

The Problems and Countermeasures of China's Ceramic Products Exporting to Central Asia Market

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Abstract: Ceramic is one of the most advantageous export products in China. The five countries of Central Asia have developed a long “focus on heavy industry while neglect light industry”, and their ceramic industry base is relatively weak. Its import demand for ceramic products is increasing with the rapid economic recovery. Therefore, actively explore the Central Asian market will did a positive effect on China's ceramic enterprises. In this regard, this article analysis the current situation and problems of China's ceramic products exported to the Central Asian market, and propose appropriate countermeasures and suggestions.

1. Introduction

The five Central Asian countries (Kazakhstan, Uzbekistan, Turkmenistan, Kyrgyzstan and Tajikistan) are located in the center of the Eurasian continent, adjacent to the Xinjiang Uygur Autonomous Region in the east, Iran and Afghanistan in the south, and the Russian Federation in the north. The west side is opposite to Russia and Azerbaijan by the Caspian Sea. It was once the famous "bridge of the East and West civilization" and an important node of the "Old Silk Road" and the "New Silk Road." The five Central Asian countries are one of the regions with the richest oil and gas resources in the world. They are known as the “second Middle East” with a total mouth of about 55 million. With the rapid recovery of the economies of Central Asian countries, their market potential is also increasing. China has maintained good political relations with the five Central Asian countries. Under the guidance of policies such as the Belt and Road Initiative and the Shanghai Cooperation Organization, as well as geographical advantages such as convenient transportation, China has become the main trading partner of the five Central Asian countries. In 2016, China's import and export trade volume with the five Central Asian countries was US\$ 30,005 million, accounting for 30.69 % of the total trade volume of the five Central Asian countries, and the market share increased by 2.49 % year-on-year. Ceramic is one of China's most advantageous export products, and the five Central Asian countries have a relatively weak ceramic industry base due to the long-term "heavy industry and light industry", and their import demand for ceramic products is very large. Therefore, they actively explore the Central Asian market. It has a positive effect on China's ceramic enterprises.

2. The Current Situation of China's Ceramic Products Export to the Central Asian Market

2.1. A Significant Increased in the Market Share.

Since ancient times, ceramic products have been one of the traditional export products with strong competitive advantages in China. According to the United Nations Commodity Trade Statistics, China's exports of ceramic products accounted for a significant increase in the world market, from 8.99% in 2001 to 37.28% in 2016. The Central Asian market has always been one of the important nodes of the “Old Silk Road” and the “New Silk Road” and is one of the export markets for ceramic products in China. In recent years, China's exports of ceramic products to the Central Asian market have grown significantly, from US\$ 06 million in 2001 to US\$ 225 million in 2016, and the market share of ceramics in Central Asia has grown from 9.38 percent in 2001 to

46.92 percent in 2016. On the whole, China imports only a limited amount of ceramics from Central Asia, while the export scale continues to grow, and the trade in ceramics shows an absolute trade surplus, and the surplus balance is getting bigger and bigger. At the same time, the import of ceramic products from the five Central Asian countries as a proportion of the world's total imports of ceramic products has also further increased, from 0.33 % in 2001 to 1 % in 2016. This shows that the inherent demand for ceramic products in the Central Asian market is gradually increasing. In the future, there is still a certain trade potential in the Central Asian market for the export of Chinese ceramic products.

2.2. Relative Concentrated in Export Market.

Generally speaking, China's export of ceramic products in Central Asia market distribution is very uneven, the country concentration is high. In terms of country distribution, the Central Asian market for China's ceramics exports in 2016 was mainly concentrated in Kazakhstan, accounting for 65.67% of China's total export market in Central Asia; The second is Kyrgyzstan, which accounts for 16.44% of China's total export market in Central Asia; The second is Tajikistan and Uzbekistan, which account for 14.92% and 12.49% of China's total export market in Central Asia, respectively. Finally, Turkmenistan accounts for only 0.48 per cent of the total Central Asian export market. However, in terms of development trends, Kazakhstan's share has shown a downward trend, while the other four countries 'share has shown an upward trend, the largest of which is Turkmenistan, with an average annual growth rate of 352.37 per cent, followed by Tajikistan, Kyrgyzstan and Uzbekistan. The annual growth rates were 45.28%, 32.86% and 12.50% respectively.

