be more complicated. Two classifications of e-commerce models have been considered, based on e-commerce business transactions and on value delivery methods used in e-commerce: 1) 9 types of business models, involving any possible pairing of consumers, businesses or governments; 2) deliver-to-consumer, white label and private label, wholesaling, drop shipping, and subscription service.

Furthermore, infrastructure of e-commerce systems has been taken into consideration at the macro and micro levels. E-commerce infrastructure at the macro level implies telecommunication, IT, logistics, financial activities, control and oversight of the legality of operations. As for the e-commerce infrastructure at the micro level, the organizational forms of doing business determine this aspect, which includes business process managerial, IT, logistics, information and logistics subsystems.

1.2 E-commerce in the context of digitalization and radical uncertainty.

The development of international trade in recent decades, on the one hand, has been accompanied by a significant increase of the role of international exchange as a significant tool for ensuring the economic growth of world economic agents, and on the other hand, has been influenced by scientific and technological progress, taking place in the context of digitalization and digital transformation observed in the global economy, which also contributed to the leading position of e-commerce.

It is reasonable to present the difference between such concepts as digitization, digitalization, and digital transformation. *Digitization* is the process of converting information from a physical or analog format into a digital one, for example, by scanning documents and saving them in PDF format on one's PC. *Digitalization* is the process of using digitized data in order to improve business processes. Continuing the example, digitalization can be illustrated by the fact of using scanned PDF files in the working process with employees. *Digital Transformation* is the implementation of a series of technological and human changes to restructure the existing business models, thereby leading to new opportunities and values for businesses. Digitalization and digital transformation appear to be quite similar in terms of applying technologies to improve business processes. However, they are different due to the human factor and sustainability value. On the contrary to digitalization, digital transformation does not simply require businesses to apply a large number of advanced technologies into their operations, moreover, digital transformation cannot be completed in a single project. Therefore, it is possible to suppose that a digital transformation usually includes many digitalization and digitization projects ⁴⁷.

Digital transformation has led to a significant reduction in the costs of participation in international trade, it also facilitated the coordination of global value chains, stimulated the cross-border diffusion of technology and innovation and connected large numbers of consumers and producers at the global level. A growing number of enterprises, both industrial ones and service

⁴⁷ Digital Transformation of Industries Consumer Industries. White Paper // World Economic Forum. – URL: <http://reports.weforum.org/digital-transformation/wp-content/blogs.dir/94/mp/files/pages/files/dti-consumer-industries-white-paper.pdf> (accessed on 29 May 2021).

industries, are involved in e-commerce. However, there is significant differentiation between countries, according to the degree of their involvement in international digital trade.

Digital transformation is affecting an increasing number of industries by transforming traditional international trade in goods and services and creating a new, digital trade. It is necessary to appeal to the four phases of globalization: 1) humanizing the globe (300 000 BCE–10 000 BCE); 2) localizing the global economy (10,000 BCE–1820 CE); 3) globalizing local economies (1820–1990); and 4) globalizing factories (1990–present). The fourth phase of globalization, also known as digital globalization, is developing on the basis of a new unprecedented technological revolution⁴⁸. Digitalization makes international trade more inclusive, that is why more and more producers and consumers are involved in it. Nevertheless, the sphere of international trade, as well as cross-border e-commerce is experiencing a serious crisis, characterized by the growth of barriers to trade in goods and the trade conflicts between various countries, which are highly likely to affect other countries as well⁴⁹.

It is necessary to note that multilateral rules for the regulation of international trade were developed when digital commerce was in its infancy. Traditional trade rules are focused on identifying what goods and services are and which boundaries are crossed, whereas new business models and the development of the Internet have a tendency to blur the distinction between goods and services. In addition, trends of digital protectionism are currently on the rise as countries begin to use more and more barriers to cross-border e-commerce. The growing inequality in the digital sphere is potentially dangerous due to the possibility of establishing even greater cross-country protectionist barriers⁵⁰. Moreover, the existing literature proves that there is a high level of uncertainty about the dynamics of digital technologies, which further makes the development of effective approaches to regulating international digital trade even more complicated. Under these circumstances, a better understanding of the factors that provide market access and market openness in the digital age is essential⁵¹.

Along with traditional trade, cross-border restraints in digital trade can be tariff and non-tariff. Tariff barriers can be imposed on the import of goods needed to create an information and communication infrastructure for digital trade⁵². Non-tariff barriers, in turn, imply various discriminatory restrictions, requirements for the content of local components. In many cases such

⁴⁸ R. E. Baldwin, *The Great Convergence: Information Technology and the New Globalization*. – Cambridge, MA: The Belknap press of Harvard university press, 2016. – P.198.

⁴⁹ E. N. Smirnov, *op. cit.* – P. 80.

⁵⁰ *Digital Economy and Artificial Intelligence – New Calls of the Modern World Economy*. – Moscow: GUU, 2019. – 180 p.

⁵¹ E. N. Smirnov, S. A. Lukyanov, *Formation and Development of the Global Market of Systems and Technologies of Artificial Intelligence // Economy of Region*. – vol. 15, № 1. – 2019. – P. 64.

⁵² R. F. Fefer, S. I. Akhtar, W. M. Morrison, *Digital Trade and U.S. Trade Policy*. – US congressional research service report, 2018. – P. 12.

barriers are designed to protect domestic producers and suppliers. According to experts, the removal of foreign barriers to digital trade has a potential to contribute to an increase in countries' annual real GDP, to increase the average wage in the countries' economies and to create additional jobs in industries, which intensively use digital technologies⁵³.

An important problem for the further development of international cross-border e-commerce is the recording of related transactions in the balance of payments, since modern methods of recording international payments in balance of payments statistics can omit some payments made using digital technologies. This leads to the fact that there is a significant difference between global receipts and payments, which is currently increasing⁵⁴.

Apart from challenges and problems considered above, digital transformation has made it possible to trade independently using digital means like cloud computing services, and in terms of traditional trade digital transformation helped to trade goods and services using online platforms. Households are more and more actively using digital platforms for remittance flows. Mobile payment systems account for a high share of cross-border transfers, especially between neighboring developing countries. The advantage of mobile payment systems is that they reduce the transaction costs of the money transfer itself and allow transactions to be carried out even in remote territories⁵⁵.

Another aspect of cross-border e-commerce under the circumstances of digitalization, which needs to be considered, is tax regulation. Modern information technologies and digitalization of the economy contribute to the improvement of methods of tax administration and tax control of electronic foreign trade transactions, including on the basis of interstate interaction. There is no doubt that in the context of digitalization of both national economies and the entire system of world economic relations, cross-border flows of goods, services and intellectual property products, the movement of which is mediated by electronic channels of information exchange, will continue to grow. Consequently, the corresponding additional income of business and the population, in turn, will be subject to taxes on labor and capital, what will increase the government revenues. That is why, these consequences should be taken into account by the tax systems of all countries around the world interested in development and by international organizations involved in tax regulation as well. In this regard, A. I. Pogorletskiy

⁵³ Digital Trade in the U.S. and Global Economies, part 2. // USITC. – URL: <https://www.usitc.gov/publications/332/pub4485.pdf> (accessed on 30 May 2021).

⁵⁴ Balance of Payments and International Investment Position Statistics // IMF. – URL: <https://data.imf.org/?sk=7A51304B-6426-40C0-83DD-CA473CA1FD52> (accessed on 28 May 2021).

⁵⁵ J. Lopez-Gonzalez, M.-A. Jouanjean, Digital Trade: Developing a Framework for Analysis // OECD: OECD Trade Policy Papers. – № 205. – 2017. – P. 6.

highlighted the range of new opportunities for taxation and tax regulation, contributing to the process of digitalization of the world economy and the development of e-commerce:

- 1) introduction of multilateral instruments of tax regulation (MLI) of e-commerce transactions, which are designed to prevent both tax evasion and excessive optimization of taxation by entities engaged in foreign economic activity;
- 2) implementing digital tax control and ensuring the transparency of cross-border e-commerce transactions;
- 3) implementation of a new OECD initiative – a project of a global reform of taxation of companies, taking into account the challenges of digitalization;
- 4) improving national systems of tax administration and tax control in order to cover cross-border e-commerce transactions;
- 5) changing the behavior patterns of taxpayers, including natural persons, due to the digitalization of the global economy ⁵⁶.

These opportunities support the idea that cross-border e-commerce is currently developing quite successfully and dynamically, which requires the improvement of the applied methods of its regulation not only within the framework of national economies, but also at the interstate level.

As has been mentioned before, the high level of uncertainty is usually taken into consideration, when it comes e-commerce, especially in terms of digitalization. It is also possible to state that the development of domestic and cross-border e-commerce is occurring under the circumstances of radical uncertainty.

The concept of “radical uncertainty” was introduced in the 1920s by economists Frank Knight and John Maynard Keynes. This concept is used to describe a situation with an unpredictable outcome, in other words an event from a completely different reality. The probable risks, as well as their nature, are impossible to predict or forecast. An example of a state of radical uncertainty, according to J. M. Keynes, was Europe on the eve of World War I, when no one could predict that countries would be in a state of unprecedented military conflict. As for the contemporary e-commerce, the spread of COVID-19 pandemics, which had and is having a significant influence on this sphere as well and the results of which still can hardly be fully forecasted, might also be considered as the example of a state of radical uncertainty.

Nowadays many economists recognize that J. M. Keynes's revolution in economic theory is related to the recognition of uncertainty as a basic characteristic of the monetary economy. Uncertainty

⁵⁶ A. I. Pogorletskiy, op. cit. – Pp. 241-243.

is the core of J. M. Keynes's theory. On the one hand, in the short run uncertainty is regarded by him as probabilistic or knowable and “the entrepreneur ... is guided by several hypotheses of various levels of probability and certainty about the future”⁵⁷, acts “quite prudently ... when he bases his assumptions on the premise that most of the achieved results will be preserved in the subsequent period”⁵⁸. On the other hand, in the long run the world is fundamentally non-ergodic – “it is reckless to assign a higher weight to things that are very uncertain”⁵⁹.

J. M. Keynes's economic research known as “A Treatise on Probability” reflects an attempt to transfer the concept of probability to the field of the theory of knowledge, giving it a new meaning. J. M. Keynes rejected the frequently used interpretation of probability as an objective property of reality and proposed to consider it “rather one of the ways of our perception of reality”. He came to this understanding of probability, trying to determine the meaning of this concept applicable to a very simple situation – a single event from a series of alike ones, for example, rolling a dice to get a certain edge of it. He believed that in this case the probability no longer refers to the characterization of the event, but to our assessment of the truth of the statement that (under certain conditions) this event will occur. Such an estimate should range from zero (being sure that the event will not happen, this statement is erroneous) to one (being sure that the event will occur, i.e. the statement is true)⁶⁰.

F. Knight is primarily known as the author of the idea of differentiating the concepts of risk and uncertainty, set out in his research “Risk, Uncertainty and Profit”. According to Knight, risk applies to situations where the outcome of a given situation is not known, but it is possible to accurately measure the odds. Uncertainty, on the other hand, applies to situations where it is impossible to know all the information needed in order to set accurate odds in the first place. This distinction was made within the framework of the discussion of the problem of entrepreneurship and profit, which F. Knight considered in the context of economic development. In terms of uncertainty, the positions of J. M. Keynes and F. Knight are to some extent similar, nevertheless there are also significant differences. If A. M. Keynes tried to find, as regarded by him a more appropriate to the subject way of obtaining knowledge – probabilistic logic⁶¹, then F. Knight preferred ordinary logic. In addition, these authors have differently assessed the role of uncertainty in the economy. F. Knight believed that the market system developed mechanisms that, to a certain extent, make it possible to transform uncertainty into risk and reduce it

⁵⁷ J. M. Keynes, *General theory of employment, interest and money. Selected Works* (compiled by A.G. Khudokormov). – Moscow: Economics, 1993 (1936). – P. 240.

⁵⁸ *Ibid.* – P.259.

⁵⁹ *Ibid.* – P. 338.

⁶⁰ J. M. Keynes, *op. cit.* – P. 308.

⁶¹ *Ibid.* – P. 248.

(specialization, diffusion, insurance, etc.). Economists have learned to work with different types of risks and to reduce uncertainty by grouping phenomena into classes and appealing to “probabilistic argumentation”⁶². But it is impossible to cope with uncertainty, and moreover, according to F. Knight, it is not necessary. Thus, according to F. Knight, uncertainty is “justified” from a dynamic point of view, it is even possible to state from the point of view of dynamic efficiency, if efficiency is considered in a much broader meaning, than it is widely accepted. This position is fundamentally different from the point of view of J. M. Keynes, who believed that uncertainty creates the danger of sharp fluctuations and, moreover, giving rise to uncertainty and pessimism, leads to prolonged stagnation with all the ensuing consequences⁶³.

The concept of radical uncertainty also leads to the “black swan” theory, developed by N. N. Taleb. The origin of the metaphor is that Europeans believed all swans to be white – as all European swans are – until the colonists of Australia observed black swans. The black swan theory describes an event that comes as a surprise, has a major effect, and is often inappropriately rationalized post facto by retrospective analysis. It can be regarded as an “unknown unknown”⁶⁴. According to N. N. Taleb, forecasting and risk management methods do not allow to catch the black swan. Confronting the black swan requires the ability to harness volatility, variation, stress, and confusion to our advantage. In this regard, N. N. Taleb proposed another concept describing this quality, which is called “antifragility”. Moreover, he noted that both fragility and antifragility can be measured. In practice, antifragility means that in the face of instability, both sectors of the economy – private and public – develop and prosper. By realizing how the anti-fragility mechanism works, it will be possible to make the right decisions without deceiving anybody that it is possible to predict future changes. It helps to navigate in an unfamiliar situation without having a clear idea of it⁶⁵.

All these concepts mentioned above are applicable to e-commerce, especially in case of COVID-19 pandemic and modern geopolitical issues. E-commerce by itself is developing in the conditions of high uncertainty, owing to various external and internal factors: the dynamics of digital technologies, rapid changes in electronic business and digital economics as well, uncertainty in the consumers’ economic behavior and preferences, etc. The coronavirus pandemics may be considered as an example of radical uncertainty, on the grounds that as in case of World War I, COVID-19 pandemics also appeared to be a situation with an outcome, which could hardly be predicted. However, no matter that

⁶² F. Knight, op. cit. – P. 298.

⁶³ Ibid. – P. 325.

⁶⁴ N. N. Taleb, op. cit. – P. 65.

⁶⁵ N. N. Taleb, op. cit. – P. 79.

this event was undoubtedly influential, significant and even fateful for various spheres of life, including e-commerce, it is highly unlikely to be considered as a black swan. N. N. Taleb also stated that the pandemics is rather a “portent of a more fragile global system”⁶⁶. It can be explained by the reason that it is not a new phenomenon, infectious diseases, epidemics and pandemics, took place before, it rather be considered as a “known unknown”. Along with the historical record and the many articles, papers and other sources that warn of the next pandemic, governments themselves often conduct exercises, including table-top simulations and other planning, in an attempt to determine how to get ahead of the next pandemic. That is why the possibility of this event hypothetically could have been realized, the main question here is how long the recovery of the world economics will take and what the final results of the pandemics will be estimated.

The organization and processing of e-commerce subjects changed drastically due to COVID-19 pandemics. That is why, it is necessary to appeal to the concept of antifragility, which helped some e-commerce entities and traditional brick-to-mortar shops, which decided to enter electronic platforms and marketplaces, to take advantage of this situation and to increase their revenues and to prosper, while other industries faced challenges, which they could not overcome. In the next chapter these fragile and antifragile companies of Russia and China will be taken into consideration, as well as the whole Russian and Chinese e-commerce market in the conditions of COVID-19 pandemics’ radical uncertainty.

All things considered, there is no unique commonly accepted definition of the concept of e-commerce, that is why various definitions of e-commerce from various scientific sources have been provided. Moreover, the distinction between the meanings of e-commerce and digital trade has been found to be quite significant but unregulated. The difference between the terms of e-commerce in Russian and Chinese legislation have been regarded to be rather notable. Two classifications of e-commerce models based on e-commerce business transactions and on value delivery methods have been considered. Infrastructure of e-commerce systems can be observed at the macro and micro levels, that is why it has been analyzed in detail with presentation of its components varying at both levels.

