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Cross-Border E-Commerce as a Driver of Investment in China–Russia Border Regions¹

Abstract: Digital intelligence is transforming China–Russia economic cooperation, resulting in the growing significance of cross-border e-commerce as a driver of investment in border regions. This study aims to examine how cross-border e-commerce influences investment and identify pathways for strengthening regional investment attractiveness. Using a multiple-case study of Hunchun, Heihe, Suifenhe, and Manzhouli, the study draws on policy documents, official statistics, local government and industrial park materials, company and platform information, industry reports, and media sources. The findings show that cross-border e-commerce stimulates investment not only by expanding trade, but also by reshaping investor expectations and factor allocation. Three mechanisms are identified: digital consumption stimulates marketing and service investment; fulfilment requirements drive investment in logistics, warehousing, customs clearance, and payment infrastructure; and platform ecosystems foster supporting industries and services. Based on these findings, the study proposes four pathways for investment promotion: expectation management, institutional co-evolution, ecosystem agglomeration, and spatial differentiation. The study highlights the emerging investment effects of digital trade and provides insights into the transformation of economic cooperation in China–Russia border regions.

Keywords: cross-border e-commerce, digital trade, Sino-Russia border regions, investment attractiveness, Sino-Russia economic cooperation, regional economy

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Трансграничная онлайн-торговля как фактор привлечения инвестиций в приграничных регионах России и Китая

Аннотация. Развитие цифровых технологий существенно влияет на экономическое сотрудничество между Россией и Китаем, повышая значимость трансграничной электронной торговли как фактора привлечения инвестиций в приграничные регионы. Цель данного исследования — изучить влияние трансграничной электронной торговли на инвестиции и определить пути повышения инвестиционной привлекательности регионов. На основе метода множественных кейсов исследуются портовые города Хуньчунь, Хэйхэ, Суйфэнхэ и Маньчжурия. Исследование включает анализ программных документов, официальной статистики, материалов местных органов власти и промышленных парков, сведений о компаниях и платформах, отраслевых отчётов и данных СМИ. Показано, что трансграничная электронная торговля способствует привлечению инвестиций не только за счёт расширения объёмов торговли, но и за счёт изменений в ожиданиях инвесторов и характере распределения факторов производства. Выделяются три механизма, благодаря которым это происходит: цифровые формы потребления стимулируют инвестиции в маркетинг и сервисные услуги; рост ожиданий заказчиков побуждает поставщиков вкладывать средства в логистику, складское хозяйство, таможенное оформление и платёжные системы, а развитие платформенных экосистем, в свою очередь, стимулирует развитие сопутствующих отраслей и сервисных систем. На основе этих выводов предложены четыре способа привлечения инвестиций: управление ожиданиями, институциональная коэволюция, кластеризация экосистем и пространственная дифференциация. Таким образом, исследование освещает механизмы влияния цифровой торговли на инвестиционные процессы и расширяет наше понимание трансформаций в китайско-российском экономическом сотрудничестве в приграничных регионах.

Ключевые слова: трансграничная электронная коммерция, цифровая торговля, китайско-российские приграничные регионы, инвестиционная привлекательность, китайско-российское экономическое сотрудничество, региональная экономика

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Introduction

The global economy is undergoing a profound digital transformation, fueled by rapid advances in technologies such as artificial intelligence (AI), big data, and cloud computing (Bai et al., 2021). Not only have these technologies profoundly reshaped the underlying logic of production, consumption, and exchange but they have also triggered structural changes in trade and investment patterns on a global scale. Against this backdrop, China and Russia are transforming their bilateral economic and trade cooperation — a transformation driven by their shared strategic interests in digital governance, technological sovereignty, and the modernization of digital infrastructure (Song, 2023).

In terms of the overall scale of bilateral trade, China-Russia economic and trade relations, after years of growth, experienced a phased decline in 2025. According to statistics from the General Administration of Customs of China, the total value of bilateral trade between China and Russia in 2025 was USD 228.105 billion, a year-on-year decrease of approximately 6.9 %, marking the first downward turn in nearly five years. This change reflects, to a cer-

tain extent, the impact of energy price fluctuations, demand structure adjustments, and external environmental uncertainties on traditional goods trade. However, in sharp contrast, cross-border e-commerce has demonstrated strong growth momentum. Market research by the Russian business daily Kommersant indicates that in 2025, the number of cross-border e-commerce orders in Russia surged by 33 % year-on-year, with the transaction scale growing by 20–30 %. Notably, goods from China accounted for over 90 % of the total order volume, occupying an absolute dominant position. China has become the most popular source of cross-border consumption for Russian consumers in 2025¹.

The coexistence of an overall slowdown in trade and counter-trend growth in cross-border e-commerce presents an important and underexplored research puzzle. Research on China-Russia cross-border e-commerce have mainly focused on areas such as trade structure optimization, logistics system

¹ Kommersant. (2026, February 3). Cross-Border Trade Market Grew by 20–30 % in 2025. URL: <https://www.kommersant.ru/doc/8398878> (Date of access: 25.08.2026).

development, and the supporting role of the policy environment (Li, 2024). Relatively little attention, however, has been paid to how the development of cross-border e-commerce shapes investment expectations and promotes the concentration of capital and other economic factors in border regions.

