

Problems and Countermeasures of High-Quality Development of Foreign Trade in Heilongjiang Province

Jiacai Hu*

*School of Economics, Harbin University of Commerce, Harbin, China
15556549004@163.com*

**Corresponding author*

Abstract: *With the continuous promotion of the "the Belt and Road" and the establishment of the free trade zone, the foreign trade of Heilongjiang Province will usher in a new wave of development climax. However, in the development of foreign trade in Heilongjiang Province, a series of problems have gradually emerged, such as weak product competitiveness, weak brand effect, weak export, low added value of products, unbalanced development of foreign trade market, lack of risk early warning mechanism, low government efficiency and so on. This paper will give corresponding countermeasures and suggestions according to various hidden dangers and problems in the development of foreign trade in Heilongjiang Province, so as to clear the obstacles and pave the way for the high-quality development of foreign trade in Heilongjiang Province.*

Keywords: *Heilongjiang Province, Foreign trade, Problem, Countermeasures*

1. Introduction

On November 23, 2021, the Ministry of Commerce of China issued the "14th Five-Year Plan for High-quality Development of Foreign Trade", which summarized the achievements of China's foreign trade development since the 13th Five-Year Plan and put forward the task requirements and countermeasures for China's foreign trade development during the 14th Five-year Plan period. This is of great significance to the high quality development of foreign trade in Heilongjiang Province. Most prominent in Heilongjiang Province as China's economy has now been overtaken by other provinces, the weak economy, low birth rates, aging degree deepen and high-quality talent loss serious problems in Heilongjiang Province itself sustained drop in spending power, and in the competitiveness of the domestic market is better than other provinces, however, as a result, Heilongjiang province has more urgent demand for foreign trade than other provinces. Heilongjiang province needs to take advantage of the "Belt and Road" and the establishment of free trade zones, continue to promote high-quality development of foreign trade, actively integrate into the economic life of countries along the "Belt and Road", and promote the economic development of Heilongjiang Province with foreign trade.

2. Foreign trade status of Heilongjiang Province

Although Heilongjiang Province is located in the northernmost tip of China and far away from domestic economic hot spots, which is not conducive to the integration with the domestic economy, as the core of Northeast Asia, Heilongjiang Province is backed by Russia, bordering on North Korea, facing South Korea and Japan across the sea, coupled with the support of national policies and rich natural resources, these have laid the advantages of Heilongjiang Province in developing foreign trade.

2.1. Foreign Trade has Developed Rapidly, with Great Differences in Import and Export

The outbreak of COVID-19 in 2020 has seriously affected the development of foreign trade in Heilongjiang Province, resulting in a certain degree of decline in the relevant trade data of Heilongjiang Province. As an unpredictable special emergency, it has had a huge impact on the development of foreign trade in Heilongjiang Province, disrupted the normal process of trade development in Heilongjiang Province, and is not conducive to the research and analysis of this paper. Therefore, consider selecting the foreign trade data of Heilongjiang Province from 2016 to 2019 as a sample to

analyze the achievements and characteristics of foreign trade development in Heilongjiang Province during the 13th Five Year Plan period. The results are shown in Figure 1.