As for digitalization, it is very difficult to identify its transformative impact on international trade. While being on the stage of its infancy in terms of regulation, e-commerce, including cross-border e-commerce is nonetheless increasingly influencing the economic growth of all countries. In today's interconnected world, the benefits of digital transformation for international trade depend on a

⁶⁶ B. Avishai, The Pandemic Isn't a Black Swan but a Portent of a More Fragile Global System // The New Yorker. – URL: <https://www.newyorker.com/news/daily-comment/the-pandemic-isnt-a-black-swan-but-a-portent-of-a-more-fragile-global-system> (accessed on 1 June 2021).

combination of factors. At the same time, there is a need for a countries' collaborative approach to ensure market openness. Many types of digital infrastructure (such as the Internet) have already been created as global ones. They offer new opportunities, especially for small and medium-sized enterprises, but create challenges for foreign and domestic economic policy in cases where borders and regulatory differences between countries remain the same. These opportunities and challenges are applicable to cross-border e-commerce tax regulation as well. Digitalization and COVID-19 pandemics connect e-commerce with such concepts as radical uncertainty, risk, black swan theory and antifragility. Although the spread of coronavirus disease is not regarded as a black swan, the outcomes of this event are still hardly predictable, it changed the sphere of online trade significantly. Owing to their antifragility, some e-commerce entities took existing conditions into their advantage and managed not only to survive during the pandemics, but also to succeed and develop further.

2. E-commerce in Russia and China

2.1 E-commerce in China: current situation

The Internet came to China in 1994 and has penetrated the country's industry and commercial sectors. Fundamental changes brought by the Internet not only have led to the establishment of new models and tendencies in business and trade, but primarily have also been incorporated in the operations of traditional industry markets. Recently, China's e-commerce sector, including cross-border e-commerce sector has demonstrated an intensive growth momentum. New innovations introduced by the application of e-commerce technologies have stimulated entrepreneurship, which benefited small and medium enterprises as well. The stability and at the same time strengthening of China's leading position in the sphere of global electronic commerce may be observed owing to the high growth rate of the Chinese economy over the past few years⁶⁷, except for the 2020, what is connected with the COVID-19 pandemic. The dynamics of China's GDP is presented in the following figure.

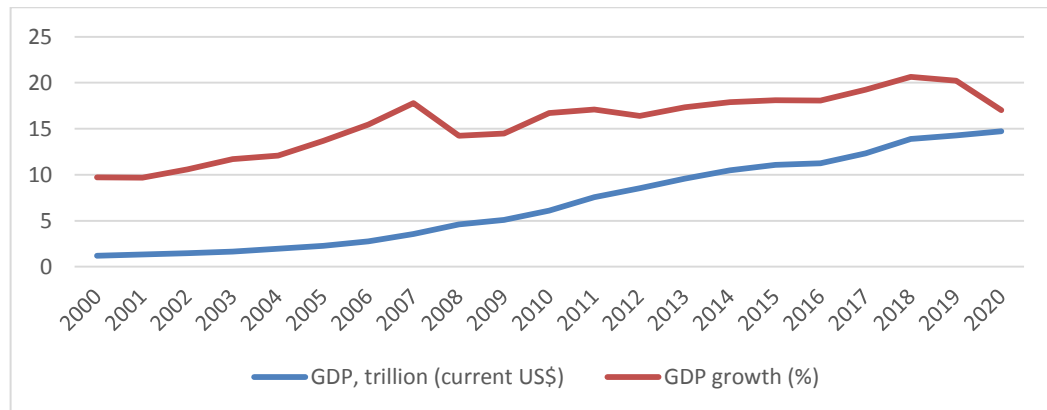


Figure 2.1. China's GDP dynamics 2000-2020

Compiled on: GDP (current \$US) – China // The World Bank. – URL:

<https://data.worldbank.org/indicator/NY.GDP.MKTP.CD?locations=CN>; GDP (annual %) – China // The World Bank. –

URL: <https://data.worldbank.org/indicator/NY.GDP.MKTP.KD.ZG?locations=CN> (accessed on 02 June 2021).

China has one of the largest and fastest growing e-commerce markets in the world. For instance, in 2018 China's total e-commerce trade volume reached US \$4,83 trillion. China accounted for more than 40 percent of the value of e-commerce transactions worldwide. In addition, more than 5% of overall employment in China is involved in e-commerce, furthermore, online purchases have become a part of daily life for a large number of Chinese households. The success of e-commerce in China

⁶⁷ H. Yue, National Report on E-Commerce Development in China // UNIDO. – URL: https://www.unido.org/sites/default/files/2017-10/WP_17_2017.pdf (accessed on 01 June 2021).

proves that the benefits of digital technology are not necessarily limited to developed countries and urban areas⁶⁸.

As for China's cross-border e-commerce, this industry also grew significantly in 2011-2017, however, the growth rate gradually decreased, as presented in figure 2.2. According to the current situation, there is a tendency for a steady growth trend. Taking data on 2017 for example, China's cross-border e-commerce accounted for 40% of the world's total e-commerce trade⁶⁹. The scale of China's cross-border e-commerce has reached US \$750 billion, and it has steadily ranked first in the world. China's cross-border e-commerce transactions are estimated to reach 12 trillion yuan in 2020, what means that the growth rate of cross-border e-commerce in China is highly likely to exceed the traditional trade mode.

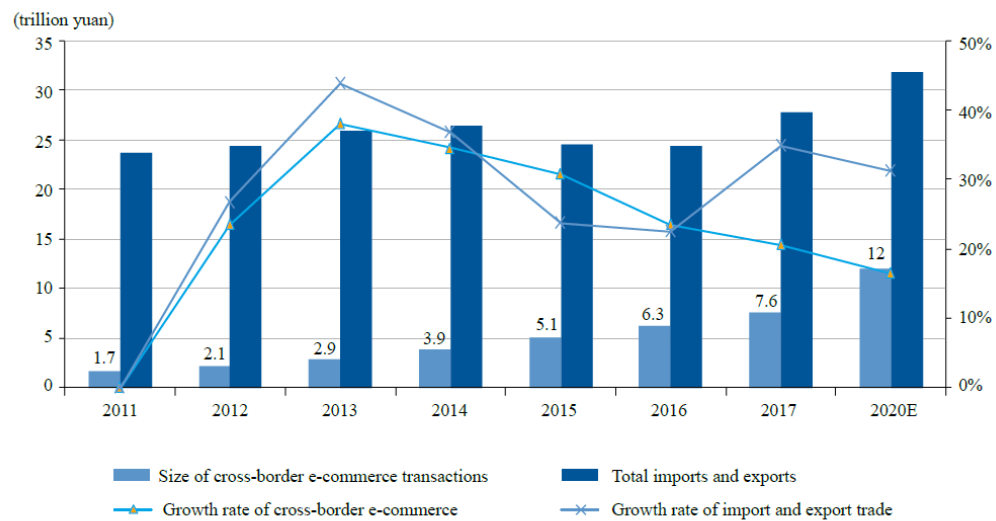


Figure 2.2. Comparison of cross-border e-Commerce and traditional trade in China

Compiled on: 跨境电商深度研究系列（出口篇） [Electronic resource] // 网络经济服务平台. – URL: <http://www.100ec.cn/detail--6446409.html> [In-depth research series on cross-border e-commerce (export)] (accessed on 02 June 2021).

When it comes to most widely spread cross-border e-commerce models in China, they are generally presented by three modes: B2B, B2C and C2C. Recently, B2B has become one of the main modes of cross-border e-commerce development in China. At the same time, with the rise of smart

⁶⁸ World Bank Group, Alibaba Group, E-Commerce Development: Experience from China // AliResearch. – URL: <https://arc-quan-hangzhou.oss-accelerate.aliyuncs.com/aliresearch/2020-03-30/89edfb69c9b648888f391571d38727fd/E-commerce%20Development.pdf> (accessed on 02 June 2021).

⁶⁹ Fan Haofei, China E-Commerce Annual Report 2017 // Antion China. – URL: <http://www.antionchina.com/en/News/2017/1114E262017.html> (accessed on 02 June 2021).

phones, online shopping consumption, the improvement of logistics and payment systems, and the continuous increase of consumers' personalized demand, B2C and C2C are also on an increasing trend.

B2B, B2C and C2C transaction services have all presented tendencies of rapid development. The fastest growth rate is observed in B2B sector – 32.3%, which is presented in figure 2.3. According to Department of electronic commerce and information technology of Ministry of commerce, in 2019 China's e-commerce transaction service revenue accounted for US \$119.7 billion, of which B2B, B2C and C2C platform service revenues were US \$15.4 billion, US \$67.7 billion and US \$36.5 billion. Consequently, B2C model has the biggest share in Chinese e-commerce market. However, there are still some problems in these spheres, such as insufficient timeliness of cross-border logistics, inadequate after-sales service, and many difficulties to guarantee the authenticity of goods.

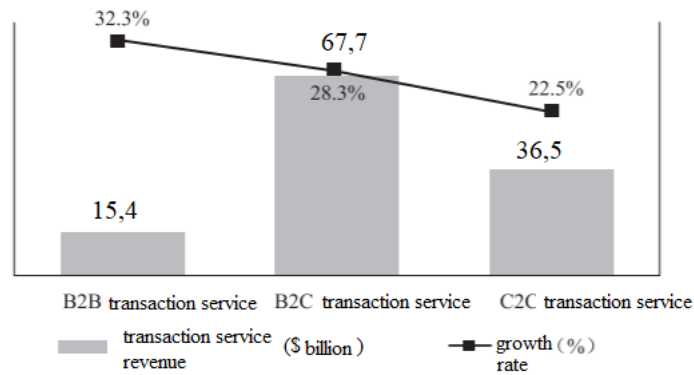


Figure 2.3. China's e-commerce transaction service revenue in 2019

Compiled on: 中国电子商务报告 2019 = Report on E-Commerce in China 2019// 中华人民共和国商务部. – URL: <http://dzsws.mofcom.gov.cn/article/ztxx/ndbg/202007/20200702979478.shtml> (accessed on 03 June 2021).

As for B2B e-commerce model, it mainly includes enterprise procurements. Driven by the digital transformation of enterprises and national policies, the Chinese enterprise procurement e-commerce market has entered a period of opportunities with diversified service scenarios and a full coverage of industry, agriculture and commerce, what effectively empowered the digital transformation of Chinese small and medium enterprises. The typical representatives of the corporate procurement e-commerce platform mainly include Taobao corporate services, JD.com corporate business, 1688 corporate procurement and Haier corporate shopping. B2C and C2C e-commerce models imply online retail transaction services the rapid development in these spheres has been recently observed in service areas, such as online travel, online education, and online medical services⁷⁰.

⁷⁰ 中国电子商务报告 2019 = Report on E-Commerce in China 2019, op. cit.

In terms of other classifications of e-commerce, it is necessary to note value delivery methods used in Chinese e-commerce. Deliver-to-consumer e-commerce model in China is led by WeChat mini-programs, which have grown from nothing to driving one-fourth of the awareness in the digital consumer's decision sphere. As a response to this trend in e-commerce, various Chinese apps, such as Alibaba's Alipay, as well as user-sharing apps like RED and Douyin, now also allow brands to interact directly with consumers through mini-programs ⁷¹. The private label market in China has a lot of potential. According to the research of mentioned above Chinese e-commerce company JD.com, nearly 90% of customers have the intention to try private label products, and over 50% of them have not tried one before. These tendencies lead to the significant growth of JD's private label brand ⁷². As for wholesaling, the vast majority of Chinese wholesale markets is exclusively focusing on the domestic market. In recent years, wholesale e-commerce has grown in line with B2C online retail. China is a part of Asian Pacific market – the fastest growing drop shipping e-commerce market. The biggest Chinese drop ship e-commerce suppliers include such companies as AliExpress, Banggood, CJDropshipping, ShopMaster, etc.

When it comes to Chinese subscription service model, not so long ago this e-commerce sector was not so developed, due to a low level of interest among Chinese consumers, what can be explained by a low cost for internet and a large number of free internet services. However, this sector is currently developing and is regarded to be on a rise, as the internet traffic got more expensive and the cost of attracting new customers has risen rapidly. Extracting more value from an old customer appears to be much cheaper, than registering a new customer, what lead to the rise of the membership model in this country. China's pivot towards the membership model has also been inspired by some high-profile Western examples like Costco, Netflix, etc. It is possible to conclude that China's internet industry is succeeding, owing to implementing subscription model as well. JD, which is regarded to have a business model similar to Amazon, reported that its income from selling services (including its "Plus" memberships) was US \$1.2 billion in the first three months of 2018, with 60 % of a year-on-year increase. Another Chinese e-commerce company iQiyi with a business model reminding Netflix,

⁷¹ China digital consumer trends 2019 // McKinsey Digital. – URL: <https://www.mckinsey.com/~media/mckinsey/featured%20insights/china/china%20digital%20consumer%20trends%20in%202019/china-digital-consumer-trends-in-2019.ashx> (accessed on 03 June 2021).

⁷² R. Liu, Providing One More Reliable Choice for Customers with Private Label Brands // JD.com. – URL: <https://jdcorporateblog.com/providing-one-more-reliable-choice-for-customers-with-private-label-brands/> (accessed on 04 June 2021).

released a Q2 2018 report, which reveals record-breaking over 66 million paying subscribers and revenue from member services exceeding US \$365 million ⁷³.

As has been mentioned before, the study of digitalization processes is important due to its potential economic benefits, expanding the boundaries of countries' economic opportunities. It is worth noting the dual nature of the digital transformation of the economy. That is why the potential risks associated with digitalization will require effective measures to be taken in order to eliminate the emerging costs. This approach is also applicable in terms of e-commerce, since it is one of the forms of digitalization.

When it comes to China's average level of digitalization, in certain regions and sectors it has reached rather high indicators. However, China's digitalization shows a dual tendency: on the one hand, it implies an increase in the efficiency of the financial services provided, on the other hand, it poses a threat to financial stability and creates difficulties in the work of financial supervisory bodies ⁷⁴. Moreover, cross-border e-commerce in China, despite its rapid development, faces challenges such as lack of a common security system, infringement of intellectual property rights, illegal trade and fraud ⁷⁵.

Since the development of e-commerce in the modern world is not uniform and the leadership in international trade depends on the speed of implementation of digital technologies in trading activities, China builds its trading strategy based on the current trends:

- 1) trade without barriers (mobile commerce, social commerce, voice assistants, instant messengers, augmented reality, etc.);
- 2) one-button purchase (universal baskets and "click to buy" buttons);
- 3) direct sales from manufacturers;
- 4) automation of order fulfillment;
- 5) smart pricing;
- 6) blockchain technology;
- 7) omni-channel platforms ⁷⁶.

Moving to the next aspect of challenges and opportunities for China's e-commerce, it is necessary to appeal to the influence of COVID-19 pandemic on this sector, focusing on existing and possible consequences. It has already been concluded that the spread of coronavirus pandemic is not

⁷³ C. Custer, Why China's Internet Companies are Hot for Subscriptions // TechInAsia. – URL: <https://www.techinasia.com/china-subscriptions-tech-trend> (accessed on 01 June 2021).

⁷⁴ L. Zhang, S. Cheng, op. cit. – P. 278.

⁷⁵ Zh. N. Maslova, Main trends in the development and transformation of cross-border e-commerce during the COVID - 19 pandemic // Studies of the St. Petersburg branch of the RCA. – № 2. – 2020. – P. 68.

⁷⁶ L. Ping, Ts. Yu Liu., T. Qi, op. cit. – P. 446.

classified as a “black swan” event, although its impact on the world can hardly be underestimated or ignored, as it is also likely to cause a situation of a high uncertainty.

The COVID-19 pandemic that started in March 2020 had a great impact on various spheres, and digitalization was not an exception, having been significantly accelerated by pandemic in all sectors. In China digital companies and digital platforms continue to increase their importance as they appear to be main figures in organizing key infrastructure. Among such enterprises, a special place belongs to e-commerce companies. The statistics presented further will show, which of them took advantage of the pandemics and therefore can be considered as “antifragile”.

