

Analysis of the Status Quo and Problems of Sichuan Silk Export

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Abstract. China has always been a big country in silk production and export. With the strengthening of world economic ties, silk exports have become an important part of China's foreign exchange earnings. As one of China's major silk production areas and one of the important export bases, Sichuan Province has a very important influence on the Sichuan economy and even the national economy. This paper starts with the export status of Sichuan silk, and uses PEST analysis method, literature research method, qualitative and quantitative method, to analyze that Sichuan silk products export features, opportunities and dilemmas, getting the result is that Sichuan silk products export is still dominated by primary silk textiles, insufficient deep processing and short industrial chain. Therefore, this paper combines the characteristics of Sichuan silk production and puts forward suggestions on expanding Sichuan silk export and enhancing international competitiveness.

1. Introduction

China has always been a big country in silk production and export. With the strengthening of world economic ties, a silk export has become an important part of China's foreign exchange earnings. Many domestic scholars have discussed and studied the current situation and strategies of China's silk export [1]. Yi-Qing CHEN thinks, after the WTO entry China's silk industry ushered in the new opportunities, relevant enterprises should strengthen brand building and adjust their business strategies to adapt to the trade situation [2]. Shang-Yi HUO used the constant market share model to analyze the fluctuation of China's silk export trade in the past 15 years and its causes, and put forward some suggestions to improve the international competitiveness of Chinese silk by means of adjusting the structure of the export of Chinese silk products and technology and brand strategy [3]. Juan-Juan XU combined with the current situation of economic globalization; she proposed that with the rapid development of the global Internet, the traditional foreign trade model cannot fully meet the current market demand. The silk industry should be integrated with the new situation of the development of the Internet, so as to develop cross-border silk trade with new vitality[4]. Lin.Qi quantitatively analyzed the factors influencing the international competitiveness of China's silk industry through the PCR model, and proposed to improve the international competitiveness of China's silk commodities from three aspects, namely, domestic market demand, optimization and upgrading of silk industry and realization of vertical integration.

As a major province of silk production and export in China, many scholars have studied the silk industry in Sichuan. Hao-Yuan LIU and Kui BAO [5] summarized the development of foreign trade of Sichuan silk industry, analyzed the existing problems of foreign trade of China's silk industry, and put forward the trade ideas of speeding up and improving the export of Sichuan silk products. Shao-Chun ZUO and Yi-Xin LI[6]started from the structural adjustment faced by Sichuan silk industry and the status of Sichuan silk in China, discussed the current situation and development countermeasures of Sichuan silk economy.

In recent years, data show that Sichuan silk exports have experienced four consecutive years of decline. Xiang-Ping CHEN, Ming CHENG, Ying ZHU, Kai-Xuan.LIU [7] point out that the decline of Sichuan's silk exports had a serious impact on the silk industry in Sichuan, relevant industries should enhance their competitiveness in terms of product structure. Shu DAI [8] point out that characteristic silk and famous brand silk should be created to increase China's silk market share in

the international market. In addition, compared with the silk production in Jiangsu, Zhejiang and Guangdong, the silk production in Sichuan is relatively scattered, with small scale and backward technology.

2. Sichuan Province Silk Export Status

2.1. Sichuan Silk Export Volume Status

Table 1. In recent years Sichuan silk commodity export situation

Year	Export amount(thousands of dollars)	annual rate of growth
2013	21819.09	-16.21%
2014	18718.70	-14.21%
2015	13891.23	-25.79%
2016	11366.39	-18.18%
2017	9619.90	-15.37%

Data sources: China cocoon silk industry operation report

Table 1 showing that the export of pure silk products silk products has always occupied the first place in the export of silk products in Sichuan province, and its amount is much higher than that of other products. Therefore, the analysis of Sichuan silk export status, choose Sichuan silk products exports as an example. It can see that Sichuan's silk commodity export has been declining in recent years.

According to table 2 and table 3, the production of raw silk and silk and other silk products in Sichuan has been on the rise in recent years. Sichuan is still an important production base of China's silk products. Combined with the declining trend of Sichuan silk product export in table 1, it can be seen that the reason for the decline of Sichuan silk export is the two aspects of silk product export volume and export price.

Table 2. In recent years Sichuan raw silk production status

Year	Output (t)	annual rate of growth
2013	29065	4.53%
2014	38096	9.46%
2015	40203	6.06%
2016	33289	13.95%

Table 3. In recent years Sichuan silks and satins production status

Year	Output (m)	annual rate of growth
2013	25196	-5.62%
2014	24793	-0.82%
2015	17246	-1.65%
2016	20761	18.55%

Data sources: China cocoon silk industry operation report

2.2. Sichuan Silk Export Structure Status

According to table 4 and table 5, compared with the overall situation of China's silk export, Sichuan's silk export is dominated by silk and green silk, with low degree of product processing. Sichuan's highly processed products, such as silk garments and finished silk products, account for a lower share of the country's silk exports. By comparing the export situation in 2017 with that in 2014, it can be seen that the export market share of such products has decreased significantly