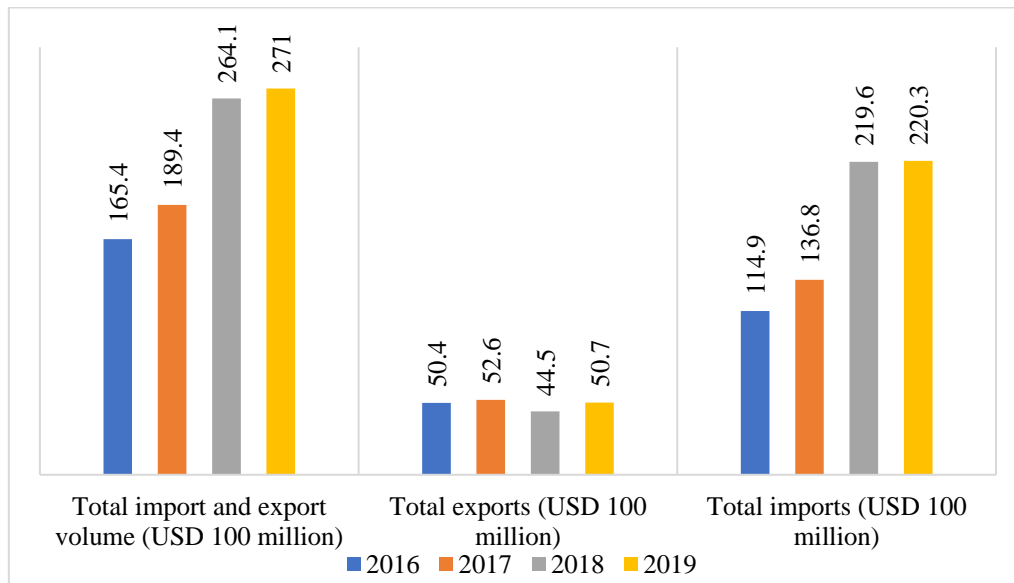


Figure 1: Foreign trade import and export data of Heilongjiang Province from 2016 to 2019 (Data source: Heilongjiang statistical yearbook)

As can be seen from Figure 1, the foreign trade of Heilongjiang Province has developed rapidly. The total import and export volume has increased rapidly from US \$16.54 billion in 2016 to US \$27.1 billion in 2019, with an average annual growth of nearly 18%, of which the total import volume has increased from US \$11.49 billion to US \$22.03 billion, with an average annual growth of 24%. However, the development of export trade is very slow, with an increase of only US \$30 million in three years and great volatility, It makes the foreign trade of Heilongjiang Province in a state of deficit for a long time and has a trend of rapid expansion, which exposes the problem that Heilongjiang Province has been in a weak position and weak competitiveness in foreign trade for a long time. The attraction of export products to foreign consumers is not strong, but the dependence on foreign products is strengthening, which further worsens the foreign trade situation of Heilongjiang Province.

2.2. Exports are Mainly Industrial Manufactured Products and Imports are Mainly Primary Products

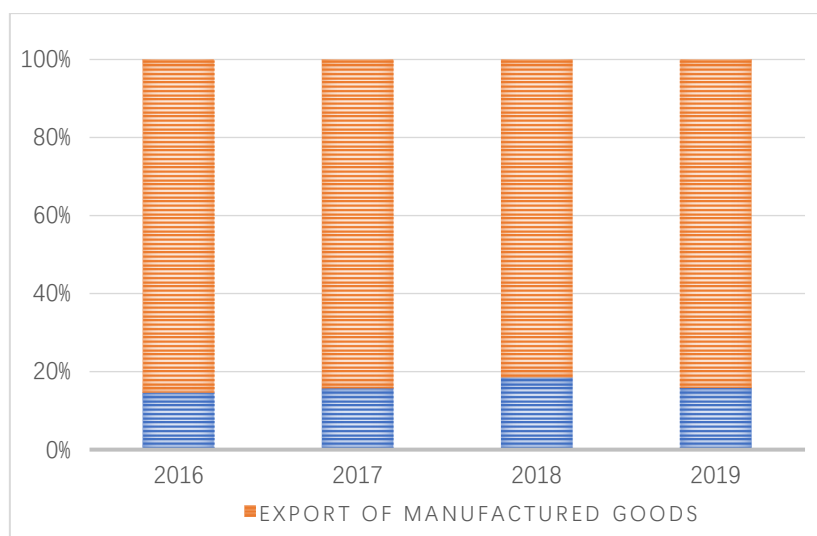


Figure 2: Composition of export proportion of Heilongjiang Province from 2016 to 2019 (Data source: Heilongjiang statistical yearbook)