As obvious as it may seem, the changes caused by COVID-19 pandemic affected e-commerce enterprises. Thus, the share of online retail in China’s total retail sales from January to August 2020 reached 24.6%, compared to 19.4% in August 2019 and 17.3% in August 2018 ⁷⁷. For instance, Alibaba's revenue for April-June 2020 amounted to US \$21.69 billion (153.75 billion yuan), what is higher by 34% in comparison to the same period last year. Net income for the June quarter was US \$2.32 billion (16.45 billion yuan), an increase of more than 2,500% over the same period last year ⁷⁸. In addition, China has actively supported small and medium-sized enterprises to provide them access to e-commerce platforms at the regional or global scales in order to help them reduce costs or sell overseas digitally ⁷⁹. Consequently, the pace of digitalization continues to accelerate, and the transition from offline to online activities, in particular in terms of individual purchases, is becoming a common thing for consumers.

The tendencies of the transition from offline purchases to online has been evidenced to be a result of consumers’ changing behavior as a response to lockdown and isolation. As for the assessment of Chinese consumer preferences in purchases after the end of the spread of COVID-19, which is presented in figure 2.4, the majority of Chinese respondents (51%) are confident that online purchases will prevail over offline ones. The significant part of respondents (33%) claimed that they would shop equally online, as well as offline. 11% of Chinese consumers are sure that after the pandemic they will shop online only, while only 1% stated to do the same in terms of offline shopping. Moreover, a small share of Chinese respondents is eager to shop more often offline, than online ⁸⁰. No matter that the results of this survey are to some extent subjective, they show the tendency of Chinese consumers’

⁷⁷ OECD Policy Responses to Coronavirus (COVID-19). E-commerce in the time of COVID-19, op. cit.

⁷⁸ Kharpal, A., China’s e-commerce giants get a boost as consumers continue to shift online after coronavirus // CNBC. – URL: <https://www.cnbc.com/2020/08/24/china-e-commerce-boosted-by-shift-to-online-shopping-after-coronavirus.html> (accessed on 02 June 2021).

⁷⁹ Ibid.

⁸⁰ COVID-19 and E-commerce. Findings from a survey of online consumers in 9 countries, op. cit.

preferences for online shopping to offline and their potential activity in the e-commerce in post-pandemic world.



Figure 2.4. Preferences for different shopping approaches in the post-COVID-19 period in China

Compiled on: COVID-19 and E-commerce. Findings from a survey of online consumers in 9 countries // UNCTAD. – URL: https://unctad.org/system/files/official-document/dtlstictinf2020d1_en.pdf (accessed on 02 June 2021).

China also pays much attention to cooperation with Russia in the sphere of cross-border e-commerce. For instance, during the China International Import Expo (CIIE) Russian goods were actively offered on China's e-commerce platforms and advertised through livestreams. For example, during one of the days of the exhibition, held in 2020, 400 thousand packages of Russian ice cream were sold in three hours, the revenue was more than 3.8 million yuan (about \$570 thousand)⁸¹.

In addition, due to continuing coronavirus pandemic, the Belt and Road Initiative promoted by China is expected to overcome some of the obstacles existing in Russian-Chinese cross-border e-commerce. China is activating the creation of the Digital Silk Road. The advantages of digital infrastructure projects are the following:

- they are less visible and have less negative impact on the local population than large transport and energy projects;
- the less visible nature of digital infrastructure fits more easily into the geopolitical environment that Chinese firms will be likely to face as the COVID-19 crisis eases;
- these are cheaper and at the same time high-tech projects in comparison to the construction of a pipeline and railway network⁸².

In conclusion, China appears to occupy a leading position in cross-border e-commerce, owing to its economy's high growth rate, fastest growing e-commerce market in various sectors, consumers' activity to purchase online, governments support, etc. The most widely spread in China cross-border e-

⁸¹ J. Chi, X. Qi, Russian products debut as exhibitors eye nation's growth // Global times. – URL: <https://www.globaltimes.cn/content/1206109.shtml> (accessed on 10 March 2021).

⁸² S. Li, T. I. Ashmarina, I. M. Pavlova, Development vector of the “Digital Silk Road” China-Russia // Education and Law. – No. 4. – 2020. – Pp. 494-495.

commerce models, B2B, B2C and C2C have also showed tendencies of rapid development, especially in the service sector. The biggest share in China is occupied by B2C e-commerce companies – US \$67.7 billion, while the highest growth rate belongs to B2B model entities – 32.3%. Moreover, such e-commerce value delivery methods as wholesaling and subscription service also presented one of the fastest growth rates and a good potential for stable growth. Digitalization, one form of which is presented by e-commerce, has a dual tendency by implying an increase in the efficiency of the financial services provided and by posing a threat to financial stability and creating difficulties in the work of financial supervisory bodies. As a response to challenges and opportunities provided by digitalization, China has built its trading strategy based on the current trends. It is also necessary to focus on consequences on the cross-border e-commerce sector, caused by the COVID-19 pandemic. As for China, on the whole this sector of economy presented its antifragility, due to the rise of the share of online retail in this country during the lockdown. This situation also happened to be possible owing to government's support for small and medium enterprises to enter digital market or to expand in it, and to Chinese consumers active behavior to purchase online even after the end of COVID-19 pandemic, as has been revealed in the recent survey. In general, there is a probability that the China's domestic and cross-border e-commerce will have tendencies of long-run positive development with perspectives of cooperation with Russia.

2.2 E-commerce in Russia: challenges and perspectives

E-commerce in Russia has been transitioning from slow to accelerated development in the past decade. This market is still regarded as young and it carries substantial potential for growth. The Russian e-commerce market was ranked 9th (by turnover) in the world in 2019, with a total value of US \$30,6 billion. It is also one of the fastest growing, adding 21% in 2019. The share of e-commerce represents 1,3% of Russian GDP. The dominant category appears to be domestic e-commerce, rather than cross-border e-commerce. As presented in figure 2.5, from 2011 to 2018 the growth rate of domestic e-commerce in Russia used to be lower, than cross-border e-commerce growth rate, or at least almost equal to it, as it was in 2015. Starting from 2019 there is an evidence for a rapid increase for Russian domestic e-commerce, with its peak in 2020, which is connected with COVID-19 pandemic. In 2020, international e-commerce value decreased for the first time, by approximately one quarter, while the domestic trade nearly doubled. In 2021, both domestic and cross-border market volumes are

expected to grow, although the growth rate for domestic e-commerce market in Russia is expected to decrease⁸³.

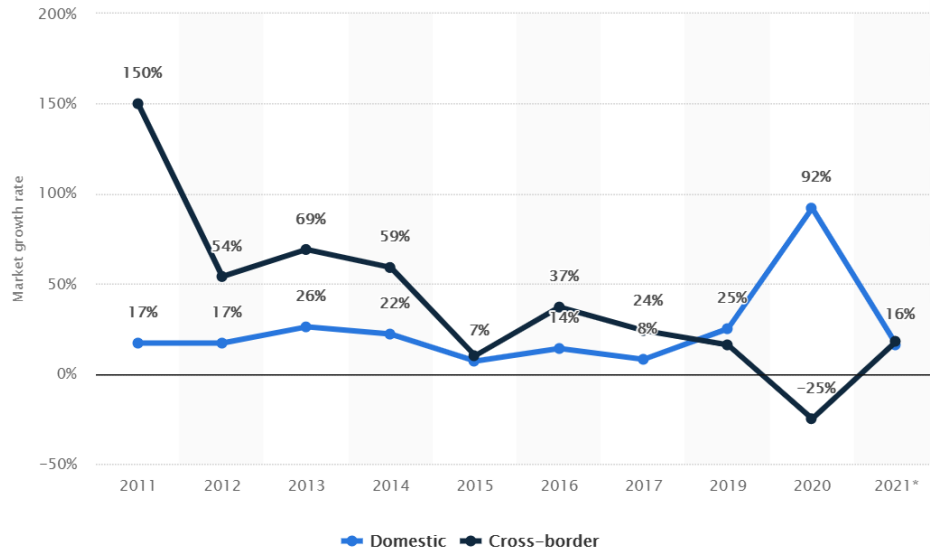


Figure 2.5. Year-on-year domestic and cross-border Russian e-commerce market growth rate from 2011 to 2020 with forecast till 2021

Compiled on: A. Melkadze, Year-on-year domestic and cross-border Russian e-commerce market growth rate from 2011 to 2020 with forecast till 2021 // Statista. – URL: <https://www.statista.com/statistics/1073320/russian-e-commerce-foreign-and-domestic-market-volume-growth/> (accessed on 02 June 2021).

The main Russian cross-border e-commerce partner is China, which over the last years has performed as Russian foremost supplier, fostering Russian cross-border online trade gaining its market share.

The global e-commerce market is usually divided into three categories: top-tier markets, second-wave markets and waiting markets. China is included into the first group, which is characterized by large or mature enough markets that attract substantial investment in e-commerce or are easy to serve due to the existence of infrastructure. On contrary, Russia is classified as a wait-and-see market: brands also show interest in such markets, but their size, infrastructure level or political situation lead to a delayed launch⁸⁴.

It is worth being noted that there are constraints that hinder the full development of e-commerce of in Russia and, first of all, one of them is the use of the Internet itself. However, in 2021 Internet

⁸³ A. Melkadze, Year-on-year domestic and cross-border Russian e-commerce market growth rate from 2011 to 2020 with forecast till 2021 // Statista. – URL: <https://www.statista.com/statistics/1073320/russian-e-commerce-foreign-and-domestic-market-volume-growth/> (accessed on 02 June 2021).

⁸⁴ E-Commerce in Russia 2018 // Data Insight. – URL: https://eizba.pl/wp-content/uploads/2019/07/DI_Ecommerce-2018_0.pdf (accessed on 03 June 2021).

accessibility in Russia is estimated to be even higher, than in China – 85%⁸⁵ versus 70.4%⁸⁶. On the other hand, according to the Ministry of Industry and Trade, there are about 40 thousand online stores in Russia, but the major share of the turnover accounts for only 50 online sites⁸⁷.

When it comes to e-commerce business models, Russian e-commerce is represented by all market sectors: from B2G to C2C. The most noticeable are most institutionalized B2B and B2G sectors. However, the dominant sectors in e-commerce market in Russia are B2C and C2C. In 2020, Russian B2C e-commerce sector revenue amounted to US \$37.3 billion (2.7 trillion rubles), accounting for 830 million purchases and the average receipt of \$45.1 (3260 rubles). In that year, new segments were added to the B2C market that did not exist in previous years: eGrocery, ePharma, and large universal marketplaces.

The revenue of Russian C2C e-commerce in 2020 was US \$13.8 billion (1 trillion rubles), with compound annual growth rate in 2017-2020 of 53,2%. The number of sellers involved in C2C trade was 13.2 million, the number of buyers increased to 13.3 million. The number of transactions has increased by 70% over the past 1.5 years. Russian C2C e-commerce market included 301 million purchases and the average receipt of US \$48.8 (3530 rubles)⁸⁸, provided in figure 2.6. Three most popular product categories for sale on the C2C e-commerce market were electronics and household appliances, clothing, footwear and children's products (34%, 30% and 25% of private sellers respectively).

⁸⁵ J. Sergeeva, Internet and social networks in Russia in 2021 – all statistics // WebCanape. – URL: <https://www.web-canape.ru/business/internet-i-socseti-v-rossii-v-2021-godu-vsya-statistika/> (accessed on 03 June 2021).

⁸⁶ China has nearly 1 bln internet users // Xinhua.net. – URL: http://www.xinhuanet.com/english/2021-02/03/c_139717749.htm (accessed on 03 June 2021).

⁸⁷ I. J. Steblyuk, E-Commerce Business Models in Russia // International Journal of Applied Sciences and Technology “Integral”. – № 1. – 2019. – P. 233.

⁸⁸ E-Commerce in Russia 2020, op. cit.

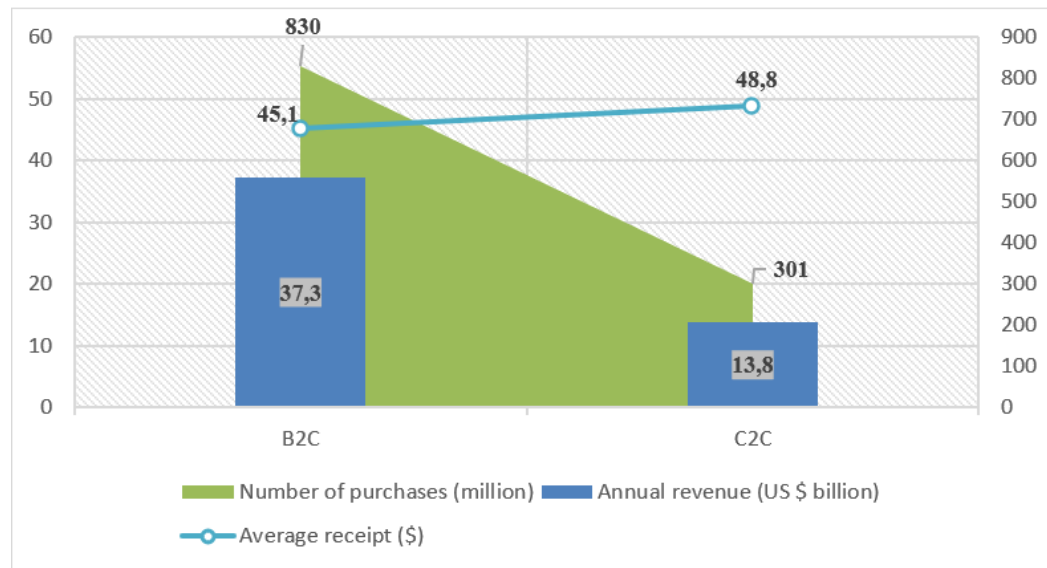


Figure 2.6. Comparison of B2C, C2C and B2B sector revenues, purchases and average receipt in Russia in 2020

Compiled on: E-Commerce in Russia 2020 // Data Insight. – URL: https://datainsight.ru/DI_eCommerce2020 (accessed on 03 June 2021).

As it is notable in the graph, there is no data on Russian B2B e-commerce sector. The growth rates of Russian B2B e-commerce are considered to be still significantly smaller in comparison to the retail online commerce. According to Data Insight reports, the volume of the Russian B2B e-commerce market is not known with certainty, since players usually do not disclose their revenues from online wholesale sales. In 2019 experts estimated B2B e-commerce revenues to be US \$92.1 billion (6 trillion rubles), or 4-6% of the total B2B sales turnover⁸⁹.

When it comes to another e-commerce classification regarding value delivery method in e-commerce, first of all, it is necessary to consider direct-to-consumer e-commerce model. On March 16, 2021, Inventive eCommerce (part of the Inventive Retail Group) announced that by the end of 2020, 10-15% of all online sales in Russia were conducted using the D2C model. During a pandemic, manufacturers preferred to work with consumers directly, without distributors and retail chains. The launching D2C projects in response stimulated the development of the e-commerce infrastructure outsourcing market: brands turned to specialized companies to accelerate the launch of online sales channels and optimize the costs of building this line of business. In 2021, as well as also expected in subsequent years, the growth of D2C projects with the involvement of partners will continue. The flexibility and convenience of the model attracts not only brands working with retail, but also

⁸⁹ M. Naumkin, B2B Commerce Accelerates Digital Transformation Driven by Pandemic and Millennials // Compo.ru. – URL: <https://www.compo.ru/blog/b2b-torgovlya-uskoryaet-cifrovuyu-transformaciyu-pod-vliyaniem-pandemii-i-millennialov/> (accessed on 03 June 2021).

manufacturers focused on the B2B market. The first attempts to build D2C sales in cooperation with e-commerce distributors are made by representatives of the aircraft-building industry, machine-building and machine-tool enterprises, metallurgy, and petrochemistry sectors. Therefore, direct sales for the next few years will become one of the most significant trends in the Russian e-commerce market ⁹⁰.

