

A Study on the Development Strategy of Foreign Trade in Jiangsu in the Construction of “the Belt and Road”*

Xin Cheng

Jiangsu Institute of Commerce
Nanjing, China

Changqing Zhu

Nanjing Xiaozhuang University
Nanjing, China

Abstract—“The Belt and Road” initiative has achieved many remarkable results since proposed, and it has also created a new pattern of China's opening up to the outside world. Jiangsu, located at an important intersection of “the Belt and Road” has a high degree of economic openness and has extensive economic and trade cooperation networks with countries along the route. Being integrated into “the Belt and Road” has added new development vitality and impetus to Jiangsu's open economy. However, the current global economy is still facing many uncertain factors, such as the intensifying trade protectionism and Sino-US trade frictions, so Jiangsu's foreign trade and economic development in an open economy is also facing great challenges. For dealing with the challenges and seizing the opportunities for development, this paper explores the feasibility of Jiangsu's foreign trade and economic cooperation in the construction of the “Belt and Road” from five aspects.

Keywords—the Belt and Road; foreign trade in Jiangsu; high quality development

I. INTRODUCTION

With the profound adjustment of the world economy, the increasingly complex geopolitical environment, and the transformation of China's economy, President Xi Jinping proposed the major cooperation initiative of the “Silk Road Economic Belt” and “21st Century Maritime Silk Road” to connect the north and south and make the East and the West assist each other, so that they can complement each other's advantages, exchange needed goods, share opportunities, and jointly meet the challenges, which not only reflect China's responsibility as a big country, but also create a new pattern of China's opening up. Since the introduction of “the Belt and Road” initiative, many achievements have been made from concept to action. In the past five years, the total trade volume between China and the countries along the Silk Road has exceeded US\$5 trillion. In the case of decline in world trade and negative growth of economy, the average annual growth rate is 1.1%. China's direct investment in countries along the Silk Road has exceeded US\$70 billion, with an

average annual growth rate of 7.2%.

Jiangsu, located at the important intersection of “the Belt and Road”, not only has the location advantage as a golden waterway estuary, but also is one of the provinces with high economic openness and has extensive economic and trade cooperation network with countries along the road. Therefore, integrating into “the Belt and Road” adds development vitality and impetus to the new round of reform and opening up in Jiangsu. In the past five years, Jiangsu has given full play to its advantage in the construction of “the Belt and Road” and maintained the leading position. According to the data of the first half of 2018, Jiangsu's total import and export volume ranks second in China, and only the import and export volume with countries along “the Belt and Road”, including Saudi Arabia, Bangladesh and Qatar increased by 21.2%, 15.6%, and 41.3% respectively. However, it should also be seen that the global economy is still facing many uncertain factors, such as increased trade protectionism and intensifying trade friction between China and the United States. The tax reform act implemented by the US will accelerate the return of manufacturing, capital, technology, and talent, or change the global capital flow pattern, bringing impact to countries along “the Belt and Road”. Therefore, under the current situation, Foreign Trade in Jiangsu, as one of the leading teams in China's foreign trade, should seek “opportunities” in “danger”, turn pressure into motivation, and think and explore how to continue to develop more steadily in the deep integration in the construction of “the Belt and Road”. “Opportunities” always hide in the “risk”. Those who can seize the opportunity to carry out some in-depth research and implement it in the development will be able to seize the opportunity in the new round of competition.

II. ACCELERATING INNOVATION TO ADAPT TO NEW COMPETITION

The leaders of the Ministry of Commerce also made a clear statement recently that the Ministry of Commerce will focus on five areas including accelerating the cultivation of new foreign trade business and promoting the innovation and development of processing trade to building a large trade nation.

*Fund Project: Supported by Jiangsu Provincial University Philosophy and Social Science Research Fund: Jiangsu speeds up integration into the Belt and Road to enhance the level of open economy (Project Number: 2017SJB0630); Sponsored by Jiangsu Qing Lan Project.

