

## **The Transformation and Development in Henan Foreign Trade Enterprises under the Background of One Belt and One Road**

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**Abstract:** Implement the development strategy of “area” the results obtained, analysis of henan foreign trade enterprises to the current development situation, summarizes the problems existing in the enterprise operation, awareness of the need for transformation of enterprise development, is aimed at solving strategy through the analysis of problem to build, in order to realize the transformation of enterprise development, the purpose of promoting the development of the current economic operation of the enterprise and steadily.

### **1. Introduction**

In the wave of economic globalization, in order to gradually accelerate the transformation of the opening up region and promote the steady development of China's economy, through the concept of “One Belt, One Road”, China's trade links with countries such as Central Asia, Southeast Asia, Europe and Africa will be realized. Meet China's strategic development needs. Henan is a province with a large population and has unique transportation and convenient conditions. The development of foreign trade has inherent advantages. The development of Henan's “One Belt, One Road” foreign trade is conducive to actively exploring foreign trade, promoting supply-side reform, enhancing the competitiveness of Henan enterprises, and promoting urbanization. Through the guidance of the “Belt and Road” initiative and the characteristics of countries along the route, Henan foreign trade enterprises can adjust the structure of import and export products, realize the gradual increase of corporate income, change the imbalance of regional development, and rely on imports of funds to meet the current economic needs of enterprises. Social and economic development needs[1].

### **2. “One Belt and One Road” strategy on Henan’s foreign trade impact**

In recent years, henan province has achieved initial results in participating in the construction of One Belt And One Road. Since the One Belt And One Road initiative was put forward nearly six years ago, 125 countries and 29 international organizations have signed One Belt And One Road cooperation documents with China. On April 9, 2019, the 13th China henan international investment and trade fair “One Belt And One Road” was held in zhengzhou. According to wu guodin, vice governor of henan province, 71 projects with foreign investment have been approved by countries along the “One Belt And One Road” route in henan province. The agreed investment by henan enterprises in countries along the “One Belt And One Road” reached us \$2.01 billion. From 2014 to 2018, the total amount of goods trade between henan province and countries along the “One Belt And One Road” reached us \$66.58 billion, accounting for 18% of the total amount of goods trade of the whole province in the same period. According to statistics from the department of commerce of henan province[2], the overall business operation of the whole province in 2018 was stable, with improved quality and benefits, rapid growth of cross-border e-commerce and foreign investment, steady growth of household consumption and foreign trade, and steady growth of the introduction of funds from outside the province, which formed a strong support for the economic and social development of the whole province.

Since 2012, the provincial foreign trade import and export continued throughout the country the

first phalanx, can be seen from table 1, 2013~ imports and exports are rising steadily in 2018 in Henan province, from 371.288 billion yuan in 2013 to 2018, 551.271 billion yuan, the annual growth rate of 15.9%, 7.5%, 15.3%, 2.6%, 10.9%, 5.3%, and by the end of 2018, our province foreign trade import and export reached 550 billion yuan, the no.1 middle. According to customs statistics, in 2018, Henan's import and export to One Belt And One Road countries totaled 118.79 billion yuan, increasing by more than 20% for two consecutive years.

Table 1 2013~2018 Development of Import and Export Situation in Henan Province (Unit: 100 Million Yuan)

project	2013	2014	2015	2016	2017	2018
Total import	1483.83	1575.55	1916.16	1879.35	2060.98	1933.73
Total exports	2229.06	2418.81	2684.03	2835.34	3171.81	3578.99
Total import and export	3712.88	3994.36	4600.19	4714.70	5232.79	5512.71

Data sources: according to the 2013~2018 statistical bulletin from Henan province, in 2013 the average exchange rate is 6.1932 yuan for 1 dollar, Henan province bureau of statistics web site, <http://www.ha.stats.gov.cn>.