As for private label in Russian e-commerce, online stores are highly likely to become a promising channel for private label trade. Even the development paths of e-commerce and private labels in Russia overlap: for example, the fast-moving consumer goods market players for a long time have been waiting for the moment when the rapid growth of online commerce will begin, and it happened unexpectedly.

Wholesale e-commerce market is regarded as not developed enough in Russia. The main problem is that most of the wholesale market participants still work according to the “manager – price list – phone – mail – client” scheme. Suppliers, like 10 years ago, are trying to sell through price lists, which are rapidly losing their relevance. According to experts, although the penetration of Internet technologies into wholesale trade is just beginning in this country, a real boom in this industry is expected to begin in the recent years – 2019-2020 ⁹¹.

As for drop shipping, around 27% of retailers are expected to switch to this model in 2021. In the Russian e-commerce market this type of trade is conducted on such marketplaces as Yandex Market, Ozon, Joom, etc. In terms of legislative framework of the Russian Federation, drop shipping trade is classified as an individual entrepreneur or limited liability company, and is subject to taxes (VAT, income tax). However, it is difficult to monitor drop shippers with small profits, which gives them a good basis to start operating outside the Russian tax base ⁹².

When it comes to subscription model in Russian e-commerce, according to the information and analytical agency TelecomDaily, for the first time, in 2020 the share of revenue from purchases of video on demand (one-time paid rent or purchase of a digital copy of a unit of content) exceeded the share of revenue from advertising – 27.1% versus 26%. The subscription model still dominates sales – 46.9%. Furthermore, in the first half of 2020, the Russia’s online video market grew by 56% year-on-year with a value of US \$250 million (18.6 billion rubles). According to the general director of

⁹⁰ Review of the Russian E-Commerce Infrastructure Outsourcing Market // Inventive Retail Group. – URL: https://inventive.ru/about/press/?ELEMENT_ID=1513 (accessed on 03 June 2021).

⁹¹ Why Online Wholesale Trade (B2B) In Russia Falls Behind the Western, Chinese And Retail E-Commerce // Shopolog. – URL: <https://www.shopolog.ru/metodichka/analytics/pochemu-optovaya-onlayn-torgovlya-b2b-v-rossii-otstaet-ot-zapada-kitaya-i-roznichnoy/> (accessed on 03 June 2021).

⁹² D. M. Ivanova, A. B. Babanov, Drop Shipping as a Type of Effective Profit-Making in Online Trading // Economy: Local Solutions for Global Challenges. – № 1. – 2021. – P. 34.

TelecomDaily D. Kuskov, during the pandemic, most market participants managed to increase their revenue ⁹³.

In terms of digitalization processes in Russia, they are to some extent reminiscent of Chinese digitalization tendencies. First of all, it is applicable in connection with average level of digitalization in general, and secondly, with dual nature of digitalization. Characterizing the impact of digitalization on the Russian economy, it is necessary to note that apart from positive aspects, such as the creation of new business models, ensuring the availability and promotion of goods and services, excluding intermediaries, digitalization is also associated with risks and challenges. They usually include lack of qualified personnel in the field of information and communication technologies, lack of investment in the acquisition and implementation of new technologies, slow pace of digitalization processes ⁹⁴. Similar problems are observed in the field of e-commerce, since the development of this sector is only gaining momentum in the country.

In order to respond to existing challenges and opportunities brought by the digital era, analogous to China's trading strategy, Russia has its own strategy for e-commerce infrastructure and entities. The current trends in electronic retail trade in Russia in the near future are likely to be:

- 1) organization and development of additional electronic sales channels for traditional business;
- 2) sharing business infrastructure, what is possible in case of development of large network retailers;
- 3) development of virtual business enterprises ⁹⁵.

As well as in China, COVID-19 also had a significant and remarkable influence on e-commerce in Russia and revealed a range of antifragile e-commerce companies and the antifragility of this sector in general, which not only survived in this crisis, but also achieved to develop and to benefit from the situation. The increase in sales through digital e-commerce platforms due to the outbreak of coronavirus pandemic and the period of self-isolation has the potential for a long-term development, and does not have just a short-term effect, since the number of online orders in Russia in September 2020 amounted to 63.5 million (not taking into account food orders through specialized online stores and delivery services). This figure is 62% more than in September last year ⁹⁶.

⁹³ Russia's Online Video Market Grows By 56% In H1 2020 – Developing into a US\$500 Million Plus Subscriber Industry // Russia Briefing. – URL: <https://www.russia-briefing.com/news/russia-s-online-video-market-grows-by-56-in-h1-2020-developing-into-a-us-500-million-plus-subscriber-industry.html/> (accessed on 04 June 2021).

⁹⁴ V. G. Khalin, G. V. Chernova, op. cit. – P. 54.

⁹⁵ A. N. Agafonova, op. cit. – P.93.

⁹⁶ OECD Policy Responses to Coronavirus (COVID-19). E-commerce in the time of COVID-19, op. cit.

Owing to the spread of COVID-19 pandemic, the Russian e-commerce market has experienced significant growth. In 2019 e-commerce accounted for 1.4% of the Russian economy, then the total retail sales have increased from 7% to 11% by 2020. For example, Wildberries is the leader in Russian e-commerce. trade, which occupies 15% of the market, attracted more than 12 million new customers to its website in the first nine months of 2020 ⁹⁷.

The outbreak of the coronavirus infection and the period of self-isolation contributed to the growth of sales of fast-moving consumer goods in Russia. For example, from March 9 to March 15, the nominal growth rate of online sales in this sector was 109.1%. In addition, remote work and education contributed to an increase in demand for office equipment, with laptops being among the top-selling devices ⁹⁸. The changes caused by the pandemic have affected mainly small and medium-sized enterprises, what lead to a transition to online format so that to preserve sales and revenue. This situation stimulates an increase in the use of digital communication tools and remote consumption: social networks, Internet protocol telephony, teleconferencing, and video streaming ⁹⁹.

However, as has been presented in the beginning of this paragraph, such opportunities were provided by lockdown mostly in case of domestic e-commerce, cross-border e-commerce mainly faced various challenges caused by pandemic. According to Statista's survey, during the COVID-19 pandemic the main problem for Russian online exporters in 2020 was the cancellation of cargo services with a number of countries – 70%. Refunds for completed orders due to delayed delivery were on the second place – 43%, which is followed by the loss of the usual market due to difficulties with delivery – the third place and 37%. Russian respondents also paid attention to drop in demand in the usual sales categories (20%), disrupted supply chains (19%), and other obstacles ¹⁰⁰. Nevertheless, the revenues from online exports in Russia in the period from 2016 to 2020 show the positive dynamics – they have grown significantly since 2016 (almost by 169%), reaching over \$ 1.1 billion in 2020 ¹⁰¹.

As in example of China, it is also reasonable to focus on the consumer behavior and the tendencies of the transition from offline purchases to online in the post pandemic world, depicted in figure 2.7.

⁹⁷ A. Rzhavkina, COVID-19 crisis: a shot in the arm for Russian e-commerce / A. Rzhavkina, A. Marrow // Reuters. – URL: <https://www.reuters.com/article/us-russia-ecommerce-focus/covid-19-crisis-a-shot-in-the-arm-for-russian-e-commerce-idUSKBN27Z10Z> (accessed on 04 June 2021).

⁹⁸ Year-over-year FMCG nominal growth rate in e-commerce in Russia from January 6 to March 15, 2020, by week, op. cit.

⁹⁹ Online Retail Export Market Volume from Russia for the First Time to Exceed \$ 1 Billion by The End of 2020 – eBay and Data Insight Research // Data Insight. – URL: https://datainsight.ru/DI_eBay_Export2020 (accessed on 04 June 2021).

¹⁰⁰ What was the most serious problem for export sales amid the coronavirus (COVID-19) pandemic in 2020? Op. cit.

¹⁰¹ Online export revenue in Russia from 2016 to 2020 // Statista. – URL: <https://www.statista.com/statistics/1007500/online-export-revenues-russia/> (accessed on 04 June 2021).

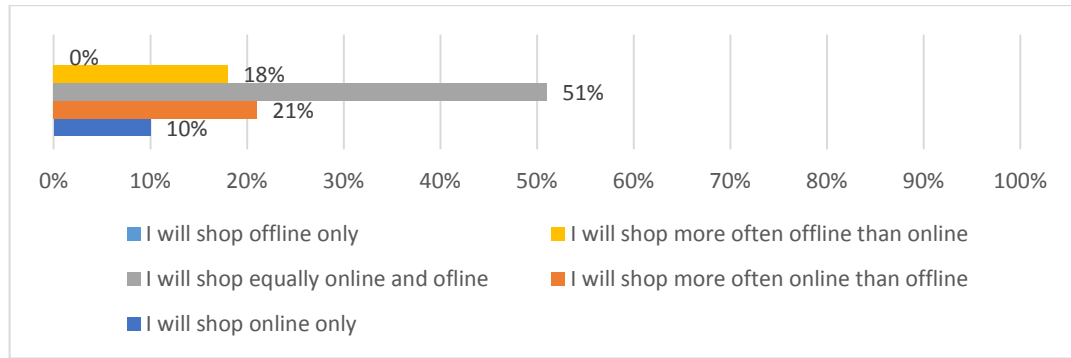


Figure 2.7. Preferences for different shopping approaches in the post-COVID-19 period in Russia

Compiled on: COVID-19 and E-commerce. Findings from a survey of online consumers in 9 countries, op. cit.

According to the survey, the majority of Russian respondents (51%) are confident that they will shop equally online and offline. The almost equally significant part of respondents stated that they would shop more often online than offline and, vice versa, that offline would prevail over online shopping – 21% and 18% respectively. 10% of Russian consumers are sure that after the pandemic they will shop online only, while actually nobody stated to do the same in terms of offline shopping. All in all, the impact of lockdown on Russians' consumer activity in online shopping is remarkable, although less influential than in China. Offline shopping still plays a big role in everyday life in Russia, however is unlikely to be in demand separately from online one.

As well as China, Russia also pays much attention to the e-commerce. One of the most significant projects in this sphere appears to be Aliexpress Russia, a joint venture between Alibaba Group, Mail.ru Group, MegaFon and the Russian Direct Investment Fund, established in 2019. The value of goods turnover as of March 31, 2021 amounted to \$2.96 billion ¹⁰². Taking into account current geopolitical situation, when Western companies are leaving Russia, this turnover has all the chances to only increase.

All things considered, Russian e-commerce market has is regarded as a young market with good prospects and one of the fastest growth rates. The dominant role here belongs to domestic e-commerce, rather than cross-border e-commerce, especially in the context of COVID-19 pandemic. The most popular e-commerce model is B2C and C2C with the leading role of B2C, however, data on B2B revenue is not available due to the problems with reporting. Monitoring issues are also observed in the drop shipping sector. D2C and subscription are currently considered as highly perspective e-commerce models in Russia. Digitalization in Russia, as well as in China, has a dual nature. In this regard, Russia

¹⁰² AliExpress Russia looks at possible IPO, reports \$3 billion in transaction volumes // Mint. – URL: <https://www.livemint.com/companies/news/aliexpress-russia-looks-at-possible-ipo-reports-3-billion-in-transaction-volumes-11617785699802.html> (accessed on 07 April 2021).

has also presented its own strategy for e-commerce infrastructure and entities, taking into account the current trends in electronic retail trade in the near future. When it comes to the COVID-19 pandemic, Russian e-commerce market has experienced significant growth and its domestic part performed antifragility on the whole, while Russian cross-border e-commerce was put into the conditions of radical uncertainty and faced new challenges brought by the pandemic. Nevertheless, this sector also showed a significant growth. As for Russian consumer behavior in online shopping, it is not considered as active, as in China, however, it was influenced by the self-isolation in favor of online shopping.

In general, the development of e-commerce as a form of digitalization demonstrates an increase in e-sales in the context of the COVID-19 pandemic in Russia and China. The crisis caused by the pandemic demonstrates the existing differences in the speed of implementation of digital technologies in these countries. E-commerce in China appears to be more developed and mature, than in Russia. Both e-commerce markets are developing fast but this tendency appeared later in Russia, than in China. B2C and C2C e-commerce models are most widespread in two countries. In both countries most perspective and fast-growing is subscription mode. As for the preferences of Russian and Chinese consumers in online shopping after the pandemic, almost the same number of respondents would prefer to shop only online. However, most of the Russians are sure that they will shop equally online and offline. The same share of Chinese respondents will shop online more often, than offline. Finally, both Russia and China are interested in cooperation in the sphere of e-commerce and have the perspectives to strengthen this cooperation in the future.

3. E-commerce taxation in Russia and China

3.1 Comparative analysis of e-commerce taxation and its challenges in Russia and China

Due to the rapid development of e-commerce and its significant impact on the traditional taxation system, the analysis of e-commerce taxation appears to be of great practical importance. Despite many challenges and technical issues in this area, the transformation of taxation in the Internet industry represented by e-commerce is still a trend that is difficult to ignore, since the future society is likely to be presented by an information society, and the transition from quantitative to qualitative changes makes the issue of e-commerce taxation inevitable.

The development of e-commerce as a form of digitalization demonstrates the growth of electronic sales in the context of the COVID-19 pandemic in Russia and China. Purchase methods and consumption patterns are changing radically in terms of on long-term development. At the same time, the crisis caused by the pandemic demonstrates the existing disparities in the speed of digitalization in these countries. As has been mentioned before, e-commerce in China appears to be more mature and developed than in Russia, where the development of e-commerce is considered quite a new trend¹⁰³ and started its development later than in China¹⁰⁴. In addition, the pandemic has drawn a lot of attention to issues related to the taxation of this area. In this regard, the table below represents the comparison of e-commerce taxation regulation in Russia and China.

Table 3.1.

Legal regulation of e-commerce taxation in the Russia and China

	Russia	China
Legislation on e-commerce	No unified legislation, applicable provisions are contained in various laws and regulations	The Law of the People's Republic of China "On Electronic Commerce"
Taxation regulation	Russian Tax Code (Article 174.2); Federal Law No. 335-FZ of 27 November 2017 "On Amendments of the First and Second Parts of the Russian Tax Code and Specific Regulations of the Russian Federation"	Articles 11; 10; 28; 71; 72; 80 of The Law of the People's Republic of China "On Electronic Commerce"

Compiled on: Doing Business in Russia: E-Commerce // CMS. – URL: <https://cms.law/en/rus/publication/doing-business-in-russia/e-commerce>; R. Vasutin, D. Zinnatullin, Russia's New Vat Rules on Cross-Border E-Commerce Services Key Points for B2b Service Providers // DLA Piper. – URL: <https://www.dlapiper.com/ru/russia/insights/publications/2018/06/russias-new-vat-rules-on/> (accessed on 02 April 2022); 中

¹⁰³ A. Melkadze, op. cit.

¹⁰⁴ Fan Haofei, op. cit.

中华人民共和国电子商务法：2018年8月31日第十三届全国人民代表大会常务委员会第五次会议通过 = The Law of the People's Republic of China "On Electronic Commerce": Adopted at the Fifth Session of the Standing Committee of the Thirteenth National People's Congress on 31 August 2018 // 国家市场监督管理总局 . - URL: https://gkml.samr.gov.cn/nsjg/fgs/201908/t20190820_306141.html (accessed on 7 May 2021).

When it comes to Russian e-commerce, there is no unified legislation regulating this sphere, applicable provisions are contained in various laws and regulations, for example, in "Distance Selling Rules", "Digital Financial Assets and Currency Law", "National Payment System Law", "Data Protection Law", etc. Therefore, there is no law, explaining e-commerce taxation independently, all the rules concerning taxes in domestic and cross-border e-commerce are located in the Russian Tax Code, Article 174.2 of which states that foreign companies that provide customers with electronic services and are located in Russia must pay VAT ¹⁰⁵. According to new rules that can be found in Federal Law No. 335-FZ of 27 November 2017 "On Amendments of the First and Second Parts of the Russian Tax Code and Specific Regulations of the Russian Federation" and are effective from 1 January 2019, foreign companies supplying e-services directly to Russian customers, will be obliged to register with the Russian tax authorities and independently calculate and pay VAT on the value of services rendered ¹⁰⁶.

