

# Research on the transformation and upgrading of foreign trade in Jiangsu province under the background of "One Belt and One Road" policy

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**Abstract:** Since the reform and opening up, Jiangsu Province, as a province that has a huge influence on China's national economy, has always been at the forefront of the country in terms of various trade indicators. However, with the continuous decline of China's demographic dividend and the rising cost of labor and land, Jiangsu's advantage in foreign trade is steadily weakening. With the proposition of the new policy "Belt and Road", Jiangsu's foreign trade development has ushered in a new situation. In this article, the author analyzes such policy conditions as a background, and in this context takes the issue of foreign trade in Jiangsu Province as an analysis point, and then finds a development direction that is beneficial to the province's foreign trade. Finally, Make relevant suggestions and opinions.

## 1. Introduction

The "Belt and Road" policy was proposed by President Xi in September and October 2013. The "One Belt" in this term refers to the construction of the "New Silk Road Economic Belt", and the "One Road" refers to the construction of the "21st Century Maritime Silk Road". This approach is mainly to establish relations with neighboring countries through this form, and then to establish a diplomatic relationship through such foreign trade methods, and this diplomatic relationship is mainly based on common economic development. Under such economic relations, foreign trade relations can be used to achieve mutual benefits and win-win results between countries. Judging from the current situation of Jiangsu's foreign trade, it has been continuously optimized and expanded since the reform and opening up, and the differences in this trade have also been increasing. However, since the financial crisis, China's economic growth has slowed down, international demand is decreasing, and various production costs, such as labor, have risen. Then, in the process of intensifying international trade disputes, the overall foreign trade industry in Jiangsu has experienced a trough period. Therefore, if the opportunity of this political reform can be seized, then the overall foreign trade industry of Jiangsu Province will usher in new development.

## 2. Analysis on the current situation of foreign trade in Jiangsu province

### 2.1 Current situation of foreign trade

During the entire 13th Five-Year Plan period, Jiangsu's foreign trade development was relatively stable. In the statistics of some data, we have obtained some valid data, and found that the foreign trade quota of the entire Jiangsu Province in 2015 was 545.6 billion US dollars. In this situation, it has been in a steady growth state until 2019. Trade with countries along the "Belt and Road" grew by 9.4%. In such an environment, the reason why Jiangsu Province has been able to maintain this kind of external development has been mainly due to the implementation of relevant national policies. In this policy implementation environment, the export growth rate of high-tech products has increased dramatically. In addition, because it is adjacent to the city of Shanghai, it is affected by Shanghai's economy, so its relationship with the Yangtze River Delta is also closer.

With the support of the country's "Belt and Road" policy, starting from 2019, the main trading partners of Jiangsu's foreign export trade have shown a continuous growth direction, and at the same

time, such growth has basically remained in the countries along the route. Among them, the export volume of border countries such as Singapore, Vietnam, Malaysia and the Philippines has been increasing, increasing by 48.8%, 23.6%, 24.5% and 23% respectively. Under these conditions, in addition to these border countries, the export value of some African countries is also increasing, and the growth value has reached 12.9%. And some EU countries also surpassed the former largest exporter of Jiangsu Province, the United States, and the export value increased by 731.63 billion yuan, an increase of 4.4%, and imports and exports to the United States were 625.28 billion yuan, a decrease of 11.9%. See Table 1.

Table 1. Import and export of Jiangsu province to major countries and regions

Countries and regions	Import and export volume (100 million yuan)	Year-on-year increase (%)
The United States	6252.8	-11.9
The European Union	7316.3	4.4
Singapore	101.3	48.8
Vietnam	98	23.6
Malaysia	86.8	24.5
The Philippines	46.5	23
Africa	982.3	12.9

## 2.2 Structure of foreign trade goods

In the whole year of 2019, the highest proportion of foreign exports in Jiangsu Province is high-tech products and some electronic products accounted for 90%, and the export of such high-tech products has grown very fast. Exports of high value-added electromechanical products, integrated circuits, portable computers, solar cells and other products increased significantly. In addition to these, many of the imported products are energy products and maintain a steady growth. Among them, the value of iron ore imports increased by 25.3%, and the value of natural gas imports increased by 11.4%. In the process, the export rate of some low-end products in Jiangsu Province has decreased, while some of the manufactured products have increased in export rates. This state of development is exactly in line with the development of the “Belt and Road” policy, and it is the same as this policy development, which greatly increases the demand for industrialization. See table 2