### 3. Henan plays an important role in one belt and one road

In the “One Belt And One Road” strategy, Henan plays a very important and crucial role, which is reflected not only in the position, but also in the mode and experience explored by Henan. Mainly reflected in three aspects:

First, cross-border e-commerce. The “One Belt And One Road” strategy is very important, but how to achieve the strategy depends on. According to the national plan, cross-border cooperation industrial parks, various new investment cooperation models and cross-border e-commerce should be relied on. Through the international platform of cross-border e-commerce, Henan's featured products are increasingly going global. As for the whole province, with obvious regional advantages and policy advantages, Zhengzhou takes the lead, and the siphon effect of the comprehensive test area attracts many well-known cross-border e-commerce industry chain enterprises to layout in Henan, and promotes the continuous expansion of local cross-border e-commerce enterprises, forming a complete cross-border e-commerce industry ecology. In 2018, the cross-border e-commerce transaction volume in Zhengzhou reached 59.5 billion yuan, up 25.1% year on year, accounting for about half of the province's total. Xuchang promoted the application of cross-border e-commerce in such advantageous industries as hair products, bee products and ceramics to expand foreign trade, with more than 800 cross-border e-commerce enterprises. Through the development of cross-border e-commerce, shiitake mushroom, tea, jade products, wormwood products and other products continue to go global. The development of cross-border e-commerce in the whole province is booming, and cross-border e-commerce is becoming an important way for Henan to reshape the new pattern of opening up to the outside world. According to Zhengzhou customs, from January to August 2019, Zhengzhou customs supervised 71.225 million cross-border e-commerce import and export lists, with a total value of 8.91 billion yuan, up 21.48% and 17.11% year on year, respectively. Cross-border e-commerce retail import and export business continued to grow steadily.

Second, the Henan Free Trade Zone. Henan Free Trade Zone is committed to building a modern three-dimensional transportation system and logistics system, creating a modern integrated transportation hub that serves the Belt and Road through the north-south connection, and gives Henan greater independent development, reform rights, and optimization of Henan's industrial structure and upgrading. Henan's development level provides an opportunity to explore economic development and environmental improvement. At present, three free trade test zones in Zhengzhou, Kaifeng and Luoyang have been formed. For Henan, the establishment of Henan Free Trade Zone can optimize Henan's industrial structure and enhance Henan's development level, and foster new economic growth points. Focusing on coordinating the development of domestic and foreign trade integration, promoting the transformation and upgrading of trade methods and creating a

standardized and efficient trade facilitation environment, improving the carrier of foreign trade development, expanding new trade methods, actively cultivating new trade formats and functions, and forming technologies, standards, brands and quality. Service is the core competitive advantage. At the same time, through the free trade zone to radiate the surrounding areas of Henan, to promote the ability of integrated development. Externally, the free trade zone is an open window. The construction of the free trade zone is conducive to making the trade and import of Henan trade bigger and stronger, improving the level of foreign investment utilization, and implementing the pre-entry national treatment plus negative list management system for foreign investment. Post-event supervision system that is compatible with negative list management.

Third, “double creation.” In addition to the Henan Free Trade Zone, another national strategy for landing in Henan: In 2016, the National Development and Reform Commission of China approved the construction of the Zhengzhou Airport National Double Demonstration Base. As the main strategy of Henan Province, Zhengzhou Airport Economic Comprehensive Experimental Zone bears the important mission of developing modern industry, expanding opening up, building aviation city and leading innovation and development in Henan Province. Zhengzhou Airport has fully implemented the 7×24-hour customs clearance guarantee to achieve “on-the-go inspection and fast customs clearance”. Access to Seoul, Bangkok, Vancouver, Tokyo, Chicago and other overseas cities has basically formed a network of hub routes across the three major economic zones of Europe, Asia and the United States and covering the world's major economies. In 2018, the regional GDP of the airport experimental area exceeded 80 billion yuan, reaching 80.02 billion yuan, a year-on-year increase of 12%, respectively, higher than the province, the city 4.4, 3.9 percentage points, ranking first in the city.