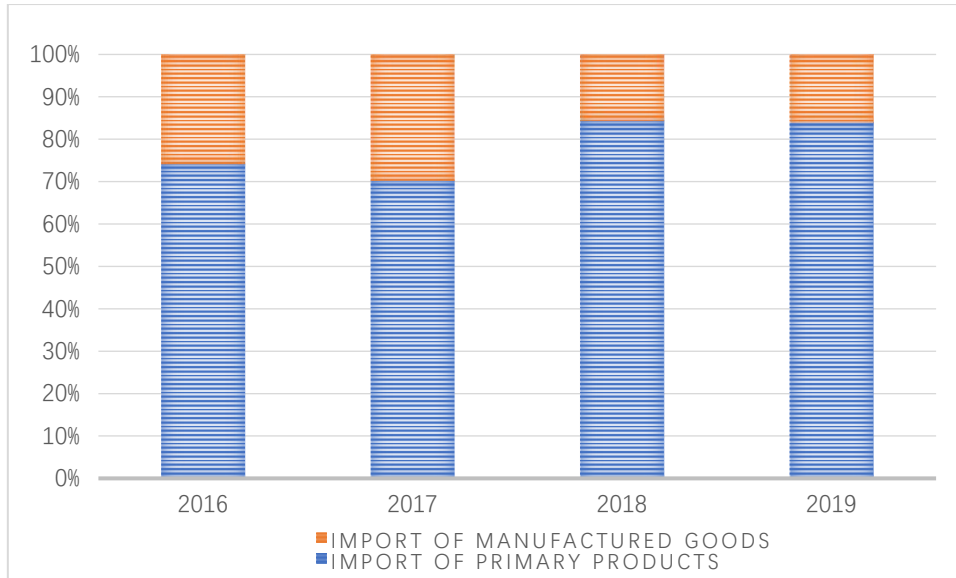


Figure 3: Composition of import proportion of Heilongjiang Province from 2016 to 2019 (Data source: Heilongjiang statistical yearbook)

During the 13th Five Year Plan period, the types of export commodities in Heilongjiang Province tended to be diversified, with more than 2400 varieties, mainly industrial manufactured products such as mechanical and electrical products, agricultural and sideline products and labor-intensive products. As can be seen from Figure 2, in the four years from 2016 to 2019, the proportion of industrial manufactured products in Heilongjiang province's export commodities has always exceeded 80%, reflecting the strong industrial manufacturing capacity of Heilongjiang Province. In 2019, the total export of industrial manufactured products of Heilongjiang Province reached 29.42 billion yuan, accounting for 84.2% of Heilongjiang's total export, and the advantage was further expanded. In terms of import, it is mainly primary products such as crude oil, iron ore and agricultural products. As can be seen from Figure 3, in the four years from 2016 to 2019, primary products accounted for more than 70% of the imported goods of Heilongjiang Province, reflecting the great dependence of Heilongjiang Province on foreign raw materials. In 2019, the total import of primary products of Heilongjiang Province reached 127.36 billion yuan, accounting for 83.98% of the total import of Heilongjiang Province, Dependence also has a further strengthening trend.

2.3. With Diversified Trading Partners, Russia Has an Absolute Advantage

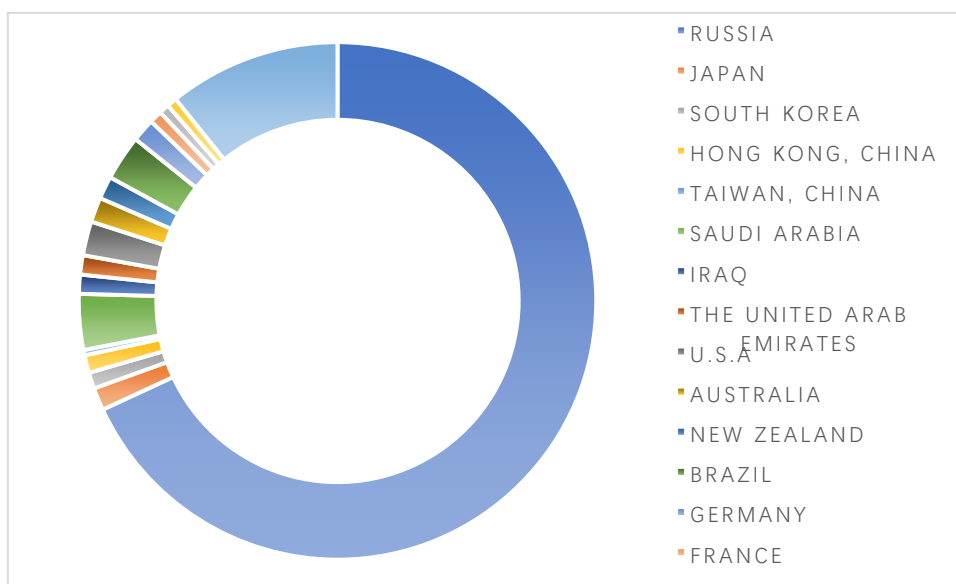


Figure 4: Major trading partners of Heilongjiang Province in 2019 (Data source: Heilongjiang statistical yearbook)