Table 4. 2014 Sichuan silk export product structure

Export product	Export amount (thousands of dollars)	annual rate of growth
silk	3834.1	6.24%
greige	7674.3	13.87%
silk garment	2250.7	2.19%
silk goods	3771.6	2.42%
pure silk goods	18729.4	6.08%

Table 5. 2017 Sichuan silk export product structure

Export product	Export amount (thousands of dollars)	annual rate of growth
silk	2186.3	4.01%
greige	4565	11.35%
silk garment	1029.4	0.5%
silk goods	1376.8	0.57%
pure silk goods	6056.8	9.82%

Data sources: China chamber of commerce for import and export of textiles

2.3. Sichuan Silk Export Market Structure

The main export markets of China's silk products are the European Union, the United States, India, Asian and Pakistan. In contrast, the main export market of Sichuan silk products is weak in consumption capacity, and its import proposes is mainly for reprocessing and export. Take India as an example, India's imports of raw silk from Sichuan are mainly used to produce silk products for export to European and American markets.

2.4. Analysis of Export Problems of Silk Industry in Sichuan

2.4.1. Exports of Silk Products are Declining

According to the data, since 2013, the silk export of Sichuan province has been declining continuously, and the export volume and export amount of finished silk products, silk and green silk goods are in a declining position. The reason lying in congeners product exit squeezes the market. Take real silk commodities as an example, in recent years, the export volume of real silk commodities in Guangdong and other places keeps increasing, maintaining a high year-on-year growth rate of 70.4%, 45.9% and 95.07% in 2015, 2016 and 2017. Under the premise of low growth rate of China's real silk export volume on a year-on-year basis, it will definitely squeeze the export volume of similar products in Sichuan. On the other hand, the increasing export of silk products from Italy, India and other countries is bound to squeeze the market share of similar products in Sichuan province.

2.4.2. Silk Industry has High External Pressure and Weak Profit

Silk prices have continued to rise in recent years, however, the increase of labor costs, the increase of financing costs and the increase of the price of means of production lead to the increase of enterprises' costs in many aspects, so that the rising price of products does not translate into the increase of profits. As a result, the profit margins of silk production and export enterprises in Sichuan were squeezed, which reduced the profits of relevant enterprises.

2.5. Most Enterprises are Small in Scale, Slow in Technological Progress and Poor in Profitability

According to the survey of Sichuan silk association, apart from leading enterprises such as LiuHe, YiGeEr and LangRui, which have seized the opportunity of updating equipment and innovating and developing in time, most of them are still in the dilemma of small operation scale and backward

technology. For a long time, Sichuan silk export has been dominated by raw material products, lacking of product innovation ability and brands with international influence, which makes it difficult for Sichuan silk enterprises to obtain high addition profits of silk products. At the same time, cocoon industry production has not realized industrialization, low degree of industrial aggregation. Most of the cocoon industry in Sichuan province is scattered breeding of farmers, which makes it difficult to control product quality and easy to lead to high yield and low benefit.

2.6. Export Market is Relatively Single, Market Risk is Larger

The main export market of Sichuan silk products are India, Pakistan and other southeast Asian countries. The export market is single, and the dependence on these countries is high, which makes Sichuan silk export face high market risks. In order to protect the development of its own industry, India used to impose high anti-dumping duties on China's raw silk, silk and other products, this dealt a heavy blow to the export of Sichuan silk.

3. Conclusion and Suggestions

With the rise of silk consumption, the development of silk industry has played an increasingly significant role in promoting the economic growth of Sichuan province. The government and the enterprises should take measures to face new challenges.

3.1. Government

The government should take the construction of modern sericulture industry base as the center, change the industrial development mode as the key, science and technology as the support, laws and regulations as the guarantee, accelerate the transformation of traditional sericulture industry into modern characteristic industry. The government should strengthen the infrastructure construction of silk culture propaganda, increase the investment in the silk museum and other culture propaganda facilities, combine the silk culture propaganda with tourism, and enable relevant enterprises to benefit from the silk culture propaganda. In view of the fact that most silk production enterprises in Sichuan are small in scale and poor in profitability, the government can formulate appropriate industrial policies, integrate industrial resources and eliminate backward enterprises. More policy support will be given to high-efficiency enterprises engaged in silk production and export.

3.2. Enterprise

Improve the technological innovation & actively cultivate silk brand .The brand of an enterprise is not only one of its core competitiveness, but also a necessary condition for its rapid development. With the promotion of Sichuan silk culture by the government, Sichuan silk enterprises should seize the opportunity to build a famous brand of Sichuan silk and strengthen publicity, so as to enhance the international visibility of Sichuan silk; Strengthen market research and implement the strategy of diversifying markets .The target market of silk export in Sichuan province is mostly India, Pakistan and other Asian countries, and the sales market is single. Therefore, enterprises should seize the One Belt And One Road strategic opportunity and expand the market to relevant countries, so as to avoid the threat brought by the single export market; Innovative marketing channels. The rise of cross-border e-commerce business in recent years has provided a new situation for Sichuan's silk export. Sichuan silk export enterprises should actively participate in China international silk expo, China silk festival, China silk fair and other exhibitions, maintain the original marketing channels, at the same time, make use of the trend of combining cross-border trade with the Internet to develop foreign trade, and improve their export competitiveness by expanding marketing channels.

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