#### **4. Problems faced by the development of Henan's foreign trade**

First, although henan has a large population, its overall education level is not high, and there is a big gap in foreign trade talents, especially in cross-border e-commerce. Due to cross-border electricity has been developed in recent years, many talented people who engage in cross-border electricity is in the constant practice of international trade gradually master the cross-border electrical business skills, this part people early in traditional international trade, later found through e-commerce platform to carry out international trade can bring more benefit, so start the cross-border trade, e-commerce or cross-border electrical contractor. With increasing cross-border electricity business import and export, all sorts of cross-border electricity trading platform also on the rise, countries introduced gradually encourage cross-border electricity business policies and measures, more and more companies started by cross-border e-commerce platform to carry out international trade, so many enterprises need to cross-border electricity businessmen, leading to shortages now cross-border electricity businessman didn't appear in China[3]. Especially with the implementation of “One Belt And One Road” in China, the scale of cross-border e-commerce transactions between China and countries along the “One Belt And One Road” is constantly expanding. Therefore, China needs some cross-border e-commerce merchants in small languages who know the languages of countries along the “One Belt And One Road”. We should constantly increase the investment in education, constantly improve the quality of the people, and train more outstanding foreign trade talents.

Second, ethnic and religious issues in countries and regions along the “One Belt And One Road” are complex, and ethnic issues should be handled cautiously in the process of foreign trade. The practice of “One Belt And One Road” is an inclusive and open strategic planning for international cooperation, but it involves a large number of countries, and different countries have different interest demands, even causing strategic conflicts. Some relevant countries, such as Japan and the United States, even believe that the implementation of the “One Belt And One Road” initiative has affected their strategic layout in the asia-pacific region to some extent and they are on high alert. Even in countries as far away as the Middle East and Europe, subtle and sensitive policy adjustments sometimes occur when relevant interests of “One Belt And One Road” are involved. All of these complex political, economic, diplomatic and geographical factors are woven together to

form inevitable geopolitical risks, which pose great challenges to the promotion of the One Belt And One Road initiative[4]. In the process of “going global”, Chinese enterprises should have specific geopolitical risk assessment to ensure that they can actively and steadily advance their “going global” strategy in a complex and volatile situation and form a sound cooperative relationship with countries along the routes. This is also the challenge that China's One Belt And One Road initiative will face in the future.

Third, the foreign trade of henan and the trade exchanges between One Belt And One Road countries and regions will make the competition between enterprises more and more fierce. Some industries and products in the future development direction of henan's foreign trade under the strategy of One Belt And One Road, which seems to be inferior in China, are likely to become superior industries and products in countries and regions along the “One Belt And One Road”. Conversely, a product that is a strength can become a weakness. Enterprises must change their strategies and prepare themselves for steady and long-term operations[5].

## **5. “One Belt and One Road” background of Henan foreign trade enterprises transformation and development optimization strategy**

First, optimize the open layout. Henan province should promote the construction of a modern transportation system and strengthen connectivity with countries and regions along the new Eurasian continental bridge economic corridor. To actively promote free trade area of henan province construction, give play to the role of central trains, actively promote the transformation and upgrading of trade, to strengthen the construction of docking port and hub city, the construction of henan economic corridor of new asian-european land bridge to air the silk road and the silk road of the land, makes the inland to the west open to new heights, and then optimize the henan is open to the development of new asia-europe continental bridge economic corridor layout, power “in” practice “go go”.

Second, gradually increase the added value of foreign trade products. In the development of henan foreign trade enterprises, in order to improve their competitiveness in the transformation and development of enterprises, we should gradually enhance the added value of foreign trade products, in order to promote the steady development of regional foreign trade enterprises. Conditions, usually in the development of foreign trade enterprise transformation need to do: (1) in developing foreign trade enterprises, should gradually change the management idea, through the mode of production, innovation, reform and innovation of the industrial development, basic products deep processing, to improve the scientific nature of the foreign trade products, provide support for foreign trade enterprise product innovation. Moreover, in the optimization of foreign trade product quality, the added value of products should be enhanced, and industrial innovation of products should be carried out in combination with the reform and transformation of foreign trade enterprises, so as to improve the economy of industrial product innovation and provide support for the development of foreign trade enterprises in henan. (2) in the operation of foreign trade enterprises, in order to actively strengthen the brand construction, through quality brand strategy, marketing program innovation, change the business philosophy of enterprises, establish a good brand image for enterprises, to enhance the core competitiveness of enterprises, for the current development of foreign trade enterprises to provide support.

