

Impact of blue barriers on China's export

Dayong Wang

School of Economics and Management, Changchun University of Science and Technology,
Changchun, 130022, China.

lovelywdy@163.com

Abstract. This paper analyzed the positive and negative impact of blue barriers on China's labor-intensive enterprises within the reality of the development of China. It also analyzed the counter measures China should take into account in addressing blue barriers but from multiple perspectives.

Keywords: blue barriers; labor-intensive; SA8000 standard.

1. Introduction of blue barriers

The blue barrier can be defined as a developed country's constructs of international trade barrier with the aim of protecting worker's rights and interests and commonly referred to as Social Accountability 8000 International Standard (SA8000).

2. The negative impact of blue barriers on export labor-intensive products to China

1) Restraining the development of China's export trade

Most of China's exports of goods are labor-intensive products, while most of US's exports are technology-intensive products. If it follows the working time requirement of the SA8000 standard or multinational standards, then it needs three (3) shifts per day and eight (8) working hours per shift, and buying social insurance for each employee as well. This will lead to an increase in labor costs by 50% -100% on average. Many companies which export labor-intensive products prefer to take the risk of losing orders, rather than face the blue barriers. China's labor-intensive products have either been rejected because of the international standard or resulted in losses due to the SA8000 standard. These restrains however, impede on the development of overall exports as well [1].

2) Reducing the profit margins of export products

According to the Congressional Research Service statistics, China's average wage grew 11.4% per year from 2000 to 2013. At the beginning of this century, the wage of Chinese worker was only 30.2% of Mexican worker, but in 2013, the monthly wage of the Chinese worker was 50.5% higher than the Mexican worker and 168% higher than the Vietnamese worker.

In addition, enthusiasm for foreign investment in China fell and this was reflected in the rising cost of investment in factories in China with regards to increased raw materials costs, labor cost, plant rental costs and hence, shrinking of profit margins. While China's labor-intensive export enterprises also face the same problem that is, high operating and production costs which forces them to raise prices of exported goods leading to a reduced price advantage in the international market. This weakens the ability of the products of these enterprises to compete with other foreign products, putting them in a competitive disadvantage.

3) Exposing the flaws of Chinese export structure

During the financial crisis period, many Chinese labor-intensive enterprises have changed from extensive economic growth to intensive economic growth models either due to the pressure of rising labor costs or government guidance. In spite of these, there were a considerable number of companies which continue to follow the old path of extensive economic growth. As a result, these enterprises extract lots of raw materials and primary products from the scarce natural resources for their supplies, thereby destroying the natural environment at a cost to future generation, in order to remain or become highly competitive in the international market. This extensive economic growth seriously restricts China's sustainable economic development.

3. The positive impact of blue barriers on export labor-intensive products to China

Accelerating the conversion of labor-intensive enterprises in long term

Blue barriers promote the direction of sustainable development to some extent, by providing an opportunity for enterprises to induce innovation and improve the technology of the enterprises' management level. It also helps in changing the structure of China's export enterprises by improving products quality and product upgrades as well as industrial optimization and restructuring through a gradual reduction of the over dependence on labor and other resources to protect the natural environment while improving China's economic growth and development at the same time[2]..

2) Increasing the level of protection of workers' fundamental rights

Blue trade measures do not only preserve and protect labor rights, but also play an important role in the economic life of the workers in terms of a fundamental change in their livelihood. This helps workers in their personal development by moving from using simple tools to master more sophisticated tools in production to obtain greater benefits and create enormous material wealth and sustainable development in the community.

3) Enhancing the efficiency and quality of workers

Blue in "blue barriers" means that the establishment of "people-oriented" management thinking by the enterprises leads to a relatively improved tight labor relations in China. The implementation of blue barriers measures is considered as a driving force to promote the enterprise's labor conditions for better production efficiency and management, innovation and opportunity exploitation. This kind of environment is not only focused on improving the interests and rights of the workers, but more importantly, promotes the workers' pursuit of a better life in economic, so that their role in the work has a fundamental transition from passive to active. It also increases laborer's enthusiasm and innovation spirit which not only enable enterprises to gain greater benefits, but also create tremendous operational efficiency and quality of life of the workers in the community.

4. China's counter measures to the challenges of blue barriers

To a new transformation of "technology" labor-intensive products

The use of scientific and professional knowledge is a necessary component. It is better to increase mutual unity of the industry both in original and high-tech, in order to increase the research funding, independent research and the development of technology and original brand. In addition, this helps to redirect focus from the single market or single product programs, while improve the business regulations system and accelerate the system construction. In the new economic reforms and opening up of the country to foreign investments and permission for entrepreneurs to start businesses helped in integrating them into the international market. As a result, enterprises were able to continue to cooperate, to increase their industrial chains, to strengthen mergers, joint ventures or joint stock to accelerate development[3]..

Starting humanized management model

Blue barriers is named after the blue-collar workers, which is focused on conducive business advocacy, a good atmosphere of respect for humanity and respect for employees in lower positions. Senior management should do well to be a good example in respect of every employee and certainly speaking highly of the employees' great contribution to the enterprise. Now China appears to have a problem of structural imbalance between supply and demand of labor and the manufacturing industry lacks technical personnel, making the implementation of humane management a better way to retain talent. This implementation of user-friendly management model does not only meet the requirements of the blue barriers, but also necessary for businesses to enhance their internal cohesion and competitiveness.

Strengthening compliance with labor laws and social responsibility

In the actual operation, there exists discrimination phenomenon for gender, body, health, and political status of workers, or household registration among majority of China's enterprises. These problems are regarded as "normal" things for the enterprises but have negative consequences on the enterprises. For instance, failing to pay for overtime hours, reducing or defaulting the labors' wages, requiring deposit from labors before being employed, violating personal rights of workers, and not providing basic security and other safety precautions. These may hinder the enterprises from being certified by the SA8000 standard and may not be in cooperation with businesses in developed countries due to bad reputation, which will eventually lead to a significant reduction in sales or orders.

Creating people-oriented corporate culture

As we all know, enterprises with good reputation and strong blue awareness are more likely to become the preferred partners to the multinational enterprises. So any questions of corporate social responsibility are worthy of further study, and step up publicity efforts to cultivate awareness of corporate social responsibility to foster preparations for dealing with crisis and sense of responsibility. Enterprises are recommended to strictly implement the national labor laws, create corporate culture that is people-oriented. As far as possible, enterprises are to make a reasonable efforts to meet the requirements of the standards of social responsibility and incorporate it in the enterprises' management system and corporate culture.

References

- [1]. Liping Pan, Li Lijun. Blue trade barriers on China's export trade and its countermeasures [J]. Xuchang University, 2009 (04): 123-126
- [2]. Lu Zhiyuan. Coastal labor-intensive enterprises to the humanities-intensive enterprise transformation [J]. Economic and technological cooperation in 2013 (06): 27-29
- [3]. Pei Yuan. blue barriers to trade in negative effects research and coping mechanisms - in Chinese exports of labor-intensive industry, for example [D] Qingdao: Ocean University of China, 2012: 6.