With the growing integration of digital technologies, cross-border e-commerce has also evolved beyond the simple exchange of goods. It is increasingly becoming an important force in shaping the business environment and development prospects of border regions. Through mechanisms such as digital platforms, new forms of content production, innovations in payment systems, and the restructuring of logistics networks, cross-border e-commerce can create new opportunities for investment and regional development. While existing research often emphasizes macro-level institutional arrangements, such as bilateral investment treaties, or focuses on differences between firms, the continued flow of capital into the broader e-commerce ecosystem suggests a different investment dynamic. In particular, investment is increasingly being driven by market demand and technological development rather than solely by traditional government-led investment promotion.

To address this gap, this paper examines the new characteristics of investment associated with cross-border e-commerce in the digital economy and explores the mechanisms through which it enhances the investment attractiveness of border regions. Specifically, this paper seeks to answer the following core questions:

Question 1: Why has cross-border e-commerce continued to expand despite the overall decline in bilateral trade, and how has this expansion contributed to capital formation in China-Russia border regions?

Question 2: What are the mechanisms and pathways through which cross-border e-commerce drives investment in China-Russia border regions?

Question 3: How can China-Russia border regions leverage the growth of digital trade to strengthen their long-term investment attractiveness?

Literature Review

This chapter reviews academic literature on cross-border investment, regional investment conditions and China–Russia economic cooperation in order to clarify the theoretical background of this paper. It examines cross-border e-commerce not only as a trade channel but also as a potential force shaping market expectations, service demand, and investment conditions in border regions. The chapter therefore situates China–Russia border investment within broader research on institutional conditions, regional investment attractiveness, and digital trade-related service networks.

Regional Determinants of Cross-Border Investment

Research on cross-border investment has explained capital movement from several perspectives, including institutional conditions, market access, regional investment attractiveness, resource endowments, infrastructure capacity, firm strategies and international production advantages. Institutional arrangements remain an important part of this discussion, especially in transition economies and border regions where uncertainty, policy coordination and transaction costs strongly affect investors' decisions (North, 1990; Peng, 2003; Peng et al., 2008). Studies on bilateral investment treaties suggest that formal agreements may influence foreign direct investment (FDI) by reducing uncertainty and improving the credibility of the investment environment (Neumayer & Spess, 2005).

Other strands of the literature emphasize market and location-related factors. Research on international production and regional investment highlights market size, resource complementarity, industrial structure, and location advantages as important determinants of FDI flows. More recent research on China–Russia investment indicates that bilateral investment remains unevenly distributed across regions and sectors, with capital allocation shaped by both macro-level bilateral cooperation and local economic conditions (Doytch & Tochkov, 2025).

In the China–Russia context, studies have largely emphasized state coordination, major projects, and strategic cooperation. Research on bilateral economic and trade relations highlights the role of policy coordination, energy cooperation, infrastructure connectivity, and regional cooperation platforms in shaping the framework for investment and trade (Guo, 2020). Studies of China–Russia scientific and technological cooperation similarly emphasize innovation, industrial upgrading, and technology transfer as increasingly important components of bilateral economic relations (Gao, 2021). While this literature provides important insights into the institutional and strategic foundations of bilateral cooperation, it pays less attention to how digital trade enables smaller market actors, platform firms, and service providers to enter and develop in border regions.

Regional economic research provides another important perspective. In border and transition regions, investment attraction depends not only on national-level agreements but also on local conditions such as transport accessibility, infrastructure, administrative support, investment risks, and the availability of industrial space. Studies of the Russian Far East show that investment attraction is closely linked to territorial investment potential, the risks faced by local firms, and the quality of the business environment (Yakimova & Khmura, 2022). Research on regional investment growth further

suggests that investment in one sector can generate demand in related sectors (Myakshin et al., 2024). This is particularly relevant to cross-border e-commerce, as online transactions often create demand for warehousing, transportation, customs clearance, payment services, digital marketing, platform operations, and after-sales services.

Research on the attractiveness of Russian regions to Chinese investors similarly highlights the importance of transport infrastructure, industrial diversification, export potential, market size, cluster policies, and economic corridors (Yakimova et al., 2025). These factors are especially relevant to cross-border e-commerce, where the availability of reliable logistics, business services, and suitable industrial space can determine whether online trade develops into longer-term local investment. Such conditions may be particularly important for small and medium-sized enterprises, which are often more sensitive to logistics costs, market information, and local service availability than large-scale projects.

Taken together, these studies help explain the institutional and regional conditions of investment cooperation in Sino-Russian border regions. They show that investment is shaped by macro-level coordination, regional conditions and firm-level calculations at the same time. Yet much of this literature was developed with reference to traditional trade, energy cooperation, infrastructure construction or industrial parks. It pays less attention to newer forms of investment connected with cross-border e-commerce, such as overseas warehouses, livestreaming bases, digital marketing agencies, platform operation services and payment-related infrastructure. This paper therefore builds on investment and regional economic studies and examines how digital trade activities change market expectations, strengthen sectoral linkages and create new investment demand in Sino-Russian border regions.

