

Promotion and Influence of the Escalation of Sino-US Trade War on Enterprises in Heilongjiang Province

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Abstract: Since the beginning of this year, trade protectionism led by the United States has risen, the trade war between China and the United States has been escalating, and the uncertainty of China's foreign trade environment has increased significantly. On May 9, 2019, the US government announced that from May 10, 2019, it would raise the tariff rate on the list of goods imported from China worth 200 billion yuan from 10% to 25%. The further escalation of the trade war between China and the us has brought more uncertainties to China economy. In order to understand the impact of the escalating trade war between China and the United States on foreign trade enterprises in Heilongjiang province in the past two months, the Heilongjiang investigation team of the National Bureau of Statistics organized a special investigation Survey, a trade war with China upgrade impact, somewhat more than half the foreign trade enterprises in Heilongjiang province are affected, resulting in the production in orders, the production of raw materials, the impact of tariff increase and other issues, but also present a new and high technology industries affected smaller and enhanced business confidence, enterprise self-assessment ability raise and other positive actors, enterprises in the efforts to deal with them also look forward to the government support and help.

Investigate the Basic Situation of the Enterprise

Size of Sample. A total of 60 foreign trade enterprises in 12 prefecture-level cities (except Great Khingan)in Heilongjiang province were selected for the survey among which 11 were large enterprises, accounting for 18. 3% of the surveyed enterprises. There were 16 medium-sized enterprises, accounting for 26.7% of the surveyed enterprises. There were 33 small and micro enterprises, accounting for 55.0% of the surveyed enterprises.

Distribution of Sample. From the companies surveyed by the main industry classification, agricultural food processing enterprises accounted for 23. 3%, wood and furniture manufacturing are 20.0%, the rest of the company's main industry distribution in textile industry are making and printing, chemical raw materials and chemical products, nonferrous metal smelting and pressure processing, computer, communications, and other electronic equipment manufacturing and other fields.

Foreign Trade Activities Mainly Region of Sample. The foreign trade activities of the 60 enterprises surveyed involved many different countries and regions, including 21 involving the United States, accounting for 35.0%. 18 involving Russia, accounting for 30.0%; The remaining enterprises' foreign trade business also involves Europe, Africa, southeast Asia, South Korea, Japan, Canada, Mexico, Australia, New Zealand, Kazakhstan, Kuwait and other countries.

The Impact of the Escalating Trade War between China and the US on Enterprises

More than Half of the Enterprises are Affected by the Escalating Trade Frictions between China and the United States. This sino-us trade friction, produced certain effect to Heilongjiang province of the 60 foreign trade enterprises in Heilongjiang province surveyed, 27 were not affected

by the trade war, accounting for 45.0%. 33 companies accounting for 55.0%, were affected by the trade war. According to Jixi city, 15 enterprises were slightly affected, accounting for 25.0%. 18 enterprises were affected seriously, accounting for 30.0%. Jixi jinguo agricultural products are mainly trade for Europe, America, Southeast Asia and Africa. The company lost more than 4 million yuan in the whole year of 2018, and was forced to cancel us \$8 million of orders to the us due to tariff increases. The trade war between China and the United States is expected to affect at least 20% of the company's total profits at the end of this year. "The company is experiencing a severe winter of trade with the United States, and the situation of trade with the United States is getting worse," zhang said.

Enterprise Orders are Affected to Varying Degrees. The survey results show that 29 enterprises reflect that their market orders are affected by the escalation of the Sino-US trade war, accounting for 48.3% of all enterprises. However, due to the different industries and specific policies of enterprises, the extent of enterprises' response is different.

Among the 29 enterprises that reflected the impact of the Sino-US trade war on the orders, 11 enterprises, accounting for 37.9%, reflected the impact of the Sino-US trade war on the orders of enterprises less than 10%. According to Mudanjiang City, Mudanjiang Xincheng Wood Industry Co., Ltd. and Mudanjiang Zhongche Jinyuan Casting Co., Ltd. both have business contacts with the United States. However, due to the large scale of the company and the small reduction of orders, the impact of the trade war on orders is less than 10%, and the business volume of enterprises is relatively stable, so the impact is not. Very serious. The two companies also said that in the short term, due to tariff increases, product prices will fall, profits will decrease, and in the long run, the extent will deepen.