2.3. Product Structure Concentrated.

From the point of view of function and application, ceramic products can be mainly divided into five types: daily ceramics, architectural ceramics, sanitary Ware, furnishings art ceramics and other ceramics. In 2016, the proportion of ceramic products imported into the Central Asian market ranged from large to small: construction ceramics(54.38%), daily ceramics(33.54%), sanitary Ware(7.97%), other ceramics(3.28%), and ceramic artworks (0.83%), The main types of ceramic products exported from Central Asia are daily ceramics(63.46%), architectural ceramics(31.12%), sanitary Ware(3.09%), ceramic artworks(1.18%), and other ceramics(1.14%). Of these, 93.89% and 70.33% of the Central Asian market share in daily ceramics and ceramic artworks, respectively, while construction ceramics, sanitary Ware and other ceramics accounted for 28.40%, 19.23% and 29.52%, respectively. It can thus be seen that China's daily ceramics and ceramic artworks are very competitive in the Central Asian market, while the competitiveness of construction ceramics, sanitary Ware and other ceramic products is relatively weak.

3. Problems and Causes of China's Ceramic Products Exporting to East Asia Market

3.1. The Market is Still Relatively Limited.

At present, the scale of China's ceramics export to the Central Asian market is still relatively limited, and the scale of exports needs to be further improved. In 2016, China's exports of ceramic products to the five Central Asian countries accounted for only 1.23% of China's total exports of ceramic products. From the perspective of country distribution, the amount of ceramic products imported from Kazakhstan accounted for 0.81% of China's total ceramic products exports, while Kyrgyzstan, Tajikistan, Uzbekistan and Turkmenistan accounted for 0.08%, 0.18%, 0.15% and 0.01%, respectively. This share is far lower than other major Asian countries and regions such as Japan (2.83%), South Korea (5.12%) and India (2.83%). There are two reasons for this: First, the population of the five Central Asian countries is relatively limited. With the exception of Kazakhstan and Turkmenistan, the per capita GDP of the other three countries is relatively low, the domestic economy is in a stage of transformation and development, and the market capacity is relatively limited; Second, Central Asia is located between Asia and Europe. The ceramic market is fiercely competitive. There are many European ceramic powers that export ceramics to Central Asia.

The share of China's ceramic exports is still relatively limited. From a dynamic point of view, the overall share of the five Central Asian countries has shown a decline in recent years, from 2.06 % in 2009 to 1.23 % in 2016, of which the proportion in 2012 was even lower, accounting for only 0.97 %. This phenomenon is contrary to the trend of increasing the import of ceramic products from the five Central Asian countries, which indicates that the competitive advantage of China's ceramic products export to the Central Asian market is diminishing.

3.2. Competition is Fierce and there are Obvious Differences among Countries.

In the Central Asian market, China still faces fierce competition for ceramic exports. The main competitors are Russia, Iran, Turkey, Italy, Spain, Ukraine and the United Arab Emirates. The international market share (MS) and revealed comparative advantage index(RCA)were used to measure the competitive advantages of China's ceramic products export to the five countries in Central Asia. The results show that in 2016, the market share and revealed comparative advantage index of China's five Central Asian countries in ceramics exports were 46.92 % and 1.3979 respectively. Of which the revealed comparative advantage index is greater than 1.25, which shows that China's export of ceramic products in Central Asia has a strong international competitiveness. However, from a dynamic point of view, in recent years, the competitiveness of China's ceramic products exports to the Central Asian market has shown a decline, of which the market share has dropped from 72.26 % in 2010 to 46.92 % in 2016; The revealed comparative advantage decreased from 2.4375 in 2010 to 1.3979 in 2016. There are two reasons for this: First, the traditional price competitive advantage of China's ceramic products is gradually reduced due to the rise of the RMB exchange rate and the increase of production costs; Second, the inherent demand for ceramic products in the Central Asian market is gradually increasing, and other ceramic product exporting countries have also begun to increase the development of the Central Asian market, and the market competition has gradually become fierce. In addition, the development of ceramics trade between China and the five countries of Central Asia also showed an imbalance. In terms of market share, China's ceramic exports accounted for 45.89% of Kazakhstan's ceramic market share in 2016. While it also accounts for 40.46%, 80.56%, 4.66% and 49.51% of the market share of Kyrgyzstan, Tajik, Turkmen and Uzbek, respectively. According to the revealed comparative advantage index, the revealed comparative advantage index of China's ceramic export Kazakhstan in 2016 was 1.5319. The revealed comparative advantage index for exporting Kyrgyzstan, Tajikistan, Turkmenistan, Uzbekistan is 0.5701, 1.5420, 0.6964 and 2.3659, respectively. Different from markets such as Kazakhstan, Uzbekistan, Tajikistan and Kyrgyzstan, China's ceramic products have the lowest market share in Turkmenistan, far lower than the market share of Turkey, Iran, Russia and other countries in Turkmenistan. The display comparative advantage index is also below 0.8, which means that the competitiveness of China's ceramic products in Turkmenistan is generally weak. There are two reasons for this. First, Turkmenistan does not border with China, and its transportation costs are higher than those of other Central Asian markets. Therefore, Turkmenistan is more willing to import ceramic products from neighboring countries such as Iran, Turkey and Russia. Second, Turkmenistan pursues a permanent neutral state and a comprehensive foreign policy. It has not joined the "Belt and Road" and "Shanghai Cooperation Organization" and cannot fully enjoy the policy conveniences.