Table 2. Main categories of goods import and export trade

Indicators	Absolute number (100 million yuan)	Year-on-year increase (%)
Total amount of export	27208.6	2.1
General trade	14464.3	7.9
Processing trade	10306.8	0.7
Manufactured goods	25454.8	1.9
Primary products	368.3	-4.4
Mechanical and electronic products	17955.6	1.9
High-tech products	9946.6	-1.8
Foreign-invested enterprise	14863.2	0.4
The private enterprise	9618.6	13.7
Total import	16171.1	-5.7
General trade	7929.3	-0.2
Processing trade	5993.0	-14
Manufactured goods	13013.1	-6.9
Primary products	2262.1	2.7
Mechanical and electronic products	9375.3	-8.1
High-tech products	6594.0	-9.5
Foreign-invested enterprise	11004.6	-9.2
The private enterprise	3436.6	-0.5

## **2.3 Foreign trade pattern**

In Jiangsu Province, the pattern of foreign trade shows an upward trend, which has been a relatively good trend for three consecutive years. Especially in the issue of trade and export in 2019, it was 2.239.36 billion yuan compared with general trade, an increase of 4.9%. Such data also account for a very large proportion in the entire Jiangsu Province, accounting for 51.6% of the total amount. And there is a significant improvement over the past two years. During this period, the export volume occupied by processing trade and bonded logistics methods was relatively large. At the same time, under these conditions, the trade level of the entire Jiangsu Province has improved.

## **2.4 Main body of foreign trade**

For the country's foreign trade players, the entire value is constantly increasing. At the same time, according to statistics, there are 73,000 companies with export performance, an increase of 7.8% over the previous year. As for the enterprises whose entire target is ASEAN or Southeast Asia, private enterprises are the primary supplier. Under the "Belt and Road" policy, the speed of import and export has also changed. The overall export quota has increased to 757 billion yuan, an increase of 10.6%, accounting for an increase of 2.2 percentage points from the same period last year, to 30.7%. For some foreign-invested enterprises, they are still engaged in foreign trade as the main body of import and export of the entire industry. Such import and export data are also similar to previous years.

## **3. Jiangsu province's foreign trade problems**

### **3.1 Labor-intensive processing trade still accounts for a large proportion**

On this issue of foreign trade, the study found that in the whole year of 2019, Jiangsu's export quota reached 1030.68 billion yuan, an increase of 0.7% over last year. Such data show that the total export trade is below the total. Although Jiangsu Province has very good resources for education and labor, in a social environment with a growing population, such advantages are actually declining as the environment changes. As a result, the advantages of the entire traditional processing trade continue to decrease. In this case, the transformation of foreign trade has become the best way for the province's foreign trade industry.

### **3.2 There is still a gap in the technical level of high-tech products**

Although Jiangsu Province brings together a number of well-known universities and research institutes across the country, the proportion of high-tech products exported is still not high, and low-price, low-value-added products are still the main products. Due to the insufficient innovation ability, the proportion of export commodities with core technologies and independent brands is not high, and it is at the bottom of the value chain of the international industrial division of labor. This is the entire international trade protection issue in a relatively passive state. Therefore, in order to realize the transformation of foreign trade and the upgrading of foreign trade in Jiangsu Province, it is necessary to change the development direction of the entire industry from the original labor to technology.

### **3.3 The proportion of foreign-invested enterprises in foreign trade is too large**

In 2019, foreign-invested enterprises occupy a very large market in the main body of foreign trade. The study found that the export quota of such foreign-invested enterprises reached RMB 1,486.32 billion, accounting for 55% of the province's total exports, and the total imports were RMB 110.46 billion, which occupies very important data in the province. Even though some private companies have also increased their exports, this is still very different for the entire foreign investment. Therefore, the development of foreign trade in Jiangsu Province mainly depends on foreign-invested enterprises. At the same time, this method is not a reasonable structural method, but this makes the entire first and second investment become reverse growth, and the investment problem of the tertiary industry is also increasing. The insufficient proportion of state-owned enterprises and private

enterprises will also cause foreign-invested enterprises to squeeze out the import and export volume of domestic-funded enterprises. Therefore, the import and export volume of private enterprises and state-owned enterprises need to be further strengthened.