A New Paradigm: Digital Technology and the “Trade-Induced Investment” Mechanism

Recent research suggests that digitalization is reshaping global production networks and the organization of cross-border economic activity (Baldwin, 2016). This literature has gradually moved beyond viewing digitalization as a means of improving transaction channels and increasingly examines how it changes the allocation of economic factors. Two perspectives are particularly relevant to the development of a new framework for understanding investment.

First, digitalization can reduce transaction costs. Traditional cross-border investment is often constrained by information, coordination, and contract enforcement costs (Coase, 1937). Digital platforms can lower these barriers by improving access to market information, facilitating transactions, and pro-

viding new forms of credit and reputation assessment (Wu, 2024). Algorithmic recommendation and digital credit systems can therefore reduce some of the costs associated with entering foreign markets, making cross-border activity more accessible to small and medium-sized enterprises (Fu, 2017; Arbour et al., 2025; Gawer, 2022).

Second, digitalization is expanding the meaning of trade infrastructure. Traditional border trade depends heavily on physical connectivity, including transport networks, warehouses, and customs facilities. Increasingly, however, logistics tracking systems, cross-border payment networks, and digital information channels have become essential components of cross-border trade. These forms of “soft connectivity” can reduce the constraints imposed by geographical distance while creating demand for new logistics, financial, digital, and business services (Tan, 2020; Wang & Yang, 2024). As these services develop, they can in turn attract investment and encourage the concentration of related activities in border regions.

Overall, the reviewed literature provides important insights into the operational, market, and policy dimensions of cross-border e-commerce. However, most studies continue to treat e-commerce primarily as a channel for facilitating trade rather than as a potential driver of investment. This study argues that cross-border e-commerce can also function as a mechanism of factor allocation and investment generation. By reducing transaction costs, creating demand for new infrastructure and services, and developing new forms of digital credit and market coordination, cross-border e-commerce can generate investment through the expansion of trade itself. This process can be referred to as “Trade-Induced Investment”: a market- and technology-driven mechanism through which the growth of digital trade creates new investment demand and reshapes the investment environment of border regions.

Analytical Framework: Cross-Border E-Commerce and Investment Responses in Border Regions

The central question of this paper is why cross-border e-commerce can generate new investment demand in China–Russia border regions beyond traditional large-scale projects and inter-governmental cooperation. Rather than treating e-commerce simply as a trade channel, this study examines how online demand, platform operations, logistics, and related services shape firms’ perceptions of market opportunities, operating costs, and investment risks, and how these changes affect investment and industrial organization in border cities (see Table 1).

The platform economy provides an important starting point for explaining how cross-border e-commerce generates investment in border re-

Table 1

Analytical Dimensions of Border Investment Promotion in Sino-Russian Border Regions

Dimension	Traditional Government-led Investment Paradigm	Cross-Border E-Commerce-Related Investment Logic
Driving Force	Policies, Agreements, Government Planning	Market Demand, Commercial Profit, Technological Iteration
Core Logic	Top-Down	Bottom-Up
Investment Subject	Large MNCs, State-owned Enterprises	SMEs, Platform Enterprises, Venture Capital Funds
Investment Field	Energy, Heavy Industry, Large Infrastructure	Logistics & Warehousing, Digital Services, R&D, Marketing Networks
Investment Characteristics	Large scale, Long cycle, Asset-heavy	Flexible scale, Short cycle, Heavy & Light combined
Government Role	Direct Investor, Rule Maker	Ecosystem Cultivator-Service Provider

Source: Compiled by the author.

gions. By organizing market relations through data, digital rules, and service interfaces, platforms create new forms of local demand. Growing demand among Russian consumers for Chinese goods, for example, requires supporting systems for logistics, payment, customs clearance, and after-sales services. As transaction volumes increase, firms have greater incentives to locate near transport infrastructure and related service providers. Cross-border e-commerce therefore generates investment demand beyond the transaction itself, extending to warehousing, customs clearance, logistics, platform operations, marketing, payment, and customer services.

This dynamic is closely related to the concept of agglomeration economies in regional economics. Agglomeration research emphasizes that the spatial concentration of firms and related services can reduce costs and improve efficiency through shared infrastructure, better resource matching, and knowledge spillovers (Duranton & Puga, 2004). Research on regional investment similarly suggests that investment growth rarely occurs in isolation; instead, new investment can generate further opportunities through sectoral linkages and demand for related services (Myakshin et al., 2024). In China-Russia border regions, increasing order volumes and related service demand can therefore encourage the concentration of warehousing, customs clearance, platform operations, digital marketing, Russian-language customer service, payment settlement, and after-sales support in cities with established port functions and service capacity.

Thus, the analysis focuses on three mechanisms. First, digital platforms and data reshape consumption and create demand for services such as product presentation, content production, localization, and after-sales support. Second, the need for efficient fulfilment encourages investment in logistics, warehousing, customs clearance, payment, and settlement services. Third, platform ecosystems connect merchants, logistics providers, service firms, and consumers, creating conditions for the agglomeration of platform operations, supply-chain management, data services, and other localized support activities.