This is very enlightening for foreign trade enterprises in Jiangsu that are deeply integrated into the "Belt and Road" construction. With the advent of the era of technological innovation, if foreign trade enterprises still stagnate at the original technical level, the export products with low added value and lacking special features can't keep up with the ever-changing pulse of the times, as well as the needs of the world market, and thus gradually fail in the fierce market competition. Therefore, if enterprises want to be evergreen, they must keep up with fashion, constantly change their perspectives, and dare to think, to do, and to try. At present, Jiangsu Province has many export famous brands that the Ministry of Commerce focuses on cultivating and developing with the number of brands ranking the top of China. It is a good foundation and platform. These Jiangsu enterprises that export famous brand products should get rid of the stale and take in the fresh to create new features and enhance the company's inherent core competitiveness through product innovation and technology upgrades, gradually forming its own strong product research and development capabilities and technology growth channels, so that brand products become genuine quality products, and truly play a famous brand effect. For foreign trade enterprises in Jiangsu, adapting to the international market, especially the market demand of the countries along the "Belt and Road" is the weapon for the survival and development of enterprises, and innovation is the driving force for the growth of enterprises. Only by adapting to the market rules and the new competitive environment, can it be possible to truly occupy the market and win the market, which is in line with the truth of "survival of the fittest."

III. MAKING "JIANGSU BRAND" HAVE MORE HIGHLIGHTS

Brand strategy puts forward a most realistic market orientation for enterprises, and guides them to transform and manage the entire enterprises with the goal of forming strong market competitiveness. From the competitions between international super-big companies, it can be seen that all the competitions are about international brands. Establishing a superior enterprise image and creating a batch of more glorious "Jiangsu brands" is not only an urgent task for the development of foreign trade in Jiangsu, but also the vitality of export-oriented enterprises in Jiangsu in the future.

Practice has proved that in the construction of "the Belt and Road", foreign trade enterprises in Jiangsu must promote their market status, and accumulate the tangible and intangible assets of this subject, cultivate and develop their strength and credibility; it is necessary to place the market, quality and efficiency in the most important position, which forces enterprises to switch from outward expansion type to quality and efficiency type, from extensive management to intensive management. The development of brand-name enterprises will inevitably lead to the restructuring and optimization of product structure, enterprise structure and industrial structure, thus greatly improving the quality and efficiency of the entire economic growth. Therefore, the development of foreign trade in Jiangsu should combine the current situation with long-term situation, and take Scientific

Outlook on Development as the guidance. Instead of sacrificing the environment and resources, it is suggested to gradually eliminate the processing trade with low-level development, and fully focus on protecting the resource environment, optimize the development structure of processing trade, steadily promote the transformation and upgrading of processing trade when exerting the advantage of labor cost to achieve the unification of quality and efficiency, so that "made in Jiangsu" can become a big brand with a high reputation in the international market as well as the mind of partner countries along the Belt and Road.

IV. ACTIVELY FULFILLING CORPORATE SOCIAL RESPONSIBILITY

Corporate social responsibility is a diversified and complex concept. From the perspectives of social environment such as security environment, human environment and charity, corporate social responsibility has represented a new enterprise performance assessment tool and a way for stakeholders to communicate. In 2017, KPMG released the 2017 Corporate Social Responsibility Report, which is the 10th survey since KPMG issued its first report in 1993, and it is also the most extensive survey. The N100 data let us generally understand report on corporate social responsibility of large and medium-sized enterprises in the world. The G250 is a sample of the world's top 250 highest-earning companies, which is based on 2016 World Top 500 list in Fortune. Large global companies are often pioneers in corporate social responsibility reporting, and their behavior often indicates a trend that is followed by more companies.

At present, many countries in the world have taken corporate social responsibility as one of the components of economic development and employment creation strategies. This has a strong inspiration and far-reaching significance for foreign trade enterprises in Jiangsu. In the beginning of the reform and opening up, the total import and export volume of Jiangsu in the 1980s was only 946 million U.S. dollars, and it exceeded 4 trillion U.S. dollars in 2017. The rapid pace of its rise is sincerely praised by other provinces, but at the same time it should be noted that along with the development of foreign trade in Jiangsu for more than 30 years, the export-oriented processing industry has experienced labor safety problems, low-level use of basic industrial energy, and pollution problem. In the harmonious society we advocate and the trade cooperation with countries along "the Belt and Road", thinking and solving these problems is related to the living environment and sustainable development of enterprises. In the context of the global economic crisis, enterprises should pay more attention to their interaction with the external environment when focusing on their own development. In the face of crisis, irresponsible enterprises cannot escape from the crisis, while responsible enterprises can effectively cope with the impact and lead themselves to a broader development platform. Therefore, all foreign trade enterprises in Jiangsu should actively assume the responsibility they should assume for the society, foster a good corporate phenomenon through open self-commitment and constraints, and improve the influence of enterprises in the international market and countries along

the “Belt and Road” to achieve the unity of economic and social benefits.