In comparison to Russian legislation in the sphere of e-commerce taxation, Chinese one appears to be more developed, on the grounds that there is a unified law regulating electronic trade in this country – The Law of the People's Republic of China "On Electronic Commerce", which was published in 2018 and came to force in 2019, at least 6 Articles of which cover the issue of e-commerce taxation. For example, Articles 10 and 14 require e-commerce operators to pay tax and issue tax invoices in paper form or electronic invoices, as required by law. The marketplace platforms have a legal obligation to report the seller's identity and other tax-related information to the tax authorities, and must keep transaction-related information for at least three years. This new mechanism will make all taxable income transparent to the tax authorities ¹⁰⁷.

Despite the fact that, compared to the Russian Federation, e-commerce in China has been formed quite a long time ago, the issue of tax collection and management of e-commerce is still found rather vital in China. With the rapid development of e-commerce, the lag in tax collection and management of

¹⁰⁵ Doing Business in Russia: E-Commerce, op. cit.

¹⁰⁶ R. Vasutin, D. Zinnatullin, op. cit.

¹⁰⁷ 中华人民共和国电子商务法：2018年8月31日第十三届全国人民代表大会常务委员会第五次会议通过 = The Law of the People's Republic of China "On Electronic Commerce": Adopted at the Fifth Session of the Standing Committee of the Thirteenth National People's Congress on 31 August 2018, op. cit.

e-commerce leads to large amounts of tax losses. Chinese researcher Zhang Junjun identified 7 types of influence of e-commerce development on the Chinese taxation:

1) impact on the principle of tax equity – unlike traditional types of trade, e-commerce provides businesses with a new way to avoid paying taxes, so that many enterprises and individuals have begun to gradually abandon some or even all of their physical stores;

2) impact on the principle of tax efficiency – the transition from taxation of enterprises to decentralized tax collection from consumers has led to more labor and material resources needed and, consequently, to a decrease in the efficiency of tax administration;

3) influence on the principle of setting taxes by laws – in connection with the introduction of tax benefits and tax exemptions during the formation of e-commerce in China, tax legislation is characterized as stable and at the same time staying left behind the trends of the rapid development of e-commerce;

4) impact on taxpayers – the gradual blurring of the concept of a permanent establishment, the absence of strict requirements for the geographical location of buyers and sellers in online sales, the difficulty of identifying the taxpayer, and the difficulty of tracking IP addresses provide taxpayers with opportunity for hidden online transactions, making it more difficult to collect and manage taxes;

5) impact on objects of taxation – the difficulty of controlling online sales of digital products, since traditional tax legislation is mainly divided depending on the nature of the subject of the transaction and the form of the transaction, which is not suitable for the reality of Internet transactions and leads to the constant loss of a large amount of taxes;

6) impact on tax jurisdiction – with the development of trends in the anonymization of Internet products, electronic payments and the globalization of income, it is difficult to determine the identity of both parties to the transaction and the place of the transaction, and all this creates great problems for the current principles of taxation;

7) impact on the tax collection system – identifying disadvantages in the tax collection and management system, such as low efficiency and a weak supervision system due to the characteristics of virtualization and insufficient openness of electronic transactions ¹⁰⁸.

Other Chinese researchers Liu Shuping, Wang Mingxing, and Xu Yiqing identified problems in tax planning in China. The first issue implies that understanding of tax planning is inaccurate. It means that currently most e-commerce enterprises have misunderstandings in their tax planning and do not effectively combine the characteristics of e-commerce, tax policies and the actual situation of

¹⁰⁸ 张俊军, *op. cit.* – Pp. 59-60.

enterprises. Misunderstanding in tax planning can be explained by the fact that e-commerce companies are prone to conduct tax evasion instead of tax planning as they confuse these concepts. The second problem is that tax planning has higher risks, which are embodied in 3 aspects:

a) the enterprise has chosen improper tax planning methods – if tax planning is blindly planned without considering the actual situation of the enterprise, it will have a negative impact on it: damage its social image and make the enterprise face fines, which will seriously put the company under pressure of closing;

b) e-commerce enterprises have a high degree of dependence on the original policies and regulations when conducting tax planning – the existing laws and regulations are difficult to adapt to the rapid development of e-commerce, if e-commerce enterprises do not keep pace with the times in tax planning, it will increase the risks caused by changes in tax laws and policies;

c) the tax planning of e-commerce enterprises faces huge unknowns. In the first case – links of tax planning are interlocked, the tasks are very comprehensive and involve a wide range of areas, a mistake during some processes in practice may lead to the failure of the planning.

The third problem of Chinese tax planning, as has also been mentioned by Zhang Junjun, is connected with the deficiencies in tax collection and administration. Acceleration of the expansion of e-commerce companies and significant reduction of the volume of traditional trade transactions have led to the situation that the tax collection and management departments are not prepared for such changes, and the corresponding tax policies have not been revised in time. Moreover, it is easy to cause the tax evasion of e-commerce enterprises to be unable to be identified in time, resulting in the loss of tax revenue. Finally, the fourth problem is the lack of tax planning professionals, which means that e-commerce enterprises do not pay attention to the training of personnel in tax planning, resulting in an increasing talent gap and consequently in vulnerabilities in tax planning, which is not likely to cause the healthy development of enterprises¹⁰⁹.

All of these aspects reveal challenges in Chinese e-commerce taxation that need to be solved further. Chinese government should look at these issues from the point of legislation amendments and institutional reforms so that the legal sphere is not left behind in terms of development by e-commerce industry. Since this area in Russia began to develop later, as well as its regulation, these problems are also highly likely to become relevant in this country. In this regard, it is reasonable to consider the work of Russian researchers A. I. Pogorletsky and S. F. Sutyryn, who identified and analyzed the problems of Russian tax planning for e-commerce at this stage of its development.

¹⁰⁹ 刘淑萍、王明星、徐以晴, op. cit. – P.145.

For instance, one of the problems in the development of e-commerce in Russia are the tax competitive advantages of foreign remote sellers of goods sold through Internet platforms. Consequently, differences in the taxation of foreign and domestic online sales often put Russian online retailers in a less advantageous position. For example, Russia in 2020 had a very high share of cross-border e-commerce transactions with China: more than 90% of foreign orders of Russian retail customers came owing to parcels from Chinese online stores ¹¹⁰. Given the low cost of most purchases (usually less than 200 euros), customs duties are not charged when sending goods to Russia by mail ¹¹¹, since from 21 January to 1 October 2022, the duty-free tax threshold is 1,000 euros ¹¹².

However, it is not profitable for Russian online stores to organize the same transactions to China. As the President of AKIT (Association of Internet Trade Companies) A. Sokolov noted during the Business Forum “Global Post-Pandemic World: New Approaches to Business Organization”, until 2016 there was a threshold of duty-free import in China, now it is not economically profitable to export to China, since the this country will charge VAT and a significant consumption tax for parcels from Russia. The Russian Federation, in contrast, will not tax parcels from China, but if the same product is produced in Russia, then it will be subject to VAT and include other costs ¹¹³. Corresponding comparison of taxation in these countries is presented in table 3.2.

Table 3.2.

Taxation of e-commerce goods in Russia and China

	Importers	
	Russia	China
Duty-free import	200 euros (from 21.01.2022 to 01.10.2022 – 1000 euros), no more than 31 kg per parcel	Not available since 2016
Customs duty	5-20%	10%
Import VAT	20%	17%
Export VAT compensation	+	-
Consumption tax	-	1-56% (~42%)

Compiled on: Taxation of international e-trade: Russian particularities, in Smeets M. “Adapting to the digital trade era: challenges and opportunities”. – Geneva: WTO Publications, 2021, p. 186.

Thus, the price of goods imported from China by a legal Russian wholesale importer is at least 25% higher than the price of goods purchased in a Chinese online store (import customs duty is 5-20% plus

¹¹⁰ Cross-border paralysis. The Gaidar Institute estimated the e-commerce market in Russia // Lenta.ru. – URL: https://lenta.ru/articles/2019/03/25/it_market/ (accessed on 22 March 2022).

¹¹¹ A. I. Pogorletskiy, S. F. Sutyurin, Taxation of international e-trade: Russian particularities, in Smeets M. “Adapting to the digital trade era: challenges and opportunities”. – Geneva: WTO Publications, 2021, p. 185.

¹¹² Internet trade: Russian market // Tadviser. – URL: [https://www.tadviser.ru/index.php/Статья:Интернет-торговля_\(рынок_России\)](https://www.tadviser.ru/index.php/Статья:Интернет-торговля_(рынок_России)) (accessed on 25 March 2022).

¹¹³ Business forum “Global post-pandemic world: new approaches to organizing business”, op. cit.

20% VAT, which can be reimbursed by a refund for Chinese export VAT). On the other hand, if a Russian online retailer delivers goods to China, then almost 70% is added to the initial price of the goods when crossing the border with China – import VAT (17%), consumer tax (its rate ranges from 1 to 56% depending on type of commodity products, on average it is about 42%) and customs duties (about 10%). Taking into account the previously withholding and included in the customs value of Russian VAT in the amount of 20% (which cannot be compensated when exported through electronic trading platforms in a retail format), the price of Russian goods aimed at the Chinese market is almost twice as high as the prices for the domestic Russian market¹¹⁴. All these factors indicate the loss of potential import customs duties and import VAT, as well as the necessity to ensure equal conditions for domestic and foreign Internet sellers in Russia.

In addition to that taxation policy, China is planning to support its e-commerce exporters. China's State Council announced on April 5, 2020 that China had decided to establish more comprehensive cross-border e-commerce pilot zones as a way to support foreign trade affected by the COVID-19 pandemic. The meeting chaired by Premier Li Keqiang announced the establishment of 46 more pilot zones in addition to the 59 existing ones to fully realize the distinctive advantages of cross-border e-commerce and to accelerate foreign trade. The Chinese government is prioritizing the development of pilot zones as it sees cross-border e-commerce as an important step forward in creating new growth drivers and enhancing the country's global competitiveness. According to the meeting, retail goods exported from the pilot zones are exempted from value added tax (VAT) and consumption tax. Enterprise income taxes of taxpayers in these zones will be levied in accordance with a fixed amount when assessing or by verifying the rate of taxable income¹¹⁵.

As for Russian cross-border e-commers, it faces some taxation issues connected with its large e-commerce partners – Kazakhstan and Belarus. Russian marketplaces are actively exporting goods to these countries – 17.7% and 22.3% respectively in 2020¹¹⁶. Starting from 1 January 2020 Russian Internet sites are required to pay VAT on goods sold in Kazakhstan, the same measure will be put into effect in Belarus starting from 1 July 2022. At the same time, companies will continue to pay VAT in Russia, which leads to the situation of double taxation. According to the evaluations of the Association of Internet Trade Companies, taking into account the size of the tax rate of 12% in Kazakhstan and 20%

¹¹⁴ A. I. Pogorletskiy, S. F. Sutyryn, *op. cit.* – P. 186.

¹¹⁵ China to extend cross-border e-commerce scheme amid COVID-19 // CGTN. – URL: <https://news.cgtn.com/news/2020-04-07/China-to-extend-cross-border-e-commerce-scheme-amid-COVID-19-PvadhQhTe/index.html> (accessed on 02 June 2021).

¹¹⁶ Retail export of goods via the Internet 2020 // Data Insight. – URL: https://datainsight.ru/DI_eBay_Export2020 (accessed on 05 April 2022).

in Belarus, the additional tax burden on Russian marketplaces will count to 3.6 billion rubles and 3.8 billion rubles respectively. Although the Eurasian Economic Union provides uniform basic rules for VAT, they do not take into account the peculiarities of taxation of goods purchased by individuals through Internet platforms. According to experts, the problem can be solved if the Russian Federation establishes rules on the implementation of a zero VAT rate when selling goods to individuals from other EAEU countries or by postponing the introduction of new rules and Belarus and changing those introduced in Kazakhstan ¹¹⁷.

Taxation e-commerce issues are also connected with losses from indirect taxation of e-commerce. The pandemic, having fostered the growth of profits of companies in the IT sector, reveals the possibility of losses to the state budget from indirect taxes, which can be mitigated by additional revenue from income taxes levied on manufacturers and commercial distributors of goods, electronic services of digital content. There is a historical link between pandemics and tax regulation: many tax innovations have arisen in response to the consequences of widespread epidemics of deadly diseases. The most reasonable solution to support the global system of economic relations, including international trade, would be to use indirect taxes under the auspices of the Organization for Economic Development and Cooperation (OECD) as fiscal instruments for mobilization of additional budget revenues, as well as stimulus measures, helping to overcome the negative effects of the recession caused by the coronavirus pandemic. Therefore, measures reducing the burden of indirect taxes (reducing import VAT rates for cross-border digital transactions, as well as reducing the amount of excise taxes and customs duties for goods, especially food and medical) are quite relevant ¹¹⁸.

Another important question is the introduction of DST – a digital services tax, which is already being actively implemented in the EU, while this concept is not supported in the USA. As Zhang Junjun noted, Chinese government encourage the idea that the taxation of e-commerce can provide a constant increase in tax revenues, improve the tax management system, make the transition from traditional trade management methods to modern models, and promote adaptation to the development needs of the present ¹¹⁹. However, China's research of imposing a digital services tax is still at an early stage. Debate continues about whether data is taxable, who owns it, how data will be valued, and how personal data and privacy will be protected.

¹¹⁷ D. Shestoporov, Eurasianism // Kommersant. – URL: <https://www.kommersant.ru/doc/5090063> (accessed on 05 April 2022).

¹¹⁸ A. I. Pogorletskiy, op. cit. – P. 200-201.

¹¹⁹ 张俊军= Zhang Junjun, op. cit. – p. 62.

In addition, Wang Yongjun, a professor at the Central University of Finance and Economics, raised another interesting question: tax base erosion and profit shifting can exist not only between different countries, but also between different regions. In China, for instance, taxes on digital operations are paid mainly in developed regions such as Beijing, Shanghai, Shenzhen and Hangzhou, while underdeveloped regions are at a disadvantage in terms of collecting such taxes, exacerbating the imbalance between regions. Currently, China is considering various approaches to address these issues – whether to optimize the existing tax system by clarifying taxes related to the digital economy, or to introduce a new DST. On the other hand, the country could use both approaches at the same time ¹²⁰.

As for the Russian position regarding the introduction of a digital services tax, in the context of the COVID-19 pandemic, Russian researchers L. V. Polezharova and A. M. Krasnobaeva noted that it was rather premature to introduce this tax in Russia, as this would negatively affect the economy in terms of the redistribution of the tax burden, the development of competition, business profitability, employment, personal incomes, and innovation. However, in order to include the country in the processes of sharing the global profits of multinational companies from digital operations, it is necessary to develop a mechanism of direct taxation. Thus, it seems important to introduce into Russian legislation the institution of a virtual permanent representation, it is proposed to abandon the risk assessment indicator, and to use only objective cost indicators that are not distorted by subjective analysis ¹²¹. According to the President of AKIT A. Sokolov, the state has no incentives to impose this tax on domestic companies, this type of taxation is more likely to be imposed on foreign companies that are not localized in Russia, and the degree of localization can be determined according to social contributions, personal income tax and profit volumes in order to divide companies into two groups: those who should and should not pay this tax ¹²².

Tax rates on e-commerce in Russia should remain moderate given the small volume of its digital trading operations and significant growth prospects. The Russian authorities are creating efficient automated systems for collecting taxes and customs duties in cross-border e-commerce, for calculating VAT refunds to exporters, and for recording receipts from online stores. These systems will help to prevent abuse of the tax system as well as to reduce compliance costs for firms ¹²³.

In conclusion, due to the different degree of development of e-commerce in Russia and China, there are different challenges in their taxation and different views regarding the introduction of a digital

¹²⁰ Z. Zhang, China's Position on the Digital Service Tax // China Briefing. – URL: <https://www.china-briefing.com/news/chinas-position-on-the-digital-service-tax/> (accessed on 23 March 2022).

¹²¹ L. V. Polezharova, A. M. Krasnobaeva, op. cit. – P. 104.