The paper therefore seeks to show that, in the era of digital intelligence, Sino-Russian border regions are increasingly becoming regional nodes that receive cross-border orders, organize fulfilment services and attract related investment, rather than functioning only as traditional port and transit spaces. Governmental actors provide institutional and infrastructural conditions through port construction, customs facilitation, comprehensive bonded zones and free trade zones. Platform firms and other market actors, in turn, activate specific investment demand through order flows, data flows and service flows. Within this analytical framework, the following sections examine how cross-border e-commerce affects the forms and spatial distribution of investment in Sino-Russian border regions (see Figure 1).

Methods and Data

To address three questions — why cross-border e-commerce has continued to grow amid broader trade fluctuations, how it affects investment in border regions, and why its effects differ across border cities — this study adopts an exploratory multiple-case study design (Yin, 2014). A multiple-case approach enables comparison across different regional and platform contexts, helping identify both common mechanisms and locally differentiated outcomes.

The analysis focuses on investment-related infrastructure and services associated with cross-border e-commerce, including border ports, bonded and free-trade zones, e-commerce parks, logistics and warehousing, platform operations, digital marketing, payment and settlement, and after-sales services. Cases were selected according to four criteria: (1) a direct connection to China-Russia cross-border e-commerce; (2) observable investment or investment-related activity; (3) relevance to the three mechanisms examined in this study — consumption reorganization, fulfilment and rule adjustment, and platform ecosystem development; and (4) the availability of publicly accessible and verifiable evidence. Based on these criteria, Hunchun, Heihe, Suifenhe, and Manzhouli were selected as the main regional cases because they represent different functions within China-Russia cross-border e-com-

merce, including logistics and bonded-zone services, free-trade-zone and industrial-park development, livestreaming and Russian-language marketing, and transit infrastructure. Platform firms, logistics companies, and cross-border service providers are examined as supplementary cases.

The study draws on three main types of evidence: official statistics and policy documents; industry and research reports; and company, local-government, and authoritative media materials. These sources are triangulated to trace the relationship between online transactions, consumer demand, infrastructure development, and investment-related services. The empirical materials cover 2024–2026, with 2025 as the main observation year, and include China–Russia trade statistics from the General Administration of Customs of China, policy and local-government materials on free-trade zones, bonded zones, e-commerce parks and port development, and industry and company materials from sources such as Data Insight, EBRUN, McKinsey, Kommersant, and relevant e-commerce platforms. Media reports are cross-checked against official and corporate sources where possible. Trade volumes, transaction figures, and order growth provide empirical context rather than the basis for statistical inference.

The analysis combines thematic coding with cross-case comparison. First, investment-related activities and carriers are identified, including logistics facilities, bonded warehousing, e-commerce parks, livestreaming bases, platform operations, payment and settlement, customs clearance, and after-sales services. These materials are then organized around three mechanisms: consumption reorganization, fulfilment and rule adjustment, and platform ecosystem development. Cross-case comparison is used to examine differences in investment carriers, regional functions, and the operation of these mechanisms.

The analytical framework follows a three-stage logic: empirical phenomenon, mechanism, and spatial outcome. The empirical starting point is the coexistence of fluctuations in conventional China–Russia trade and continued growth in cross-border e-commerce. The analysis then examines how digital platforms reorganize consumption, upgrade fulfilment and governance arrangements, and coordinate firms and services through platform ecosystems. Finally, it traces how these mechanisms translate into investment in infrastructure, logistics, marketing, payment, and platform-related services, and why their effects differ across border cities.

This approach is designed to explain how and why cross-border e-commerce generates investment rather than to estimate causal effect sizes. The evidence therefore supports a mechanism-based qualitative analysis rather than econometric or time-series inference.

Sino-Russian Border Regions and their Characteristics in the Digital Trade Context

The Sino-Russian border regions examined in this study are understood not simply as geographical boundaries or traditional port areas, but as economic spaces increasingly shaped by cross-border e-commerce, platform-based transactions, logistics networks, and related services. From an investment perspective, their relevance lies in how digital trade is changing market demand, infrastructure requirements, and the organization of supporting services.

First, cross-border e-commerce makes consumer demand more visible and measurable. Traditional border trade often relied on merchants' experience, offline customer flows, and personal networks. By contrast, online searches, platform transactions, livestreaming, user reviews, and order data provide more direct information about Russian consumers'