Relying on national policies such as the "the Belt and Road" initiative, the construction of free trade zone and China Europe railway, and its unique geographical location, Heilongjiang Province has established trade partnerships with more than 200 countries and regions in the world. This paper takes the main trade partners of Heilongjiang Province in 2019 as an example. The results are shown in Figure 4. Heilongjiang Province has built a trade partner group with Russia, Japan, South Korea, China's Hong Kong and Taiwan regions and countries along the "the Belt and Road" as the main structure. The total trade volume with Russia reached 127.07 billion yuan, accounting for 68% of the total foreign trade volume of Heilongjiang Province, playing an indispensable role in the foreign trade pattern of Heilongjiang Province. During the 13th Five Year Plan period, the province's total exports to Russia reached 481.44 billion yuan, with an average annual growth of 12.5%, accounting for more than 60% of the total foreign trade of Heilongjiang Province and about 15% of the country's trade with Russia. China's position as the largest province in trade with Russia was further consolidated.

3. Problems in foreign trade of Heilongjiang Province

Through the above analysis, we can see that although Heilongjiang Province has made great achievements in foreign trade during the 13th Five Year Plan period and maintained a rapid growth rate, there are many hidden dangers. If these problems are not solved in time and preventive measures are taken, it will cause great obstacles and huge losses to the development of foreign trade in Heilongjiang Province.

3.1. Low Product Competitiveness and Low Brand Effect

Although the foreign trade of Heilongjiang Province has developed rapidly and achieved good results in recent years, the shortcomings of small overall competitiveness and low brand effect of products in Heilongjiang Province have always restricted the development of export trade of Heilongjiang Province, resulting in slow export growth and long-term trade deficit. At present, the product export strategy and competitive advantage of Heilongjiang Province are still based on low price, but with the improvement of labor cost in Heilongjiang Province and the improvement of foreign production efficiency, the strategy of relying on price advantage to obtain market competitiveness will be more and more difficult to work. In addition, the export enterprises of Heilongjiang Province do not pay attention to the construction of brands and are unable to deeply impress their brand impression, which leads to the weak attraction of export products to foreign consumers and the difficulty of making further breakthroughs in foreign markets, resulting in the poor development of export trade in Heilongjiang Province and the bottleneck period of development for a long time.

3.2. The Added Value of the Product Is Not High and the Profit is Low

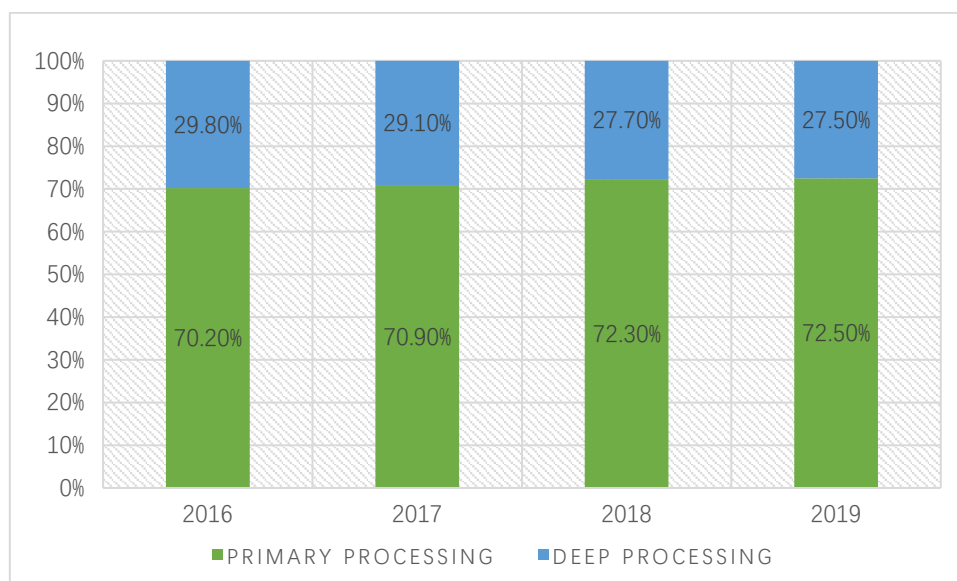


Figure 5: Proportion of primary and deep processed products of export products of Heilongjiang Province from 2016 to 2019 (Data source: Heilongjiang statistical yearbook)