¹²² Business forum “Global post-pandemic world: new approaches to organizing business”, op. cit.

¹²³ A. I. Pogorletskiy, S. F. Sutyryn, op. cit. – P. 178.

services tax in these countries. When it comes to China, it is possible to highlight the problems associated with the transparency of transactions on Internet platforms, the subsequent difficulties in monitoring and taxing enterprises and problems in tax planning of electronic enterprises, while in Russia one of the main problems is the unequal competitive advantage of foreign Internet sites exporting to Russia as Russian Internet retailers could export to China but are not able to do so due to possible unprofitability. Another problem is connected with double taxation, when Russian marketplaces are required to pay VAT to Russia and those countries, where their goods are sold and realized at the same time, causing a huge tax burden on Russian electronic companies. The considered countries have one common challenge – possible tax losses and the necessity to introduce new measures to avoid them in the future. As for the introduction of a digital services tax, Russia and China are not ready yet for such changes in taxation, although Chinese government is considering such a possibility, while in Russia this measure is found to be rather premature. It is also necessary for Russia to develop interstate cooperation in indirect taxation under the auspices of the OECD and regional economic organizations. It is also reasonable to introduce into Russian legislation the institution of a virtual permanent establishment, as well as a simpler and more transparent mechanism for taxing digital companies with moderate tax rates.

3.2 Perspectives of e-commerce taxation in Russia and China in the conditions of new uncertainty

Starting from 2020, one of the main issues has been presented by the new coronavirus pandemic, taking, for instance, massive pressure on e-commerce enterprises due to the increased demand for e-commerce products along with logistics and supply problems. In 2022, when e-commerce sellers began to see supply chain disruptions ease along with the impact of COVID-19, appeared new issues from geopolitical sphere, which can be regarded as a new black swan in the international arena, as it has completely changed the perception and the reality of the processes and interrelations that used to be regarded as rather standard and predictable. Another problem is presented by already known COVID-19 but with new challenges and obstacles for trade and e-commerce as well, bringing new issues to e-commerce taxation.

When it comes to China, it is experiencing challenging times mainly due to the new outbreak of COVID-19. Before the geopolitical and new outbreak problems, cross-border e-commerce was gaining momentum in China under the circumstances of the COVID-19 pandemic, which seriously affected international trade, and the recent approval of more comprehensive cross-border e-commerce pilot zones has undoubtedly accelerated this trend. In the first half of February, the State Council of China

issued a statement approving the establishment of additional cross-border e-commerce pilot zones in 27 cities and regions, including Erdos in Inner Mongolia and Yangzhou City in Jiangsu Province. Now the total number of pilot zones has reached 132, covering almost all provinces in China, from coastal industrial centers such as Jiangsu, Zhejiang and Guangdong to inland regions. In these pilot zones, local governments provide a variety of trade services ranging from logistics, payment, legal, tax, and customs clearance to facilitate cross-border e-commerce. Wu Fan, the head of the Asia-Pacific region of U-Play Corporation, an Anhui-based hygiene products manufacturer, mentioned that the company's cross-border imports and exports grew by 62.5% from 80 million yuan in 2020 to 130 million yuan in 2021, explaining this increase by preferential tax policies ¹²⁴. In general, this initiative was expected to have potential for developing and fostering Chinese e-commerce. However, such policy is highly likely to face many obstacles and challenges presented by the new outbreak of COVID-19 and the following state's "zero-COVID strategy", so that not all the aims have their chances to be achieved, or at least achieved not within the planned time framework.

For example, 477 ships in the ports of China are already waiting to be unloaded due to the quarantine in Shanghai. The owners of cargo ships began to redirect them from Shanghai to other ports of the country, where the situation immediately became even more complicated. As of April 11, there were 222 cargo ships in the port of Shanghai, which were waiting for unloading. This is 15% more than a month earlier. There were 134 ships in the port of Ningbo, that is 0.8% more than in March. In the ports of Rizhao, Dongjiakou and Qingdao, there are now 33% more cargo ships than in March – 121 ships. In addition, there are 197 container ships in the common anchorage of Shanghai and Ningbo cargo ports waiting to be unloaded or loaded. This is 17% more than in March ¹²⁵. This situation is expected to have a significant negative effect on Chinese cross-border e-commerce. However, it is necessary to wait in order to observe the exact consequences and to make more precise forecasts.

Other parts of China are also experiencing the impact of the new outbreak. For instance, a Taiwanese company Foxconn has suspended operations at its Apple plant in Shenzhen, Guangdong Province on the south of China, due to a local outbreak of the coronavirus and therefore strict anti-epidemic measures ¹²⁶. In addition, Benchmark's analytical leader Fawne Jiang reported that their local channel examinations suggested that e-commerce activities, especially demand on consumer

¹²⁴ Cross-border e-commerce pilot zones forge a promising future for China's foreign trade // China.org.cn. – URL: http://www.china.org.cn/business/2022-02/16/content_78051810.htm (accessed on 10 April 2022).

¹²⁵ A. Miklashevskaya, Nearly 500 cargo ships stuck in Chinese ports waiting to unload // Kommersant. – URL: <https://www.kommersant.ru/doc/5305311> (accessed on 12 April 2022).

¹²⁶ Foxconn suspends Apple production in Shenzhen due to COVID-19 outbreak// TASS. – URL: https://tass.ru/ekonomika/14058079?utm_source=yxnews&utm_medium=desktop (accessed on 10 April 2022).

discretionary categories in March, were significantly disrupted as Covid-19 spread hit across the regions and triggered lockdown of major metropolitan areas and main cities in China. Covid-19 lockdown is expected to further increase the macro recovery upcycle and create uncertainties in the near quarters ¹²⁷. The situation is currently developing in different parts of the country, so it is possible to make only some predictions of the further impact of it on e-commerce and its taxation. It is expected that there will be no significant measures of e-commerce taxation reforms, due to other more essential issues which need new solutions.

Nevertheless, China is currently trying to reveal and solve new tax regulation issues. What makes Chinese e-commerce unique is livestreams as a way of promoting and advertising goods on online platforms, which quite popular and widespread among consumers and sellers. In this regard, China's tax regulator announced that it will fight tax evasion in its booming live streaming industry and begin every six months requiring online platforms to report streamers' identities, earnings and profits. This industry shows a new potential way to increase state revenue due to high tax losses, which was not regulated before. For example, tax regulators have already found some of the influencers selling products via livestreams for evasion from taxes. In particular, one of them has been fined was fined 1.34 billion yuan (\$211.1 million) and this tendency is likely to be even more active ¹²⁸. However, this measure still leaves some issues unsolved, such as monitoring online platforms, influencers working on them and their revenues as well, tax reporting in this context and the ways of revealing tax evasions. In addition, it does not appear to be newly invented tax reform, and this sphere is expected not to be significantly changed or improved due to the current situation.

When it comes to Russia, due to the difficulties caused by economic and political issues, the current period appears to be a huge challenge to the development of Russian e-commerce sphere as well as to its taxation. Below will be presented the influence of the present circumstances on Russian e-commerce and its taxation.

First of all, the geopolitical tension is believed to invariably increase oil and gas prices as well as several other major commodities, this factor is therefore highly likely to further pressure e-commerce shipping within the globe as a whole and various countries including Russia in particular ¹²⁹. In

¹²⁷ J. Denton, Alibaba Stock Is Getting Hit by China's Latest Covid Outbreak. 4 Reasons for Optimism // Barron's. – URL: <https://www.barrons.com/articles/alibaba-stock-covid-19-outlook-china-51649422688> (accessed on 10 April 2022).

¹²⁸ China to crack down on tax evasion in livestreaming industry // Reuters. – URL: <https://www.reuters.com/world/china/china-crack-down-tax-evasion-livestreaming-industry-2022-03-30/> (accessed on 10 April 2022).

¹²⁹ J. Daleo, No surprise: Data shows major e-commerce slowdown in Russia, Ukraine // Modern Shipper. – URL: <https://www.freightwaves.com/news/no-surprise-data-shows-major-e-commerce-slowdown-in-russia-ukraine> (accessed on 08 April 2022).

addition, large courier companies, such as DHL, FedEx and UPS stopped delivering parcels and cargo to Russia. That is why the price issues appear to be central in e-commerce. According to Data Insight's express market monitoring, which took into account open catalog data recorded on the sites of the two Russian largest universal marketplaces – Wildberries.ru and Ozon.ru, by the first day of monitoring (March 23) the biggest growth was observed in the cosmetics segment. However, this is the segment with the highest sales increase – by 115% in comparison to the previous week ¹³⁰. Price changes for various categories are presented in the following figure 3.1.

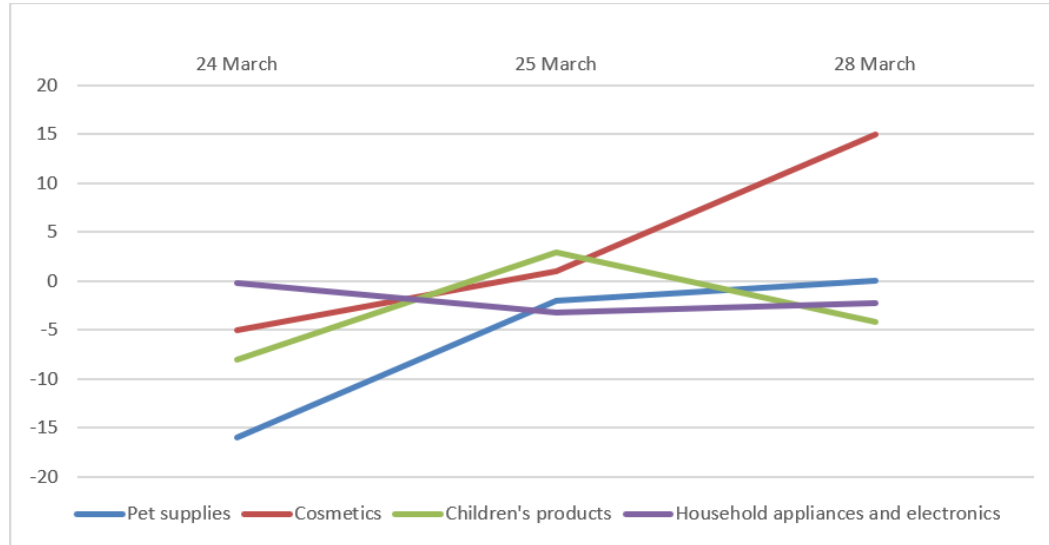


Figure 3.1. Dynamics of changes in the average price of goods by category during March 24-28

Compiled on: Weekly express monitoring of the e-commerce market. Issue 1: March 21-27, 2022 // Data Insight. – URL: https://datainsight.ru/express-monitoring_ecom_March2022 (accessed on 10 April 2022).

As presented in the figure, during the first week of monitoring, the price in the segment of pet supplies not only did not increase, but, on the contrary, decreased. Thus, the price drop on March 24 in comparison to the previous day was 16%. On the next day the price fell by another 2% compared to Thursday. Over the weekend, the price of selected products in the pet products segment did not change. As for cosmetics, the growth of the average price of cosmetic products by the end of the first week of monitoring amounted to 15% compared to the previous day. The average price growth for some brands amounted for 20-42%. Despite the fact that the average price of all children's products was not observed to increase in comparison to the first day of monitoring, prices in certain categories are gradually increasing, for example, for baby puree. The average price of goods in the electronics segment remained almost unchanged over the week. However, some categories showed a slight decrease in prices relative to the first day of monitoring. This is especially noticeable in the categories

¹³⁰ Weekly express monitoring of the e-commerce market. Issue 1: March 21-27, 2022 // Data Insight. – URL: https://datainsight.ru/express-monitoring_ecom_March2022 (accessed on 10 April 2022).

of bulk goods¹³¹. Taking into consideration these statistics, the situation seems to be rather uncertain and unstable, so that it is rather early to make any conclusions of the exact impact of the current situation on Russian e-commerce industry. Consequently, these conditions have the potential to some kind of inactivity in the significant reforms of e-commerce taxation in Russia and at the same time this situation lead to the understanding that some reforms in this sphere are necessary and perhaps inevitable.

On the current stage, one of the issues to consider is connected with possible tax support for e-commerce enterprises. To start with, on March 2022 was signed Decree No. 83 introducing new support measures for qualifying Russian IT companies, which primarily include the establishment of a 0% income tax rate for accredited IT companies and which will be applied until 31 December 2024. Currently, accredited IT companies can already receive support in the form of a preferential income tax rate of 3% instead of 20%, subject to additional conditions established by the Russian Tax Code¹³².

In this regard, online retailers ask the government to include them into the program already supporting the IT industry. The representatives of Ozon and Wildberries believe in the framework of providing support to the IT industry, companies like theirs should also be able to receive some benefits along with IT companies. Ozon CEO A. Shulgin stated that according to the current terminology, enterprises like Amazon, Uber, Alibaba, or even Microsoft would in theory not be able to take advantage of these benefits, because they have monetization not only in software licensing and advertising revenue. However, these businesses are regarded as “the most powerful IT companies”. The same applies to the Russian market. Marketplaces and aggregators of travel services in practice can be classified as IT companies and they employ a high number of IT specialists in the country. Taking for example Ozon, behind all its business is a large amount of internally developed software. Deputy Prime Minister D. Chernyshenko who conducted a meeting with retailers’ representatives on March 26, noted that a company like Ozon needs to restructure its business, bringing IT department into a separate company in order to receive benefits. However, T. Bakalchuk, the founder and CEO of Wildberries, stated that, given the specifics of their business, it would be easier for them to relocate into a separate company everything that is not related to IT – warehouses, logistics, etc., than trying to somehow separate from all processes that permeate the company, like a nervous system, IT professionals and concentrate them in a certain IT structure¹³³. This issue is a quite new one, the solution to it is only

¹³¹ Weekly express monitoring of the e-commerce market. Issue 1: March 21-27, 2022, op. cit.

¹³² Russia announces new tax support measures for IT companies // CMS. – URL: https://www.cms-lawnow.com/ealerts/2022/03/russia-announces-new-tax-support-measures-for-it-companies?cc_lang=en (accessed on 06 April 2022).

¹³³ Internet trade: Russian market, op. cit.

going to be found and before that it is necessary to conduct more meetings and discussions with online retailers and authorities. In this connection, e-commerce companies have chances, first of all, to raise a question of classification in terms of taxation: whether they can be regarded as IT companies, fully or partially and to what extent, and secondly, to get tax preferences along with IT companies but this question requires further considerations.

Another question about the future of e-commerce taxation is connected with duty-free import threshold. As has been mentioned before, the threshold for duty-free import of goods to Russia from foreign online stores has increased 5 times – from 200 to 1000 euros. However, the requirements for the weight of parcels will remain the same – they should not exceed 31 kg. If the value of the parcel exceeds 1000 euros or its weight is more than 31 kg, it will be necessary to pay a duty in the amount of 15% of the order value, but not less than 2 euros per 1 kg. According to the prime minister M. Mishustin, this decision was approved by the Council of the Eurasian Economic Commission and will be valid until October 1, 2022 ¹³⁴.

These measures have some reasons for that. As a result of the actual closure of trade with European and American countries, trade is expected to develop in the Asian and Middle Eastern directions – with China, Turkey, etc. the EEC Council noted that this measure is highly likely to support citizens who order goods for personal use in foreign online stores and, moreover, to avoid a shortage of goods. In particular, users will be able to order goods abroad that are no longer available or almost not available in the Russian market. Responsible executors on the initiative are the Ministry of Economic Development, the Ministry of Finance and the Federal Customs Service of the Russian Federation ¹³⁵.

The possible results and ways of solving this issue have been raised during the conference “Digital transformation of the supply chain: how logistics is changing the global transport network and the e-commerce market”, which was held on February 24, 2022 in the framework of Dubai Expo 2020. The experts discussed whether it is reasonable to lower the threshold for duty-free import to Russia. On the one hand, it tends to support Russian market places, on the other hand, it may negatively affect Russian consumers. As CEO of iHerb in Russia I. Mikin noted, lowering the threshold for duty-free import will facilitate the acceleration of consumer inflation, which is already quite high in Russia, what will consequently increase prices. Overall, Mr. Mikin sees more disadvantages than advantages in a lower threshold for duty-free import. Director of Government Relations AliExpress Russia S. Lebedev stated that there is no single common approach of regulating the duty-free import threshold in the world.