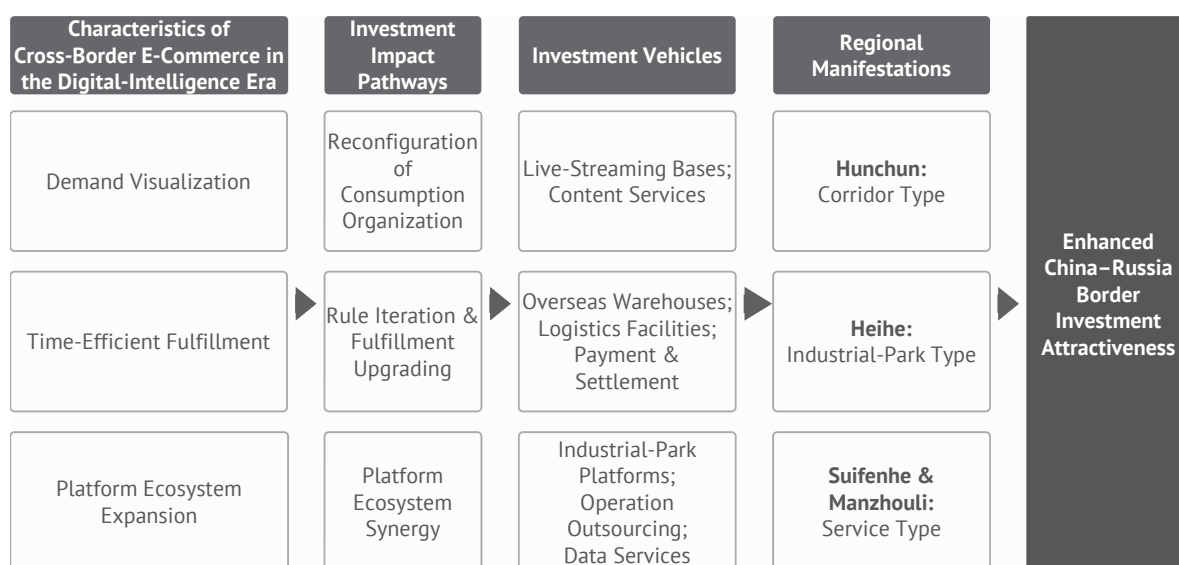


Fig. 1. The Three-Dimensional Mechanism of Cross-Border E-Commerce Driving Investment in Sino-Russian Border Regions. Source: Compiled by the author.

demand for Chinese goods. This visibility can generate investment in product promotion, Russian-language customer services, content production, digital marketing, and after-sales support.

Second, the higher fulfilment requirements of on-line trade increase the importance of infrastructure and service capacity. Delivery times, customs clearance, warehousing, distribution, parcel tracking, and secure payment require more than geographical proximity to a border crossing. They also depend on bonded and free-trade facilities, e-commerce supervision systems, logistics networks, and supporting services. Border regions therefore increasingly function not only as points of goods transfer but also as nodes for order processing, warehousing, distribution, customs services, and after-sales support.

Third, platform ecosystems connect these activities and create more integrated service networks. Platform firms, logistics providers, MCN agencies, e-commerce service companies, payment institutions, and industrial parks increasingly operate within interconnected systems. As a result, investment extends beyond traditional infrastructure and trading facilities to areas such as livestreaming, platform operations, data services, supply-chain management, cross-border payments, and after-sales services.

Finally, these regions do not constitute a homogeneous investment space. Different border cities provide different combinations of logistics, institutional, industrial, and service advantages, shaping the types of investment they can attract. Cross-border e-commerce therefore interacts with local conditions rather than producing uniform outcomes, helping explain the differentiated investment patterns observed across the China-Russia border.

Results

This chapter addresses two questions: how cross-border e-commerce affects investment entry into border regions and why its effects vary across border cities. The study finds that cross-border e-commerce does not simply promote investment by expanding trade but shapes the direction, form, and threshold of investment entry by restructuring consumption, trading rules, and platform ecosystems through digital technologies. Accordingly, the

paper examines three mechanisms through which cross-border e-commerce induces investment: technological empowerment, governance innovation, and platform ecology (see Table 2).

Technological Empowerment

One of the important drivers of cross-border e-commerce for investment in the China-Russia border is its use of digital technology to continuously create new consumption scenarios and models, thereby greatly stimulating market demand. Among them, new consumption models represented by live streaming e-commerce and content e-commerce are becoming important growth points for China-Russia cross-border trade. This concentrated explosion of demand on the consumer side does not merely stay at the trade flow level but rapidly transmits upstream along the industrial chain, driving the physical investment of the front-end marketing system and forming a «Space-Content-Technology» trinity of investment agglomeration effects.

Live streaming e-commerce constructs an immersive shopping experience, stimulating explosive consumption growth. Through real-time interaction, scenario-based presentation, and instant feedback, it shortens the consumer decision-making process and concentrates demand over a short period. This close integration of content, interaction, and transactions increases conversion and user engagement, particularly in cross-border markets (Zhang et al., 2023; Yee et al., 2025). The concentration of consumption demand, in turn, generates investment needs across multiple aspects of the live-streaming ecosystem, including physical infrastructure, content production, and technological support. These investment responses can be observed at three interconnected levels:

1. **Physical Space Level:** To accommodate the growing volume of live-streaming activity, investment is increasingly directed toward specialized infrastructure. In Suifenhe, for example, the local government has repurposed vacant commercial properties to develop dedicated facilities such as the Empire of Ross Cross-Border E-commerce Live Streaming Base. These facilities provide standardized live-streaming studios, product-selection centres, and operational support for Chinese- and Russian-

Table 2

Mechanisms Linking Cross-Border E-Commerce and Investment

Mechanism	Core Innovation	Investment Fields	Typical Cases
Technological Empowerment	Live commerce, AI recommendation, Content e-commerce	Front-end marketing, Live bases, MCNs, AI technology	Local live streaming in Russia, Suifenhe Live Base
Governance Innovation	Instant delivery, Platform-managed model, Mobile payment	Overseas warehouses, Smart logistics, Industrial parks, Fintech	JD-Ozon cooperation, Temu platform-managed model, Hunchun Cainiao Hub
Platform Ecology	Data-driven supply chain, Algorithmic matching	Agency operation, Data analysis, Supply chain finance, Training	Temu sales forecast, Heihe E-commerce Park

Source: Compiled by the author.

speaking hosts, transforming previously dispersed activities into more integrated industrial clusters¹.