V. CONTINUING TO PROMOTE AND IMPROVE THE INDUSTRIAL CHAIN CONNECTION

In the National Competitive Advantage Theory, the famous American economist Michael E. Porter proposed a new thinking to promote economic development — industrial cluster, which has been accepted by many countries around the world as a new way to think about economy and industry development, and to assess regional competitive advantage. A relatively simple understanding of industrial clusters is the large-scale gathering of enterprises that match each other in the industry chain in a specific space. In today's economic globalization, foreign importers pay more attention to the local supporting ability of purchasing products in order to improve procurement efficiency. This requires that the relevant industries within the cluster and the supporting industries form a mutually beneficial symbiotic system, effectively strengthen the cycle mode of professional division of labor in the main industry, promote the linkage of the industrial chain and integrate the value chain. From the global perspective, the famous industrial cluster operation mechanism includes the high-tech industrial cluster in Silicon Valley, America, the biomedical industry cluster in London, the UK, the wool textile cluster in Prater, Italy, the automotive industry cluster in Toyota, Japan and the chemical industrial cluster in Frankfurt, Germany. As far as Jiangsu is concerned, in the construction of “the Belt and Road”, the more influential cluster is the silk textile industry cluster in Shengze, Wujiang. Jiangsu foreign trade circle should study the successful experience of various clusters based on studying well-known industrial clusters at home and abroad, and focus on combining the consumption characteristics of the countries along the “Belt and Road” and the characteristics of foreign trade development in Jiangsu to design more typical new industrial chain connection mode suitable for foreign trade enterprises, which is conducive to a longer and more stable sustainable development on the road ahead.

VI. STRENGTHENING THE DEEP COOPERATION WITH COUNTRIES ALONG THE “BELT AND ROAD”

At present, we are facing the global sharing opportunities. Taking the China International Import Expo held in November 2018 as an example, this import fair attracted more than 3,000 companies from more than 130 countries and regions, including more than 200 leading companies of the industry and Global 500 companies. In the keynote speech at the opening ceremony, President Xi Jinping proposed to support the regional integration development of the Yangtze River Delta and raise it to a national strategy. This is a major opportunity for the Yangtze River Delta region, especially Jiangsu, which has a better support and guarantee role in promoting Jiangsu to strengthen deep economic and trade cooperation with the countries along the “Belt and Road”. In future, in terms of facility connectivity, Jiangsu should pay more attention to the quality of “the Belt and Road” construction project, avoid blindly expanding its

scale and promoting projects and proceed from reality to fully consider commercial feasibility. In terms of trade smoothness, it should further improve the business environment of cross-border trade in Jiangsu and expand the import market by taking the recent China International Import Expo as the starting point. In terms of financing, foreign trade circle in Jiangsu should encourage more private enterprises to join and guide the diversification of financial entities. The “the Belt and Road” construction projects are mainly supported by large state-owned enterprises and banks, so it should continue to inject new impetus into the follow-up development and create more financing methods. In addition, efforts should be made to build a mutually beneficial cooperation network, new type of cooperation model, and multi-faceted cooperation platform to further deepen the economic and trade cooperation of the “Belt and Road”. In terms of the public mind, it is necessary to inherit and carry forward the spirit of friendly cooperation of the Silk Road, and carry out extensive cultural exchanges, academic exchanges, talent exchanges and cooperation, media cooperation, etc. to lay a solid foundation for the public opinion for deepening bilateral and multilateral cooperation.

VII. CONCLUSION

Jiangsu, as the biggest economic province in the Yangtze River Basin, actively accelerates the integration in the “Belt and Road” construction, which are both a rare development opportunity and a major responsibility. In the future, Jiangsu will deeply implement “the Belt and Road” strategy and the Yangtze River Economic Belt Strategy, seize opportunities, meet challenges, strive to develop a higher-level open economy, continue to promote economic globalization strategies, and open up a broader space for foreign cooperation to create a more open place with global influence and international competitiveness.

REFERENCES

- [1] Christopher I. Beckwith. *Empires of the Silk Road* [M]. Princeton University Press, 2009.
- [2] Yang Rong, Tong Niancheng. *The Belt and Road Initiative and China's New International Logistics Strategy* [M]. Beijing: China Economic Publishing House, 2016.
- [3] Edgar Knobloch. *Treasures of the Great Silk Road* [M]. The History Press, 2013.
- [4] Valerie Hanson. *The Silk Road: A New History* [M]. Oxford University Press, 2012.
- [5] Peter Frankopan. *The Silk Roads: a New History of the World*[M]. Hangzhou: Zhejiang University Press, 2016.