¹³⁴ Internet trade: Russian market, op. cit.

¹³⁵ Ibid.

It is important to find a balance between consumers and state revenue. It is also necessary to consider that when five countries (Armenia, Belarus, Kazakhstan, Kyrgyzstan, and Russia) are in one customs union – the Eurasian Economic Union, lowering duty-free thresholds in one country will lead to a higher flow of delivery channels through neighboring countries, especially within the framework of this union, establishing gray import channels in these countries. For example, such kind of a situation happened in Belarus, when in 2018 it reduced the duty-free threshold to 22 euros, while it was much higher throughout the EAEU. As a result, traffic in this country fell by 40%, while traffic in the Smolensk region increased by about the same percentage, which probably happened due to grey import. To resume, according to the representatives of Russian digital business, reducing duty-free import threshold will lead to higher prices, lower consumption and, therefore, lower state revenue, especially in comparison to the expected amount.¹³⁶ Overall, this idea opposes the statement concluded before: high duty-free import threshold appears to be one of the reasons of potential tax loss and reveals the necessity to provide equal conditions for domestic and foreign e-commerce retailers in Russia. However, simply lowering this threshold has all the chances to induce more issues to solve, so this question requires deeper and diversified consideration, taking into account all sides engaged into this process: the interests of the state, business and science representatives.

Taking everything mentioned above into consideration, different development level of Chinese and Russian e-commerce taxation has led to different issues. Chinese e-commerce taxation key issues are mainly associated with the transparency, control of e-commerce transactions, and tax planning of e-commerce companies, whereas Russian e-commerce mainly pays attention to unequal competitive advantage of foreign online companies exporting goods to Russia. It is not profitable for Russian electronic retailers to export to China due to high taxes. In addition to it, when exporting goods to other counties, Russian Internet retailers may also face double taxation, which leads to a significant tax burden on them. Possible tax losses and the necessity to take new measures for solving this problem is what can be observed in Russian and Chinese e-commerce. As for the introduction of a DST, Russia and China are not ready yet for such changes in taxation, although Chinese government is considering such a possibility, while in Russia this measure is found to be rather premature. Apart from that, Chinese government paid attention to the exemption of VAT and consumption in cross-border e-commerce pilot zones, while Russia focused on the possible innovation of tax regulation and administration in e-commerce, including virtual permanent establishment and a simpler mechanism for taxing e-companies with moderate tax rates.

¹³⁶ Russia at Expo 2020 Dubai: E-Commerce 2022: [24.02.2022] op. cit.

In the current situation the issue of e-commerce taxation is characterized by even greater uncertainty due to the complicated geopolitical situation and the new outbreak of COVID-19 in China with the following consequences, countries are in a state of waiting and not taking any measures. Nevertheless, some new initiatives are being discussed, such as the possibility of supporting Russian e-commerce companies on the same terms as IT companies, the rationality of lowering the threshold of duty-free import to Russia. China has planned to establish additional cross-border e-commerce pilot zones and to take measures confronting tax evasion in the sphere of livestreams. But for the existing geopolitical and pandemic challenges all these discussions and plans could have been accelerated and lead to some changes but in the current circumstances it is only possible to wait how the situation will evolve.

Conclusion

As a result of the research conducted in this master's thesis, by appealing to legal documents, analytical and statistical materials, reports of international organizations, the results of survey and the materials of forums, the current state, main issues and perspectives of the development of electronic commerce in Russia and China have been defined.

First of all, the terminology, types and infrastructure of e-commerce systems has been taken into consideration. The analysis of the existing literature has proven the absence of the unique and universal definition and explanation of 'e-commerce', nor has it revealed any exact and commonly accepted distinction between the meanings of e-commerce and digital trade. The research mainly focused on two classifications of e-commerce models that are based on e-commerce business transactions and on value delivery methods, which are used in e-commerce. Infrastructure of e-commerce systems, along with its elements and peculiarities at the macro and micro levels has also been considered. E-commerce infrastructure at the macro level consist of telecommunication, IT, logistics, financial activities, control and oversight of the legality of operations. On the other hand, e-commerce infrastructure at the micro level is determined by the organizational forms of doing business and implies business process managerial, IT, logistics, information and logistics subsystems.

Secondly, the concepts of digitalization and uncertainty have been analyzed, and their role in e-commerce has been determined in this research. In modern interconnected and interdependent reality, the benefits of digital transformation for international trade are defined by a complex of aspects. A lot of types of digital infrastructure like the Internet have already been created for a global access. They provide new chances of development, but at the same time create new problems for economic policy, when barriers and regulatory differences between countries remain unchanged. These opportunities and challenges apply to the tax regulation of cross-border e-commerce as well. Digitalization and the COVID-19 pandemics associate e-commerce with such concepts as radical uncertainty, risk, black swan theory, and antifragility. Although the spread of the coronavirus disease is not classified as a black swan, the outcome of this event is difficult to predict and has significantly changed the online trade industry. Owing to antifragility, some e-commerce entities have taken advantage of the existing conditions and have managed as to overcome the difficulties brought by the pandemics, as to achieve some new goals.

Thirdly, the current situation with e-commerce in China has also been observed and analyzed in this master's thesis. China is regarded as a leader in e-commerce market. B2B, B2C and C2C occupy the biggest share in China's e-commerce and present rapid development, especially in the service

sector. As for value delivery methods in Chinese e-commerce, wholesaling and subscription service are characterized as ones of the fastest growing and perspective sectors. One of the forms of digitalization is presented by e-commerce. Digitalization has a dual nature as it increases the efficiency of the financial services and at the same time threatens to financial stability and complicates the processing of financial supervisory bodies. China has formulated its trading strategy for e-commerce in order to cope with the challenges and opportunities provided by digitalization. E-commerce under the circumstances of the COVID-19 pandemic deserves special attention. On the whole Chinese e-commerce sector is regarded to be mostly antifragile, owing to the increased share of online trade in this country since the self-isolation. The significant role here is also played by the government's support for small and medium enterprises, which helped them to enter digital market or to expand in it. Another influential factor is Chinese consumers' preferences to purchase online in the post COVID-19 world, as has been presented in the recent survey. In conclusion, China's domestic and cross-border e-commerce is highly likely to develop and prosper in the long-run perspective.

Moreover, the challenges and perspectives of Russian e-commerce has also been considered. E-commerce in Russia is quite young but fast-growing and perspective. Domestic e-commerce prevails over cross-border e-commerce, especially during the COVID-19 pandemic. B2C and C2C are the most widely spread e-commerce models in Russia. B2B sector faces problems with the lack of data and information about their revenues. The drop shipping sector in e-commerce also has problems with monitoring. Most perspective models are D2C and subscription service. As in China, digitalization in Russia is also characterized by duality, and furthermore, Russia has also built its strategy for e-commerce sector. As for the COVID-19 pandemic, it caused a remarkable growth in e-commerce in Russia. Russian domestic e-commerce on the whole can be considered as antifragile, whereas the situation with Russian cross-border e-commerce appears to be an example of the state of radical uncertainty. However, cross-border e-commerce in Russia has also experienced a significant growth. Although Russian consumers activity in online shopping pale in comparison to Chinese ones, it anyway has been transformed due-to lockdown, with growing preferences for online shopping. Russia tends to cooperate with China in the sphere of e-commerce, which seems to have good potential in the future.

As for Russian and Chinese e-commerce taxation, different level of e-commerce development in these countries had also the corresponding influence on the development of their regulation of e-commerce taxation and therefore caused different kinds of challenges. For China these are the problems with transparency of e-commerce transactions, their monitoring, e-commerce enterprises taxation, and problems with their tax planning, while in Russia one of the main problems is the unequal

competitive advantage of foreign e-commerce companies exporting to Russia and problems connected with double taxation, when Russian marketplaces are required to pay VAT to Russia and to countries importing Russian goods and services, what leads to a significant tax burden on Russian electronic retailers. What Chinese and Russian e-commerce taxation have in common is possible tax losses and the necessity to take new measures to solve the existing problems. In regards with a DST issue, Russia and China are not ready to implement it right now, although China does not deny that it may be possible in the future. At the same time, Russian experts find it rather premature to put this measure into an effect right now. It is also essential for Russia to develop interstate cooperation in indirect taxation under the auspices of the OECD and regional economic organizations. The institution of a virtual permanent establishment is also suggested to be introduced into Russian legislation, along with a simpler and more transparent mechanism for taxing e-commerce companies with moderate tax rates, what is likely to have a positive impact on Russian e-commerce taxation.

Finally, the situation of uncertainty is not presented not only by the spread of COVID-19 but also by new geopolitical and therefore economic issues, along with the new outbreak of the COVID-19 in China, which have their impact on Russian and Chinese e-commerce along with their taxation. This led to the situation when it is not possible to take any measures and to implement any reforms in this sphere, so both countries have no choice but to wait for the further development of the situation. On the other hand, both countries are currently discussing new initiatives, for instance, in Russia there are debates about providing the same preferences for e-commerce enterprises in the same way like for IT companies and the discussions whether it is reasonable to lower the threshold of duty-free import to Russia. Before the significant changes on the international arena and the new lockdown inside the country, China established additional cross-border e-commerce pilot zones and started confronting tax evasion of influencers running livestreams. Due to the circumstances mentioned above, all those plans are likely to face new obstacles and challenges, decelerating their implementation and successful solutions.

Taking an overall comparison, China's e-commerce sector seems to be more developed and mature, than Russia's, what can be supported by data on online trade volume and e-commerce revenues. Both countries are regarded as fast-developing e-commerce markets, although Russia has recently started accelerating its growth. Both in China and Russia most widespread business models are B2C and C2C. As for value delivery methods in e-commerce, in both countries, subscription model is regarded to be perspective and rapidly growing. In terms of digitalization, it has a dual nature as in Russia, as in China. What else is common in these countries, is the positive impact of COVID-19 on e-

commerce sector in general and the revealed potential of antifragile e-commerce entities in these countries. Nevertheless cross-border e-commerce in Russia experienced negative growth rate in 2020, due to facing various challenges caused by the pandemic. Another important aspect worth being noted is the behavior and preferences of Russian and Chinese consumers in the sector of online shopping after the end of the pandemic. Approximately the same number of respondents would prefer to shop only online. In terms of taxation, during the COVID-19 pandemics, Chinese government mainly focused on exemption of VAT and consumption taxes by establishing additional cross-border e-commerce pilot zones, in Russia the attention is paid to the necessity of the innovation of tax regulation and administration in this sector, with introduction of virtual permanent establishment and a more transparent mechanism for taxing digital companies with moderate tax rates. China's e-commerce taxation issues include transparency of e-commerce transactions, monitoring e-commerce enterprises taxation, and issues of their tax planning, while Russia's problems unequal competitive advantage of foreign e-commerce companies, double taxation and losses from indirect taxes. Both countries are concerned about potential tax losses from e-commerce transactions and see the necessity to introduce new measures. Under the circumstances of the new uncertainty, both countries are in the state of waiting and not taking any significant measures in terms of e-commerce taxation.

Overall, e-commerce in Russia and China is essential in the context of international trade and is worth being further developed.

References

Laws and regulations

1. “Electronic commerce development strategy in the Russian Federation for the period up to 2025”. Trade development strategy in the Russian Federation for the period up to 2025 [Electronic resource] // Ministry of Industry and Trade Russia. – URL: https://minpromtorg.gov.ru/docs/#!proekt_strategiya_razvitiya_elektronnoy_torgovli_v_rossiyskoy_federacii_na_period_do_2025_goda.
2. Decision № 2463 of the Government of the Russian Federation “On approval of the Rules for the sale of goods under a retail sale and purchase agreement, a list of durable goods that are not subject to the consumer's requirement for the free provision of goods with the same basic consumer properties , for the period of repair or replacement of such a product, and the list of non-food products of good quality that cannot be exchanged, as well as amending some acts of the Government of the Russian Federation” dated 31 December 2020 [Electronic resource] // Consultant Plus. – URL: http://www.consultant.ru/document/cons_doc_LAW_373622/.
3. Decision № 612 of the Government of the Russian Federation “On approval of the Rules for the sale of goods by remote means” dated 27 September 2007 (amended on 16 May 2020) [Electronic resource] // Consultant Plus. – URL: http://www.consultant.ru/document/cons_doc_LAW_71418/.
4. 中华人民共和国电子商务法：2018年8月31日第十三届全国人民代表大会常务委员会第五次会议通过=The Law of the People’s Republic of China “On Electronic Commerce”: Adopted at the Fifth Session of the Standing Committee of the Thirteenth National People's Congress on 31 August 2018 [Electronic resource] // 国家市场监督管理总局 . – URL: https://gkml.samr.gov.cn/nsjg/fgs/201908/t20190820_306141.html.

Other sources

5. Business forum “Global post-pandemic world: new approaches to organizing business” // V International Economic Symposium - 2021. XVIII International Conference "Evolution of the international trading system: problems and prospects”, April 14, 2021, 16:30-18:30.

6. Digital Economy and Artificial Intelligence – New Calls of the Modern World Economy. – Moscow: GUU, 2019. – 180 p.
7. OECD Guide to Measuring the Information Society 2011. – Paris: OECD Publishing, 2011. – 208 pp.
8. Russia at Expo 2020 Dubai: E-Commerce 2022 [video]: [24.02.2022] //Kommersant conferences: [YouTube channel]. – (1:59:15). – URL: https://www.youtube.com/watch?v=GUFcqDbLf4s&t=4470s&ab_channel=%D0%9A%D0%BE%D0%BC%D0%BC%D0%B5%D1%80%D1%81%D0%B0%D0%BD%D1%82%D1%8A%D0%9A%D0%BE%D0%BD%D1%84%D0%B5%D1%80%D0%B5%D0%BD%D1%86%D0%B8%D0%B8
9. Work Programme on Electronic Commerce [Electronic resource] // World Trade Organization. – URL: https://www.wto.org/english/tratop_e/ecom_e/wkprog_e.htm.

Monographs

10. A. I. Pogorletskiy, S. F. Sutyryn, Taxation of international e-trade: Russian particularities, in Smeets M. “Adapting to the digital trade era: challenges and opportunities”. – Geneva: WTO Publications, 2021, pp. 178-193.
11. D. V. Chernova, Strategic logistics of the network economy. – M.: Publishing house "MELAP", 2005. – 235 pp.
12. F. Knight, Risk, Uncertainty, and Profit. – Scholar's Bookshelf, 1964. – 397.
13. H. B. Okholm, M. H. Thelle, A. Möller, B. Basalisco, S. Rølmer, E-commerce and delivery. – Copenhagen: Copenhagen Economics, 2013. – 297 pp.
14. J. M. Keynes, A Treatise on Probability. – Cosimo Classics, 2007 (1921). – 484 p.
15. J. M. Keynes, General theory of employment, interest and money. Selected Works (compiled by A.G. Khudokormov) – Moscow: Economics, 1993 (1936). – 518 pp.
16. N. N. Taleb, Antifragile: Things That Gain from Disorder. New York: Random House, 2012. – 564 p.
17. N. N. Taleb, The black swan: the impact of the highly improbable. New York: Random House, 2007. – 369 p.
18. Ph. Kotler, H. Kartajaya, Marketing 4.0: Moving from Traditional to Digital. – John Wiley & Sons, 2016. – 218 pp.
19. R. E. Baldwin, The Great Convergence: Information Technology and the New Globalization. – Cambridge, MA: The Belknap press of Harvard university press, 2016. – 344 p

20. R. F. Fefer, S. I. Akhtar, W. M. Morrison, Digital Trade and U.S. Trade Policy. – US congressional research service report, 2018. – 39 p.
21. R. R. Dyganova, G. G. Ivanov, R. R. Salihova, V. A. Matosyan, E-commerce. – Moscow: Dashkov b k, 2021. – 150 pp.