2. Content Production Level: The improvement of hardware facilities has further promoted the injection of «soft capital» represented by Multi-Channel Network (MCN) agencies. A large number of professional cultural media agencies have begun to gather at the China-Russia border, making continuous investments around the localized needs of the Russian market, including cultivating anchors proficient in Russian and producing short video content that conforms to Russian cultural aesthetics. This investment in human capital and intellectual property is essentially a manifestation of the transformation of cross-border trade from «commodity export» to «cultural service export»².

3. Technical Support Level: To overcome language barriers in real-time interactions, investment in targeted AI technologies has become an important area of growth. Companies such as iFlytek have increased R&D investment in Chinese-Russian real-time translation algorithms and devices, which are increasingly used in cross-border live streaming. Such technology-driven investment not only improves communication efficiency but also strengthens the border region's position as a hub for digital trade technology³.

Algorithmic recommendation mechanisms have changed the trading logic. The algorithmic recommendation mechanism of cross-border e-commerce platforms has changed the traditional «People Finding Goods» trading logic, enabling SMEs to participate in cross-border transactions without brand accumulation and market experience. Through the analysis and matching of user behaviour data, the platform achieves a precise connection between goods and potential consumers, reducing market entry costs. Existing research indicates that algorithm-driven precise distribution not only improves transaction success rates but also creates investment demand for related service industries such as data analysis, content operations, and user research.

In addition, cross-border live streaming and content e-commerce have promoted the two-way flow of goods between China and Russia⁴. On the one hand,

Chinese goods enter the Russian market through live streaming; on the other hand, Russian specialty products also enter the vision of Chinese consumers through platform channels. This two-way flow of content and goods not only expands the trade structure but also promotes investment activities surrounding brand building, localized marketing, and cultural interpretation, providing conditions for long-term brand investment and deeper market engagement.

Governance Innovation

If the change in consumption organization solves the problem of «what to sell and who to sell to,» then the innovation of governance models directly relates to «how to deliver» and «how to settle,» thereby spawning continuous investment demand in basic fields such as logistics and payments.

At the logistics level, the pursuit of higher fulfilment efficiency has created demand for infrastructure and service investment. In cross-border e-commerce, delivery time, warehousing capacity, customs clearance and last-mile distribution increasingly shape consumers' purchasing experience. As Chinese platform-based logistics models have raised expectations for fast fulfilment, similar pressures are gradually entering the China–Russia cross-border e-commerce context. This has encouraged firms and local governments to invest in overseas warehouses, smart warehousing facilities and cross-border e-commerce industrial parks. There is also evidence that overseas warehouse layout has become an important factor in improving the competitiveness of cross-border e-commerce (Fan et al., 2025). Industry reports on the Russian e-commerce market further suggest that local fulfilment and warehouse capacity are becoming more important for platform competition⁵. Meanwhile, border cities are using cross-border e-commerce industrial parks to integrate logistics, warehousing, customs declaration and processing services (Shi, 2025). For example, the Heihe Pilot Free Trade Zone arranged 20 key projects including cross-border e-commerce in 2025, with an annual investment of 890 million yuan, making industrial parks and bonded logistics centres important carriers of logistics-related investment⁶.

At the platform-operation level, platform-led models have lowered the barriers for SMEs to en-

¹ Institute of Russian, Eastern European and Central Asian Studies. (2025, November). Suifenhe Double 11 Shopping Carnival: A New Hotspot for China-Russia Cross-Border Consumption. URL: https://www.suifenhe.gov.cn/sfh/c100958/202511/c03_1025434.shtml (Date of access: 25.03.2026).

² Baijiahao. (2025, December 5). Promoting the Integration of Domestic and Foreign Trade to Build a New Pattern of Cross-Border Development. URL: <https://baijiahao.baidu.com/s?id=1850616408924034743&wfr=spider&for=pc> (Date of access: 25.03.2026).

³ Economic Observer. (2026, January 20). iFLYTEK: Core Technological Breakthroughs of iFLYTEK SparkDesk X1.5 Lead the Large-Scale Industrial Empowerment of AI. URL: <https://www.eeo.com.cn/2026/0120/780938.shtml> (Date of access: 25.03.2026).

⁴ Baijiahao. (2025, December 5). Promoting the Integration of

Domestic and Foreign Trade to Build a New Pattern of Cross-Border Development. URL: <https://baijiahao.baidu.com/s?id=1850616408924034743&wfr=spider&for=pc> (Date of access: 25.03.2026).