3.3. The Supply and Demand Is Insufficient Matching.

Based on the assumption of constant market theory, the trade volume of China's ceramic products exported to Central Asia increased by 33.18%. Among them, export growth accounted for 16% due to increased import demand, and export growth accounted for 14.81% due to the increase in overall competitiveness, while export growth accounted for only 2.37% due to supply and demand matching. It can be seen that the supply of ceramic products in China and the demand of the five Central Asian countries are relatively low. From the perspective of country distribution, the matching between supply and demand of China and the five Central Asian countries is not significant, especially in Kyrgyzstan and Turkmenistan. In recent years, the matching of supply and demand of products is negative, which shows that the supply of ceramic products in China has been

mismatched with the needs of Kyrgyzstan and Turkmenistan in recent years. From the dynamic point of view, since 2006, China's supply of ceramic products and the demand of Central Asia market have declined, indicating that there is a significant gap between China's export of ceramic products in Central Asian market and growing demand for ceramic products in Central Asian market. There are two reasons for this. First, with the rapid development of the Central Asian economy, the demand for high-end ceramic products in the market has been increasing. For a long time, China's ceramic products exports are mainly at the middle and low end, and there are fewer high-end products. Second, in terms of product quality awareness, the five Central Asian countries have not yet stepped out of the shadow of the low quality of some of the products that China exported to Central Asia more than 30 years ago, and do not trust China's high-end ceramic products. Its purchase volume of high-end ceramic products in China is much lower than that of European ceramic powers such as Italy, Germany, Spain and Turkey in the same period; Third, the ethnic cultures, religious beliefs, policies, regulations and consumption habits of the five Central Asian countries are also slightly different, and it is difficult to meet the growing demand for ceramic products in the Central Asian market with homogenous product content, forms and designs, and to understand both ceramic culture and ceramic culture. The lack of innovative talents to understand the local needs of Central Asia has also further restricted China's ceramic enterprises from opening up the Central Asian market.

3.4. Low Levels of Inter-Connectivity.

Central Asia is an important node of the "Old Silk Road" and the "New Silk Road". However, the level of infrastructure interconnection between China and the five Central Asian countries has remained relatively low for a long time, and the degree of trade facilitation is not high. First, the infrastructure construction of the five Central Asian countries is obviously inadequate, the coverage of communication network facilities is low, some cities are still short of water and electricity, and transportation still inherits the transportation system during the Soviet period. The development of highways, railways, ports, and aviation industries is relatively lagging behind. In addition, the technical standards of transportation infrastructure and vehicles between China and Central Asian countries are different, which reduces the efficiency of transportation. Second, there are obvious differences in infrastructure construction among the five Central Asian countries. Among them, Kazakhstan and Turkmenistan have good infrastructure construction. In particular, Kazakhstan has four transit railway lines and six international highway lines in its territory. Infrastructure in Kyrgyz and Tajikistan, where there is no north-south rail line, is relatively backward. Poor access to transport and information facilities between the five countries, low logistics and customs clearance capacity, and numerous fees and official corruption in various countries also increase transaction risks and costs. Third, the five Central Asian countries have unique geopolitical and political instability. The turmoil in neighboring countries, NGOs, religious extremism and terrorist organizations are turbulent. They lack understanding of the importance of transportation facilities, information facilities and customs clearance facilities. Foreign investment, especially infrastructure investment, still faces more barriers. At the same time, along with the rapid growth and strengthening of the Chinese economy, the "China Threat Theory" also has a certain market in Central Asia, which has caused major obstacles to the trade in ceramics.

4. Countermeasures to Promote China's Export of Ceramic Products in Central Asia

4.1. Enhance the Core Competitiveness of Ceramic Products.

There is a certain misalignment between the rapid growth of China's ceramic product export scale and the low-end trend of export quality. This kind of low-end export-oriented extensive growth model is bound to be challenged in many ways, such as increased market competition and trade. Barriers and so on. Therefore, we need to adopt a multi-pronged approach to enhance the core competitiveness of ceramic products. The first is to change the backward image of "low quality and low price" and improve the export quality of ceramic products. On the one hand, ceramic