Third, the construction of foreign trade enterprises transition early warning mechanism. With the development of social economy, foreign trade enterprises should combine the development status of enterprises in the transformation to build an early warning mechanism, so as to avoid the risks of enterprises. In general, the following should be done in the construction of the transformation early warning mechanism of foreign trade enterprises: (1) in the analysis of exchange rate volatility risk and uncertainty, when the corporate tax rate of large amount of small and medium-sized enterprises, the need to risk prevention as the key, through the analysis of institutions with financial enterprise operation condition, exchange rate risk and financial risk control, product at a fixed exchange rate foreign trade enterprises cost, timely solve the problems existing in the development of foreign trade enterprises, in order to guarantee the exchange rate of foreign trade enterprise cost, provide

reference for the operation of the foreign trade enterprises to develop. (2) in the operation of the enterprise, in order to improve the effectiveness of the foreign trade enterprise management, should be innovative integration scheme of information channels, through the enterprise information collection, information transmission and information feedback, etc., the integration of enterprise management, to improve enterprise comprehensive operation of economy, the emergence of avoiding the phenomenon of enterprise blind area, fully guarantee the timeliness, accuracy and efficiency of information management. (3) in henan province in the development of foreign trade enterprises, should be combined with the analysis of the foreign trade industry and enterprise operation condition, product indicators of clear give full play to the enterprise market lever mechanism, and through the analysis of supply and demand, to avoid the emergence of the market deterioration, make the enterprise early warning mechanism, in order to realize the control of the enterprise operation condition. (4) in the early warning mechanism is perfect, should also actively strengthen the scientific research of enterprises, through product innovation and the construction of early warning program, enhance the core competitiveness of enterprises, to provide support for the development of enterprises.

Fourth, build a diversified industrial investment and financing mechanism. In the development of foreign trade enterprises in henan province, in order to achieve the ultimate goal of transformation and development, it is necessary to strengthen the support of financial funds and provide references for the innovation of enterprise financial management and financing policies through the construction of diversified and multi-level innovative investment and financing mechanisms. For some small and medium-sized enterprises, they should carry out industrial transformation and development through continuous scientific and technological innovation, improve their investment and financing management system, and enhance their core competitiveness. In the operation of foreign trade enterprises, it is necessary to take “One Belt And One Road” as the key point and build a diversified and multi-channel scientific and technological innovation mechanism through financial allocation, financial allocation and self-financing, so as to provide support for the economic development of foreign trade enterprises.

Fifth, build the policy development concept of “going global”. According to the operation of foreign trade enterprises in henan, in order to gradually improve their competitiveness, policies should be publicized, detailed activities should be innovated, and information resource sharing mechanism should be established. For foreign trade enterprises in henan, they should actively increase the support of capital and introduce a new strategic development platform to enhance the value of enterprise capital management.

## **6. Conclusion**

In the development of foreign trade enterprises, the operation of enterprises should be the focus. Henan foreign trade enterprises should carry out innovation of enterprise management scheme through industrial transformation and industrial upgrading, so as to realize the integration of enterprise system and fully meet the development needs of enterprises. For enterprise managers, should realize the problems existing in the enterprise operation, through the analysis of influencing factors, increase the added value of products, creating a perfect early warning mechanism, and through the innovation of the diversified industrial investment and financing management scheme, the operational status of the foreign trade enterprises in henan region integration, by strengthening the support funds, the introduction of new strategic development platform, to enhance the value of enterprise capital management, improve enterprise's core competitiveness, promote the innovative development of the enterprise.

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