⁵ EBRUN. (2025, October 24). E-commerce scale surges by 37 %, Russian market cannot be underestimated. URL: <https://www.ebrun.com/20251024/613826.shtml> (Date of access: 25.03.2026).

⁶ China (Heilongjiang) Pilot Free Trade Zone Heihe Area Administrative Committee. (2025, September 26). Build a Highland for Opening up to the North and Contribute More «Heihe Experience» [打造向北开放高地 贡献更多 “黑河经验”]. URL: https://ftz.heihe.gov.cn/ftz/c100356/202509/c11_339715.shtml (Date of access: 01.03.2026).

ter foreign markets. The platform-managed model, exemplified by Temu, integrates key functions such as operations, traffic allocation, logistics, and after-sales services, allowing merchants to focus primarily on production and supply¹. By reducing the operational burden on smaller firms, this model enables businesses with limited cross-border capabilities to enter the Russian market and generates demand for supporting services, including agency operations, training, and financial, tax, and legal consulting. Platform operation therefore not only facilitates trade expansion but also creates new investment opportunities around the growing population of cross-border sellers.

At the payment level, convenient cross-border payment systems improve the financial infrastructure of digital trade. Mobile payment tools and digital clearing mechanisms reduce transaction costs, exchange-rate risks and settlement uncertainty, thereby improving capital turnover efficiency (Ozili, 2018). The coordination of logistics and payment systems has become an important condition for the overall efficiency of China–Russia cross-border e-commerce, while it also attracts investment into fintech and payment-related services.

Platform Ecology

The core of competition in cross-border e-commerce lies in the collaborative development of the China-Russia platform ecosystem. E-commerce platforms in both countries, including leading Russian platforms and Chinese cross-border platforms, have moved beyond simple transaction-matching functions to develop into broader platform-based ecosystems (Kenney & Zysman, 2016; Acs et al., 2021). Through data sharing, standards alignment, and collaborative governance, these platforms support the formation of integrated industrial ecosystems that combine Chinese and Russian resources in border regions, thereby attracting investment across multiple stages of the value chain.

Digital supply chain coordination improves operational efficiency. By drawing on bilateral transaction data and user behaviour profiles, China-Russia e-commerce platforms can forecast demand for Chinese light industrial and electronic products in Russia, as well as for Russian agricultural and processed energy products in China. This information helps firms in both countries improve production planning, inventory management, and cross-border logistics. By reducing inventory backlogs and supply-demand mismatches, digital supply chain management also creates demand for supporting services such as supply chain finance, cross-border

data consulting, and bilateral market analysis. For example, cooperation between JD.com and Russia's Ozon uses sales data and logistics planning to help Chinese manufacturers manage inventory more effectively and connect Russian products with Chinese consumers, thereby encouraging investment in warehousing, distribution, and cross-border settlement services in border regions².

Algorithmic governance and cross-border credit systems reduce transaction costs. Platforms use algorithmic models to match Chinese and Russian products with consumers and dynamically assess merchants, while multidimensional credit mechanisms, including bilingual user reviews and cross-border fulfilment guarantees, help reduce information asymmetry and trust barriers. This form of algorithmic governance complements traditional regulatory mechanisms by lowering information and trust costs in cross-border transactions (Arbour et al., 2025). As transaction risks decline, more Chinese and Russian SMEs are encouraged to participate in cross-border e-commerce, generating investment demand for agency operations, platform services, and cross-border compliance consulting.

Finally, platform ecosystem spillovers promote diversified investment in border regions. Cross-border e-commerce platforms can channel capital toward specific links in the industrial chain according to the factor endowments of different border cities, contributing to differentiated industrial agglomeration. For example, Hunchun, drawing on its geographical position as a cross-border transport corridor, has become increasingly integrated into e-commerce logistics networks, attracting investment in transit warehousing and trunk transportation. Heihe, supported by institutional innovation within the Free Trade Zone, has facilitated the development of platform regional centres, industrial parks, and processing and manufacturing bases. Suifenhe and Manzhouli have attracted service-oriented investment, including MCN agencies, bilingual live-streaming teams, and e-commerce operation providers, supported by their active border trade markets. These cases demonstrate that the platform ecosystem is not simply replicated across border cities; rather, it interacts with local resources and institutional conditions to reshape the spatial distribution of investment along the China-Russia border.

Discussion

The findings suggest that digitalization is reshaping the investment logic of China-Russia border regions. Traditional investment based on government agreements, institutional arrangements, and large-scale projects remains important, but it is increasing-

¹ Tech Buzz China Insider. (2023, June 23). Temu: From \$0 to \$3 Billion in 10 Months. URL: <https://techbuzzchina.substack.com/p/temu-from-0-to-3-billion-in-10-months> (Date of access: 25.03.2026).

² Tech Buzz China Insider. (2023, June 23). Temu: From \$0 to \$3 Billion in 10 Months. URL: <https://techbuzzchina.substack.com/p/temu-from-0-to-3-billion-in-10-months> (Date of access: 25.03.2026).

ly complemented by market-driven mechanisms generated through cross-border e-commerce. Through continuous and high-frequency transactions, digital platforms provide real-time market signals, shape investor expectations, and influence the allocation of capital across logistics, warehousing, marketing, and other services. This helps explain how traditional trade can experience short-term fluctuations while digital trade continues to expand, and suggests a shift toward a dual-driven model of investment: government-supported digital foundations combined with platform-led market activity.