Six enterprises, accounting for 20.7%, reflect the degree of influence of Sino-US trade war on enterprise orders, ranging from 10% to 30%. According to Mudanjiang City, the export products of Hualin Jiatong Tire Co., Ltd. are transferred from Singapore to the United States. Although they are not exported directly to the United States, due to the large scale of enterprises and large orders, the trade war has a serious impact on them. The order volume has been reduced by 10%-30%, and the productivity utilization rate of enterprises has been reduced from 90% to 60%.- Seventy percent, the order volume will decrease seriously in the short term.

The impact of Sino-US trade war on enterprise orders is 30-50%, accounting for 10.3%. According to Shuangyashan City, the Yinhe Bean Industry Co., Ltd. of Baoqing County was affected by the Sino-US trade war. The orders were greatly reduced and the prices of products were reduced. As a result, enterprises lost money in export production. At present, enterprises can only give workers leave to stop production in order to reduce losses. The head of the enterprise said, "Because of the small scale of the enterprise and the poor resistance to pressure, coupled with the escalation of the Sino-US trade war, the loss of market orders is caused by the fluctuation of the US dollar exchange rate, which has affected the export of the enterprise to Germany, Japan, Korea and other countries. Nowadays, the enterprise is no longer selling goods, nor is it able to purchase (raw materials) much more. Everyone has a holiday, and the enterprise is facing a shutdown crisis. At present, the enterprise has reported the specific difficulties to the relevant government departments for help.

Nine enterprises, accounting for 31.0%, reflect the impact of Sino-US trade war on enterprises' orders, which is more than 50%. According to Mudanjiang City, Tongmao Wood Industry Co., Ltd. was seriously affected by the escalation of the trade war. The orders of this company came from the kitchenware manufacturers in the United States. Due to the economic sanctions imposed by the United States on China, the company's export orders were seriously affected, reaching more than 50%. The company expects that the order volume will be reduced by more than 90% in July, which makes the production and operation of the enterprise more difficult.

The Escalation of Sino-US Trade War has Little Impact on the Purchase of Raw Materials. The escalation of the Sino-US trade war has little impact on the purchase of raw materials by enterprises in Heilongjiang Province. Because Heilongjiang Province is a province with large resources, and most of the enterprises are mainly rough processing, and there are few high-end

enterprises, so most of the main raw materials for production can be met at home and abroad, only a small number of raw materials need to be imported from abroad. The survey results show that only 18 (30.0%) enterprises reflect that the purchase of raw materials is affected by the escalation of Sino-US trade war, but the impact is not significant. Among the 18 enterprises that reflected the impact of raw material purchasing, 7 enterprises, accounting for 38.9%. Reflected the degree of impact below 10% and 11 enterprises, accounting for 61.1%. Reflected the degree of impact between 10% and 30%.

The Tariff Burden of Export Enterprises has Increased, while that of Import Enterprises has a Slight Impact. The survey results show that the escalation of the Sino-US trade war has led to a heavier burden on Heilongjiang's export enterprises and limited impact on import enterprises. Of the 60 enterprises surveyed, 29 were affected by the escalation of trade war, accounting for 48.3%, and 15 were affected by imports, accounting for 25.0%.

Among the enterprises affected by export, there are 9 enterprises (31.0%) whose impact is less than 10%; 8 enterprises (27.6%) whose impact is between 10% and 30%; 3 enterprises (10.3%) whose impact is between 30% and 50%; and 9 enterprises (31.0%) whose impact is more than 50%. According to the report of Jiamusi City, the export trade of Jiamusi Hengyuan Food Co., Ltd. is greatly affected by the escalation of Sino-US trade war. It is known that the main industry of the company is the processing and manufacturing of agricultural and sideline products. It mainly exports to the United States, Canada, Europe and other countries. Among them, the export orders from the United States account for 50% of the export orders, such as trade persistence. Continuation may lead to a substantial reduction in factory export orders, and even to the shutdown of production lines and layoffs of workers.