enterprises should increase investment in scientific research, promote technological transformation, and increase the added value of ceramic products with the support of science and technology. On the other hand, the ceramic industry must thoroughly follow the requirements of the supply-side structural reform proposed by the Party Central Committee and actively “go to capacity”. , to destock, de-leverage, reduce costs, make up the short board, through the merger and reorganization method to accelerate ceramic enterprises to become bigger and stronger, reduce "disorderly competition", and lay a healthy and orderly export mechanism of ceramic products. The second is to actively build an internationally renowned brand based on the “Chinese element”. Brand strategy is an important measure to enhance the core competitiveness of ceramic products. Without the support of ceramic products, the market survival period will not be very long. On the one hand, China's ceramic enterprises must change the traditional OEM model and strengthen self-brand construction and management; on the other hand, ceramic enterprises can also acquire well-known ceramic brands such as Europe and America through cross-border mergers and acquisitions by virtue of their own capital and production capacity. Corporate visibility. The third is to explore the local elements of Central Asian countries, understand the local religious beliefs and customs, and effectively integrate Chinese ceramic culture with local elements to research and develop ceramic products that are more in line with local market needs.

4.2. Optimizing the Level of Trade Facilitation and Promoting Inter-Connectivity.

Central Asia is located on the “New Silk Road” and is the main bridge connecting Asia and Europe. Constantly optimize the level of trade facilitation with the five Central Asian countries, strengthen the interconnection of infrastructure, and promote the export of China's ceramic products to the Central Asian market. First, make full use of the “Silk Road Fund” and the Asian Infrastructure Investment Bank to promote the infrastructure construction of the China-Central Asia Five-State Economic Corridor. Strengthen inter-governmental communication and consultation, build coordinated customs clearance facilities standards, improve hardware and software levels along customs clearance ports, optimize customs clearance efficiency, and optimize logistics routes and transit nodes in China-Central Asia five countries based on transportation and information infrastructure construction Layout, improve the logistics cooperation system and improve logistics efficiency. Second, through the coordination and communication between the Shanghai Cooperation Organization, the “Belt and Road”, the World Customs Organization, and the WTO and other international organizations and consortia, we will effectively promote trade facilitation between China and the five Central Asian countries, and build a fair and effective new order to eliminate The interference of trade protectionism among the five Central Asian countries has reduced multilateral and bilateral trade costs and created a good business environment.

4.3. Cultivating High-Quality Talents and Actively Expanding the Central Asian Market.

At present, there are still some shortcomings in the training methods and employment guidance of relevant professionals in the Central Asian market, and talents undoubtedly play an important role in opening up the market, cultivating a group of business, business, foreign languages, good communication, and innovation. The high-quality talents provide talent protection for the export of China's ceramic products to the Central Asian market. First, encourage universities to establish a multi-disciplinary integration and innovation education system, promote interdisciplinary integration in the curriculum system, and focus on the comprehensive training of Russian, Central Asian languages, professional knowledge, innovation and entrepreneurship. Second, the use of the western development policy and the trend of ceramic industry transfer, encourage Xinjiang minority college students to learn relevant professional skills in ceramic enterprises, carry out school-enterprise cooperation, and enhance students' comprehensive ability. The third is to promote cooperation between China and Central Asian countries, encourage ceramic-related students to travel to Central Asian countries for short-term study and exchanges, and gain an in-depth understanding of Central Asia's local political, economic, religious beliefs and customs and culture.

4.4. Encourage Ceramic Enterprises to “Go Out”.

In recent years, China's ceramic enterprises have continued to “go out” to establish production bases overseas, expanded overseas markets, and increased the market share of ceramic products. However, there are not many ceramic enterprises investing in Central Asia, only two, one is Xinzhongyuan Ceramics invested 150 million US dollars to invest in Kazakhstan, and the other is Xinmei Ceramics invested 40 million US dollars to acquire a ceramic enterprise in Kazakhstan. The reason is that there are many domestic investment barriers in Central Asia, and the market is not standardized. In order to encourage ceramic enterprises to move to the Central Asian market, and to invest in the export of ceramics and additional products, we must build a Central Asian ceramics information service platform. Provide accurate information services such as market demand, investment environment, laws and regulations, and industry orientation in real time to help enterprises solve the restrictions and barriers encountered in market access, multiple technical standards, labor and employment in Central Asia. Second, we must support the ceramic enterprises to “go out” and set up factories in Central Asia through the form of industrial parks to enhance the right of speech between Chinese-funded enterprises and local governments in Central Asia to effectively prevent and control investment risks. Third, we must set up a special fund for “going out”, subsidize the preparations for the “going out” projects in the early stage, and the overseas market inspections, and improve the enthusiasm of enterprises, especially private small and medium-sized enterprises, to open up the Central Asian market. Foreign investment projects are granted discount subsidies for obtaining commercial loans from domestic banks.

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