### 3.4 The development of foreign trade in Jiangsu province is unbalanced

Because in the entire province of Jiangsu, different regions will have a certain impact on the development of foreign trade, so it is said that analysis and observation have been made on the more common 5 cities, and it is found that the import value of these cities Changes, and Suzhou's imports are the largest. This shows that the development of foreign trade in various regions of the province is unbalanced and it is overly dependent on southern Jiangsu. In the context of the “Belt and Road” policy, the foreign trade volume in southern Jiangsu decreased by 1% in 2015, and the foreign trade volume in central and northern Jiangsu increased by 3% and 2% respectively. However, under such conditions, we will find This degree of foreign trade openness affects the level of its development. At the same time, the development level of southern Jiangsu has a greater impact on the foreign trade development of the whole province to a certain extent. On the whole, the province's foreign trade has a lot of room for development. See table 3

Table 3 completion of import and export sub-cities in Jiangsu province

Names of cities	Import and export		Export		Import	
	1-12 month accumulative total		1-12 month accumulative total		1-12 month accumulative total	
	Amount (\$10,000)	Year-on-year (%)	Amount (\$10,000)	Year-on-year (%)	Amount (\$10,000)	Year-on-year (%)
gross	63946980	-5.2	39478431	-2.3	23468549	-9.7
nanjing	6996023	6.8	4353320	14.9	2642704	-4.3
wuxi	9243021	-1.1	5545986	-2.3	3697035	0.8
Changzhou	3383487	-1.6	2524101	0.7	859386	-7.7
suzhou	31908646	-9.9	19203988	-7.2	12704658	-13.7
zhenjiang	1120260	-5.4	786720	-1.4	333540	-13.6
nantong	3657146	-5.2	2488965	-2.2	1168182	-11.1
yangzhou	1130517	-5.7	836469	-2.1	294049	-14.8
taizhou	1446582	-1.8	953159	0.0	493423	-5.1
xuzhou	1351908	15.1	1128831	16.3	223077	9.6
Lianyungang	935076	-2.1	388869	-6.4	546207	1.2
huaian	470535	-6.1	338002	0.4	132533	-19.3
yancheng	961240	0.7	641236	6.3	320004	-9.1
suqian	342539	-4.9	288786	6.3	53752	-39.2
kunshan city	8267162	-7.3	5569988	-4.1	2697174	-13.2
Taixing city	433059	-16.8	247757	-21.0	185302	-10.5
shuyang	89626	13.1	84965	20.6	4660	-46.9

## 4. Policy Suggestions on the transformation and upgrading of foreign trade

### 4.1 We will further upgrade the industrial structure and enhance our capacity for independent innovation

For a long time in the past, Jiangsu's foreign trade was mainly based on processing and foundry. Although the export products were mainly manufactured products, it only played a comparative advantage in labor costs. In this context, the development direction of the entire Jiangsu Province

should be based on the resources of educational resources and research institutions, and it is necessary to continue to strengthen the investment in this type of industrial capital chain. Under such conditions, self-level improvement and adjustment can be carried out by developing some related capital investment. In this way, it can drive the overall industry development, and further strengthen the transformation of the entire labor industry, so that the optimization of the product can be achieved, thereby driving the development of the entire product. Promote the international competitive position of the product.

#### **4.2 Southern Jiangsu region drives the less developed areas in northern Jiangsu province to realize balanced development of the whole province**

As we all know, the entire foreign trade environment is closely related to economic development, and on this basis, the economic environment must be developed first. Therefore, to promote the development of foreign trade in the underdeveloped regions of central and northern Jiangsu, on the one hand, it is necessary to tilt policy towards central and northern Jiangsu on the one hand, increase infrastructure construction in these regions, and create a good investment environment to attract funds. This can form a complementary advantage in southern Suzhou and northern areas of Suzhou, while at the same time it is easier to encourage the overall resources and environment to transfer to central and northern Suzhou. On the other hand, Central Jiangsu and Northern Jiangsu should seize the opportunity of the "Belt and Road" policy, explore diversified markets, discuss international cooperation mechanisms with countries along the route, and strengthen exchanges with local enterprises and governments, making them central regions New impetus for the development of foreign trade in the northern region.

#### **4.3 Reverse dependence on foreign investment**

In the "Belt and Road" policy implemented in China, first of all, Jiangsu should proceed from the market environment, adapt to the market's resource allocation, and improve the overall market economic system under such conditions. In this way, it can not only strengthen the institutional construction of private enterprises, but also create a large market environment, so as to achieve a fair and fair competition environment for private enterprises and foreign-funded enterprises, so as to have effective development of private enterprises. On the other hand, the reform of the state-owned enterprise system should be speeded up, so that the state-owned enterprises are more complete in corporate governance and make them the real market players. And encourage Chinese enterprises to carry out mergers and acquisitions and reorganization with enterprises along the "Belt and Road" countries to form a group of world-class multinational corporations. Under these conditions, promote the comprehensive development of foreign trade such as private, state-owned and foreign investment, and common improvement.

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