Among the enterprises that reflect the impact of imports, there are six enterprises whose impact is less than 10%, accounting for 40.0%; eight enterprises whose impact is between 10% and 30%, accounting for 53.3%; only one enterprise whose impact is between 30% and 50%, accounting for 6.6%. According to the report of John Deere Agricultural Machinery Co., Ltd. of Jiamusi City, this enterprise is 100% sole proprietorship of John Deere Company of the United States. Part of the parts used for production are imported from the United States. In order to cope with the trade war between China and the United States, China has raised import tariffs on some American commodities, thus increasing the production cost of enterprises.

Several Characteristics of Enterprises in Heilongjiang Province in the Escalation of the Trade War

High-tech Enterprises were less Affected. Among the 60 enterprises surveyed, 15 were involved in the high-tech industry, counting for 25.0% of the total. Among the 15 high-tech enterprises, 13 were not affected or slightly affected by the us-china trade war, accounting for 86.7%. Only two companies were significantly affected, accounting for 13.3%. Qiqihaer city of China a heavy group co, LTD Is the production of heavy machinery and equipment of he listed company, a lot of walking in the forefront of science and technology in there lated fields of domestic products, the company said, a trade war with China toup grade adds to the burden of enterprises to export, raise the price of the product cost, is not conducive to enterprise product market competition, the product exports and raw material purchasing a minor impact, is expected to influence degree below 10%. In the long run, however, the us has intensified its security review of enterprisesinvested by china in the us, which is not conducive to the investment and construction of factories in the us and the development of related businesses. Second, the US-Mexico-Canada agreement contains exclusion clauses against China which may affect the business cooperation between the company and Canadian andMexican companies in the future.

The Ability and Confidence of Enterprises to Cope with External Risks are Better than Last Year's Trade War. In the survey on the impact of Sino-US trade frictions on the economic operation of foreign trade enterprises in Heilongjiang Province organized by Heilongjiang General Team in October 2018, only 38.5% of the enterprises surveyed were not optimistic about the future situation of the foreign trade industry and the expectation of the enterprises' operation. Only 38.5%

of the enterprises thought that Sino-US trade war had little impact on the enterprises, while the rest of the enterprises considered the situation. More severe, entrepreneurs are cautious about the production and operation of foreign trade industry in the next stage. The survey results show that 53.3% of the enterprises hold a positive attitude towards the production and operation and foreign trade situation of the enterprises in the future, saying that the enterprises will not be affected by too much Sino-US trade war in the future and will continue to develop positively. The proportion of "optimism for the better" has increased by 14.8 percentage points compared with last year's survey results, which shows that the confidence and ability of entrepreneurs in dealing with external risks in our province have greatly improved compared with last year.

The Self-assessment Ability Of enterprises is Improved. As the main foreign trade object of Heilongjiang province is Russia, which borders on it, according to the survey results, the escalation of the trade war between China and the United States has basically no impact on the trade between Heilongjiang province and Russia, but has a significant impact on the trade with the United States. According to the survey results, enterprises in Heilongjiang province have a deep understanding of the escalation of the trade war, and can make accurate evaluation of enterprises from the perspective of short-term impact and long-term development positioning. In the short term, entrepreneurs say, the first is an increase in the cost of imports and exports. Import and export of some materials to impose tariffs. Compared with South Korea, Taiwan, southeast Asia, Vietnam and other countries and regions that have not raised tariffs, Heilongjiang enterprises gradually lose their competitive advantages enterprise costs increased; Second, it affects the expansion and steady development of enterprise scale, serious loss of orders, sales decline; Third, it affects the export trade to other countries and regions. For the regions sanctioned by the United States, such as the Middle East and South Africa, the profit risks of enterprises are increased due to the increase of export process to these countries, the increase of remittance turnover times and the increase of bank fees.

Major Measures Taken by Enterprises to Cope with the Escalation of the Trade War.