Dissertation researches

22. A. N. Agafonova, Methodology for Managing the Set of Information Services in Electronic Commerce: dis... Cand. Economic Sciences: 08.00.05 / SSEU. – Samara, 2015. – 333 pp.

Scientific papers

23. A. I. Pogorletskiy, Historical Reconstruction of the Impact of Pandemics on the Development of Indirect Taxation [Electronic resource] // Journal of Applied Economic Research. – Vol. 19, № 2. – 2020. – Pp. 180–207.
24. A. I. Pogorletskiy, Taxation of Cross-Border E-Commerce Transactions: Features, Challenges and Opportunities // Tomsk State University Journal of Economics. – № 46. – 2019. – Pp. 229-250.
25. D. M. Ivanova, A. B. Babanov, Drop Shipping as a Type of Effective Profit-Making in Online Trading // Economy: Local Solutions for Global Challenges. – № 1. – 2021. – Pp. 33-36.
26. E. N. Smirnov, Digital globalization: The new era of global flows // E-Management. – Vol. 2, № 1. – 2019. – pp. 78–84.
27. E. N. Smirnov, S. A. Lukyanov, Formation and Development of the Global Market of Systems and Technologies of Artificial Intelligence // Economy of Region. – vol. 15, № 1. – 2019. – Pp. 57–69.
28. I. J. Steblyuk, E-Commerce Business Models in Russia // International Journal of Applied Sciences and Technology “Intergral”. – № 1. – 2019. – Pp. 231-236.
29. J. Lopez-Gonzalez, M.-A. Jouanjean, Digital Trade: Developing a Framework for Analysis // OECD: OECD Trade Policy Papers. – № 205. – 2017. – 1-24 pp.
30. L. Ping, Ts. Yu Liu., T. Qi, The Chinese online trading market // Education and Law. – № 4. – 2020. – Pp. 443-447.
31. L. V. Polezharova, A. M. Krasnobaeva, E-Commerce Taxation in Russia: Problems and Approaches // Journal of Tax Reform. – 6(2). – 2020. – Pp. 104–123.

32. N. M. Vasilyeva, E-commerce as a legal category [Electronic resource] // Electronic portal «E-commerce law». – URL: <http://ecommercelaw.ru/articles/elektronnaya-kommerciya-kak-pravovaya-kategoriya.html>.
33. R. Vasutin, D. Zinnatullin, Russia's New Vat Rules on Cross-Border E-Commerce Services Key Points for B2b Service Providers [Electronic resource] // DLA Piper. – URL: <https://www.dlapiper.com/ru/russia/insights/publications/2018/06/russias-new-vat-rules-on/>.
34. S. Fayyaz, A review on measuring digital trade & e-commerce as new economic statistics products [Electronic resource] // OECD. – URL: https://www.oecd.org/iaos2018/programme/IAOS-OECD2018_Item_3-D-1-Fayyaz.pdf.
35. S. Li, T. I. Ashmarina, I. M. Pavlova, Development vector of the “Digital Silk Road” China-Russia // Education and Law. – No. 4. – 2020. – Pp. 493-497.
36. V. G. Khalin, G. V. Chernova, Digitalization and its impact on the Russian economy and society: advantages, challenges, threats and risks // Management Consulting. – № 10. – 2018. – Pp. 46-62.
37. Zh. N. Maslova, Main trends in the development and transformation of cross-border e-commerce during the COVID - 19 pandemic // Studies of the St. Petersburg branch of the RCA. – № 2. – 2020. – Pp.66-70.
38. Zhang L., Cheng S., China's digital economy: opportunities and risks // Bulletin of international organizations. – Vol. 14, № 2. – 2019. – Pp. 275–303.
39. Zhang Z., China's Position on the Digital Service Tax [Electronic resource] // China Briefing. – URL: <https://www.china-briefing.com/news/chinas-position-on-the-digital-service-tax/>.
40. 张俊军，我国电子商务征税的原则与技术对策=Zhang Junjun, Principles and technical countermeasures of PRC e-commerce taxation // Reformation & Strategy. – Vol.36, №7. – 2020. – Pp. 58-65.
41. 刘淑萍、王明星、徐以晴，电子商务企业税务筹划问题分析=Liu Shuping, Wang Mingxing, Xu Yiqing, Analysis on Tax Planning of E-commerce Enterprises // Technology and Market. – Vol. 28, №11. – 2021. – Pp.145-146.

Encyclopedic literature

42. B. A. Raisberg, L. Sh. Lozovsky, E.B. Starodubtseva, Modern economic dictionary. – 2nd ed., Rev. M.: INFRA-M, 1999. – 479 pp.

Statistics

43. A. Melkadze, Year-on-year domestic and cross-border Russian e-commerce market growth rate from 2011 to 2020 with forecast till 2021 [Electronic resource] // Statista. – URL: <https://www.statista.com/statistics/1073320/russian-e-commerce-foreign-and-domestic-market-volume-growth/>.
44. Balance of Payments and International Investment Position Statistics [Electronic resource] // IMF. – URL: <https://data.imf.org/?sk=7A51304B-6426-40C0-83DD-CA473CA1FD52>.
45. China digital consumer trends 2019 [Electronic resource] // McKinsey Digital. – URL: <https://www.mckinsey.com/~media/mckinsey/featured%20insights/china/china%20digital%20consumer%20trends%20in%202019/china-digital-consumer-trends-in-2019.ashx>.
46. COVID-19 and E-commerce. Findings from a survey of online consumers in 9 countries [Electronic resource] // UNCTAD. – URL: https://unctad.org/system/files/official-document/dtlstictinf2020d1_en.pdf.
47. Digital Trade in the U.S. and Global Economies, part 2. [Electronic resource] // USITC. – URL: <https://www.usitc.gov/publications/332/pub4485.pdf>.
48. Digital Transformation of Industries Consumer Industries. White Paper [Electronic resource] // World Economic Forum. – URL: <http://reports.weforum.org/digital-transformation/wp-content/blogs.dir/94/mp/files/pages/files/dti-consumer-industries-white-paper.pdf>.
49. E. Benson, E-Commerce vs. Digital Trade [Electronic resource] // Bertelsmann Foundation. – URL: <https://www.bfna.org/digital-economy/e-commerce-vs-digital-trade-3tsxyi3owh/>.
50. E-Commerce in Russia 2018 [Electronic resource] // Data Insight. – URL: https://eizba.pl/wp-content/uploads/2019/07/DI_Ecommerce-2018_0.pdf.
51. E-Commerce in Russia 2020 [Electronic resource] // Data Insight. – URL: https://datainsight.ru/DI_eCommerce2020.
52. E-commerce share of retail sales in goods China 2014-2020 [Electronic resource] // Statista. – URL: <https://www.statista.com/statistics/1129915/china-ecommerce-share-of-retail-sales/>
53. E-commerce share of total global retail sales from 2015 to 2023 [Electronic resource] // Statista. URL: <https://www.statista.com/statistics/534123/e-commerce-share-of-retail-sales-worldwide/>.
54. E-commerce statistics (E-STATS) [Electronic resource] // US Census Bureau. – URL: <https://www.census.gov/programs-surveys/e-stats/about/faqs.html>.
55. Fan Haofei, China E-Commerce Annual Report 2017 [Electronic resource] // Antion China. – URL: <http://www.antionchina.com/en/News/2017/1114E262017.html>.

56. GDP (annual %) – China [Electronic resource] // The World Bank. – URL: <https://data.worldbank.org/indicator/NY.GDP.MKTP.KD.ZG?locations=CN>.
57. GDP (current \$US) – China [Electronic resource] // The World Bank. – URL: <https://data.worldbank.org/indicator/NY.GDP.MKTP.CD?locations=CN>.
58. H. Yue, National Report on E-Commerce Development in China [Electronic resource] // UNIDO. – URL: https://www.unido.org/sites/default/files/2017-10/WP_17_2017.pdf.
59. Internet trade: Russian market [Electronic resource] // Tadviser. – URL: [https://www.tadviser.ru/index.php/Статья:Интернет-торговля_\(рынок_России\)](https://www.tadviser.ru/index.php/Статья:Интернет-торговля_(рынок_России)).
60. J. Sergeeva, Internet and social networks in Russia in 2021 – all statistics [Electronic resource] // WebCanape. – URL: <https://www.web-canape.ru/business/internet-i-socseti-v-rossii-v-2021-godu-vsya-statistika/>.
61. OECD Policy Responses to Coronavirus (COVID-19). E-commerce in the time of COVID-19 [Electronic resource] // OECD. – URL: <http://www.oecd.org/coronavirus/policy-responses/e-commerce-in-the-time-of-covid-19-3a2b78e8/>.
62. Online export revenue in Russia from 2016 to 2020 [Electronic resource] // Statista. – URL: <https://www.statista.com/statistics/1007500/online-export-revenues-russia/>.
63. Online Retail Export Market Volume from Russia for the First Time to Exceed \$ 1 Billion by The End of 2020 – eBay and Data Insight Research [Electronic resource] // Data Insight. – URL: https://datainsight.ru/DI_eBay_Export2020.
64. Results compiled of the e-commerce market survey [Electronic resource] // METI Japan. – URL: http://www.meti.go.jp/english/press/2016/0614_02.html.
65. Retail e-commerce in Canada [Electronic resource] // Statistics Canada. – URL: <http://www.statcan.gc.ca/pub/11-621-m/11-621-m2016101-eng.htm>.
66. Retail export of goods via the Internet 2020 [Electronic resource] // Data Insight. – URL: https://datainsight.ru/DI_eBay_Export2020
67. Share of e-commerce in the retail trade of Russia from 2018 to 2019 with the forecast till 2024 [Electronic resource] // Statista. URL: <https://www.statista.com/statistics/379149/predicted-e-commerce-share-of-retail-sales-in-russia/>.
68. Weekly express monitoring of the e-commerce market. Issue 1: March 21-27, 2022 [Electronic resource] // Data Insight. – URL: https://datainsight.ru/express-monitoring_ecom_March2022.

69. What was the most serious problem for export sales amid the coronavirus (COVID-19) pandemic in 2020? [Electronic resource] // Statista. – URL: <https://www.statista.com/statistics/1198509/major-challenges-for-online-export-sales-during-covid-19/>.
70. Why Online Wholesale Trade (B2B) In Russia Falls Behind the Western, Chinese And Retail E-Commerce [Electronic resource] // Shopolog. – URL: <https://www.shopolog.ru/metodichka/analytics/pochemu-optovaya-onlayn-torgovlya-b2b-v-rossii-otstaet-ot-zapada-kitaya-i-roznichnoy/>.
71. World Bank Group, Alibaba Group, E-Commerce Development: Experience from China [Electronic resource] // AliResearch. – URL: <https://arc-quan-hangzhou.oss-accelerate.aliyuncs.com/aliresearch/2020-03-30/89edfb69c9b648888f391571d38727fd/E-commerce%20Development.pdf>.
72. Year-over-year FMCG nominal growth rate in e-commerce in Russia from January 6 to March 15, 2020, by week [Electronic resource] // Statista. – URL: <https://www.statista.com/statistics/1108816/russia-fmcg-sales-growth-online-trade/>.
73. 中国电子商务报告 2019 = Report on E-Commerce in China 2019 [Electronic resource] // 中华人民共和国商务部. – URL: <http://dzsws.mofcom.gov.cn/article/ztxx/ndbg/202007/20200702979478.shtml>.
74. 跨境电商深度研究系列（出口篇） = In-depth research series on cross-border e-commerce (export) [Electronic resource] // 网络经济服务平台. – URL: <http://www.100ec.cn/detail-6446409.html>.

Media materials

75. A. Kharpal, China's e-commerce giants get a boost as consumers continue to shift online after coronavirus [Electronic resource] // CNBC. – URL: <https://www.cnbc.com/2020/08/24/china-e-commerce-boosted-by-shift-to-online-shopping-after-coronavirus.html>.
76. A. Miklashevskaya, Nearly 500 cargo ships stuck in Chinese ports waiting to unload [Electronic resource] // Kommersant. – URL: <https://www.kommersant.ru/doc/5305311>.
77. B. Avishai, The Pandemic Isn't a Black Swan but a Portent of a More Fragile Global System [Electronic resource] // The New Yorker. – URL: <https://www.newyorker.com/news/daily-comment/the-pandemic-isnt-a-black-swan-but-a-portent-of-a-more-fragile-global-system>.

78. C. Custer, Why China's Internet Companies are Hot for Subscriptions [Electronic resource] // TechInAsia. – URL: <https://www.techinasia.com/china-subscriptions-tech-trend>.
79. China has nearly 1 bln internet users [Electronic resource] // Xinhua.net. – URL: http://www.xinhuanet.com/english/2021-02/03/c_139717749.htm.
80. China to crack down on tax evasion in livestreaming industry [Electronic resource] // Reuters. – URL: <https://www.reuters.com/world/china/china-crack-down-tax-evasion-livestreaming-industry-2022-03-30/>
81. China to extend cross-border e-commerce scheme amid COVID-19 [Electronic resource] // CGTN. – URL: <https://news.cgtn.com/news/2020-04-07/China-to-extend-cross-border-e-commerce-scheme-amid-COVID-19-PvadhcQHte/index.html>.
82. Cross-border e-commerce pilot zones forge a promising future for China's foreign trade [Electronic resource] // China.org.cn. – URL: http://www.china.org.cn/business/2022-02/16/content_78051810.htm.
83. Cross-border paralysis. The Gaidar Institute estimated the e-commerce market in Russia [Electronic resource] // Lenta.ru. – URL: https://lenta.ru/articles/2019/03/25/it_market/.
84. Foxconn suspends Apple production in Shenzhen due to COVID-19 outbreak [Electronic resource] // TASS. – URL: https://tass.ru/ekonomika/14058079?utm_source=yxnews&utm_medium=desktop
85. J. Chi, X. Qi, Russian products debut as exhibitors eye nation's growth [Electronic resource] // Global times. – URL: <https://www.globaltimes.cn/content/1206109.shtml>
86. J. Daleo, No surprise: Data shows major e-commerce slowdown in Russia, Ukraine [Electronic resource] // Modern Shipper. – URL: <https://www.freightwaves.com/news/no-surprise-data-shows-major-e-commerce-slowdown-in-russia-ukraine>.
87. J. Denton, Alibaba Stock Is Getting Hit by China's Latest Covid Outbreak. 4 Reasons for Optimism [Electronic resource] // Barron's. – URL: <https://www.barrons.com/articles/alibaba-stock-covid-19-outlook-china-51649422688>.
88. M. Naumkin, B2B Commerce Accelerates Digital Transformation Driven by Pandemic and Millennials [Electronic resource] // Compo.ru. – URL: <https://www.compo.ru/blog/b2b-torgovlya-uskoryaet-cifrovuyu-transformaciyu-pod-vliyaniem-pandemii-i-millennialov/>.
89. R. Liu, Providing One More Reliable Choice for Customers with Private Label Brands [Electronic resource] // JD.com. – URL: <https://jdcorporateblog.com/providing-one-more-reliable-choice-for-customers-with-private-label-brands/>.

90. Review of the Russian E-Commerce Infrastructure Outsourcing Market [Electronic resource] // Inventive Retail Group. – URL: https://inventive.ru/about/press/?ELEMENT_ID=1513.
91. Russia announces new tax support measures for IT companies [Electronic resource] // CMS. – URL: https://www.cms-lawnow.com/ealerts/2022/03/russia-announces-new-tax-support-measures-for-it-companies?cc_lang=en.
92. Russia's Online Video Market Grows By 56% In H1 2020 – Developing into a US\$500 Million Plus Subscriber Industry [Electronic resource] // Russia Briefing. – URL: <https://www.russia-briefing.com/news/russia-s-online-video-market-grows-by-56-in-h1-2020-developing-into-a-us-500-million-plus-subscriber-industry.html/>.
93. Rzhevkina, A., COVID-19 crisis: a shot in the arm for Russian e-commerce / A. Rzhevkina, A. Marrow [Electronic resource] // Reuters. – URL: <https://www.reuters.com/article/us-russia-ecommerce-focus/covid-19-crisis-a-shot-in-the-arm-for-russian-e-commerce-idUSKBN27Z10Z>.