A key implication is that digital infrastructure has become an increasingly important factor of production. Beyond conventional infrastructure such as roads, railways, and ports, algorithms, digital payment systems, data analytics, cloud computing, and communication networks reduce information asymmetry and transaction costs while enabling more efficient supply-chain coordination. The high frequency of e-commerce transactions also generates continuous market information, which allows firms to learn about consumer demand, logistics performance, and business practices through ongoing interaction. This “learning by doing” can reduce uncertainty and build trust, making e-commerce activity itself a source of investment confidence. In this sense, stable digital transaction flows can provide a market-based foundation for subsequent investment in physical infrastructure and business services.

The findings also highlight the co-evolution of digital trade and cross-border institutions. Rather than relying exclusively on top-down agreements, the development of digital trade encourages gradual adaptation of rules and practices in areas such as customs clearance, data compliance, payment settlement, and after-sales services. Platform rules, local policy experiments, and market practices can therefore contribute to the development of workable cross-border standards. This suggests that future China-Russia investment cooperation should combine formal institutional arrangements with greater flexibility for local and platform-level experimentation, particularly in areas where digital technologies are changing existing business practices.

Finally, the platform ecosystem contributes to more differentiated forms of investment across border cities. Cross-border e-commerce extends investment beyond traditional transport and logistics into warehousing, settlement, digital marketing, MCN services, processing, and after-sales support, creating more integrated industrial ecosystems. However, these effects vary according to local resources and institutional conditions. Hunchun's transport and geographical advantages favour logistics-oriented investment, while Heihe's institutional advantages support platform services and processing activities. Suifenhe and other established trading centres are better positioned to

attract market-oriented services such as live-streaming and e-commerce operations. Rather than pursuing uniform development, China-Russia border cities could therefore benefit from a more differentiated division of labour based on their respective comparative advantages. Such an approach would strengthen complementarities among border cities and improve the overall efficiency and investment capacity of the China-Russia border economic region.

Conclusion

Against the broader background of deepening China-Russia economic and trade relations and the growing role of digital technologies, this paper uses a multi-case study approach to examine how cross-border e-commerce affects investment in China-Russia border regions. The findings can be summarized in three main points:

First, cross-border e-commerce has become an important channel for attracting investment to China-Russia border regions. Despite a decline in overall China-Russia trade in 2025, cross-border e-commerce has maintained strong growth through high-frequency transactions, platform-based organization, and digital technologies. Its role extends beyond expanding trade volumes: by generating sustained demand for warehousing, logistics, marketing, and related services, it creates new investment opportunities and supports capital formation. This suggests that, in the digital economy, investment can be driven not only by macro-level policies and government-led projects but also by market-based demand generated through ongoing digital trade activities.

Second, platform-based mechanisms reduce transaction costs and create new investment opportunities. Algorithmic governance and cross-border credit systems help platforms match products and consumers, assess merchants, and reduce information asymmetry and trust barriers through tools such as bilingual reviews and fulfilment guarantees. By lowering information and transaction costs, these mechanisms facilitate greater participation by Chinese and Russian SMEs and generate investment demand for platform services, agency operations, and cross-border compliance. At the same time, the broader platform ecosystem connects firms, consumers, logistics providers, and service suppliers, allowing investment to flow into different segments of the industrial chain.

Third, the effects of cross-border e-commerce on investment are spatially differentiated. Platform ecosystems interact with the distinct resources, institutional conditions, and market characteristics of individual border cities, producing different forms of investment agglomeration. Hunchun, for example, has attracted investment in transit warehousing and trunk transportation through its role as a cross-border logistics corridor. Heihe has facilitated platform regional centres, industrial parks, and

processing bases through Free Trade Zone policies. Suifenhe and Manzhouli, meanwhile, have attracted service-oriented investment in MCN agencies, bilingual live-streaming teams, and e-commerce operation services. These cases demonstrate that cross-border e-commerce does not generate a uniform pattern of investment across border regions. Rather, its interaction with local conditions reshapes the spatial distribution and sectoral composition of investment along the China-Russia border.

Despite the systematic analysis it offers, this study has several limitations. The main limitation concerns data availability: due to the lack of enterprise-level and platform operational data, the study relies primarily on public sources, case materials, and statistical information, which limits its ability to quantitatively assess the strength and marginal effects of the identified mechanisms. In addition,

the analysis focuses more on the role of Chinese cross-border e-commerce platforms and enterprises, while the influence of Russian platforms and digital trade policies on investment in the Chinese border regions receives less attention.

These limitations also suggest directions for further research. As cross-border data become more accessible, future studies could combine case-based analysis with enterprise- or regional-level quantitative methods to provide stronger empirical evidence. A more balanced examination of Chinese and Russian platforms, policies, and institutional changes would also help clarify the two-way interaction between digital trade and investment. Finally, continued observation of evolving platform models, technologies, and regulations would provide a better understanding of how the relationship between cross-border e-commerce and investment changes over time.

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