Actively Explore Emerging Markets and Gradually Reduce Dependence on U.S. Exports. The United States is not the only country in the world. Companies should focus on developing new international markets and actively exploring new trading partners. They can focus on the European Union and other developing countries, expand their import and export scope and avoid putting all their eggs in one basket to fend off the risks of a trade war. Three of the companies surveyed in Hegang said they chose to reduce or suspend exports to the us to avoid risks in order to avoid the impact of trade conflicts on their companies. At the same time are actively exploring new markets in order to avoid the risks of sino-us trade friction, such as graphite co., LTD., said Laura north of the south China sea, affected by the trade conflict, the company at the same time, in the maintenance of existing Russia exporter is actively looking for Japan, South Korea related businesses, plan with Japan, South Korea has graphite exports reached a long-term cooperation. The five companies surveyed in Qiqihar made it clear that in the future they would be less concerned about the us market and instead try to develop other new markets.

Strengthening Independent Innovation and Enhancing Own Strength. "Blacksmithing also needs its own hard", the enterprise only has its own strong, can easily deal with all kinds of external influence. More than half of the enterprises surveyed indicated that they should first strengthen talent cultivation, train a batch of professional talents for the development of enterprises through effective training system, and continuously strengthen their innovation ability to improve the added value of their products, so as to improve their competitiveness in the international market. Second, we need to join forces with other companies in the industry to form a "strategic industrial force" to jointly fend off the risks of a trade war between China and the United States. Third, improve independent research and innovation, cultivate independent brands, implement brand strategy, and build international brands as a way to eliminate or ease trade friction.

Closely Follow the Situation and Enhance Win-wincooperation. Most of the companies interviewed said that in view of the current situation of China-us trade frictions, they should try their best to "know about situations, know about changes and know about actions", pay close attention to the developments, do a good job in their own investigations, and further strengthen cooperation with the government to jointly cope with external challenges. Seize the opportunity period of "One Belt And One Road" policy implementation, actively explore the international market and seize the opportunities of emerging markets.

Reasonably Avoid the Risk of Exchange Rate Fluctuations, Reduce the Loss of Enterprises. Enterprises should also closely follow the trend of exchange rate and prevent the risk of exchange rate fluctuations. In foreign trade, they should use RMB for settlement, avoid trade risks through the settlement currency, make reasonable use of rules of origin to avoid tax, defuse the risk of economic and trade frictions, and reduce the loss of profits caused by the escalation of trade war.

Businesses Look to the Government for Support

Looking Forward to Increasing Policy Support. It is hoped that the government will build a communication platform to enable Chinese enterprises to "go out" internationally, establish a brand in China, open up the situation of foreign exports and expand the domestic sales market, distribute multiple outlets, disperse customer resources, diversify trade, and minimize the threat of potential risks. The director of Heilongjiang hexinong by products co, LTD suggested: I hope the subsidy for participation in the international market can be increased. Last year, the cost of participation reached 300, 000-400, 000 yuan. Looking forward to expanding financing

Looking Forward to Expanding Financing Channels. It is hoped that the government will increase the support of policy-based financial loan and reduce the interest, which will expand the capital flow of enterprises and increase the put of operating costs. At the same time, quote credit insurance encourages enterprises to underwrite each order. In case of any problem or risk, the insurance will pay compensation to ensure the safe payment of the goods.

Looking Forward to Increasing Investment in Science and Technology. Science and technology is the primary productive force. It is hoped that the government will create the training of scientific and technological talents and investment in science and technology, and enhance the technological content, added value and international competitiveness of export products through the cultivation of scientific and technological unicorn enterprises. We look forward to a new round of support and encouragement policies from the government to help enterprises excel in new business forms and models.

We Look Forward to an Appropriate Reduction in Tariffs and the Maintenance of Stability in the Financial Market. We hope that the government will take appropriate measures to reduce tariffs and expand domestic demand and market share. At the same time, products subject to additional tariffs on the United States will be appropriately transferred to the domestic market to offset the impact of the escalating trade war between China and the United States.

We Hope the Government can Establish a Trade Early Warning System to Guide Enterprises to Avoid Risks. We hope that the relevant government departments can strengthen the monitoring of the international market, grasp the market dynamics, help enterprises take effective measures to adjust the export price and quantity of products, so as to enhance the international competitiveness of their products.

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