Although the products in the export trade of Heilongjiang Province are mainly industrial manufactured products, most of these industrial manufactured products are only labor-intensive and resource intensive products. They only go through simple light processing or simple product assembly, which beautifies the export status of Heilongjiang Province to a certain extent and covers up the trade problems of Heilongjiang Province. As can be seen from Figure 5, the proportion of light processed products in the export products of Heilongjiang Province has exceeded 70% year by year and has a trend of increasing year by year. Therefore, the added value of the export products of Heilongjiang Province is generally not high, and even a considerable part of the products are produced and assembled in other provinces in China. Heilongjiang Province is only used as a transit station for these products to obtain meager transit costs^[1], so the export products of Heilongjiang Province generally have low profits, The economic pulling effect on the province is not obvious enough.

3.3. The Development of Foreign Trade Market Is Unbalanced and Vulnerable to Uncertain Factors

Among the many trading partners in Heilongjiang Province, Russia occupies an absolutely dominant position. With geographical and policy advantages, Heilongjiang's total trade with Russia in recent years accounts for more than half of Heilongjiang's total foreign trade, and the development speed is faster than other foreign trade, which leads to the unbalanced development of Heilongjiang's foreign trade and is vulnerable to uncertain factors^[2]. In addition, Russia's international environment is very bad. For a long time, Russia has been subject to economic sanctions and political isolation from the West. The West even threatened to kick Russia out of the US dollar based SWIFT international settlement system, which has greatly threatened the normal trade between Heilongjiang Province and Russia. Because Russia plays an indispensable role in the foreign trade of Heilongjiang Province, once the domestic economic situation of Russia is unfavorable, It is bound to cause serious damage to the foreign trade of Heilongjiang Province, or even retrogression.

3.4. Lack of Rapid Response Mechanism to Deal with Trade Disputes

With the rapid development of foreign trade in Heilongjiang Province, the economic ties between Heilongjiang Province and its trading partners will become closer and closer, and the trade frictions between the two sides will become more and more frequent. If these trade frictions are not handled in time, it will inevitably destroy the normal trade exchanges between Heilongjiang Province and its trading partners and hinder the further development of foreign trade in Heilongjiang Province. Therefore, It is necessary to establish a professional rapid response mechanism to deal with these trade disputes. However, so far, Heilongjiang Province has not established a relevant response mechanism or early warning mechanism, and there is a lack of professional legal personnel to deal with trade disputes, which will not only increase the risk of trade disputes, but also make the import and export enterprises in Heilongjiang Province in a difficult situation of isolation in case of trade friction, Facing huge economic losses, it will attack the enthusiasm of enterprises to carry out foreign trade, and then hinder the normal development of foreign trade in Heilongjiang Province.

3.5. Administrative Procedures are Complicated and Inefficient

Low government efficiency and complicated administrative procedures have always been the most troublesome problems faced by enterprises and individuals, which is more common and serious in Heilongjiang Province. Foreign trade enterprises in Heilongjiang province need to go through multiple complicated procedures and run multiple departments and windows before foreign trade and when goods enter and leave the customs. The processing cycle is long and the efficiency is low. In addition, the policy implementation of functional departments in Heilongjiang Province is not strong enough, the new policy can not be implemented for a long time, and the work is greatly reduced. The troubles and problems caused by these human factors to foreign trade enterprises hinder the normal development of foreign trade in Heilongjiang Province to a certain extent.

4. Countermeasures and Suggestions on Foreign Trade of Heilongjiang Province

According to the problems existing in the development of foreign trade in Heilongjiang Province and combined with the actual situation of Heilongjiang Province, Heilongjiang province needs to make improvements according to the following countermeasures and suggestions to eliminate the development problems of Heilongjiang Province and prevent them from happening.

4.1. Encourage foreign Trade Enterprises to Build Their Own Brands

Heilongjiang province needs to guide foreign trade enterprises to change the previous concept of winning by price, turn to the business philosophy of winning by quality and brand, pay attention to product quality, actively carry out development and innovation, explore and develop product characteristics, create the exclusive characteristics of this product, and shape the regional brand with the brand of Heilongjiang Province. Only in this way can the product impression be implanted into the hearts of consumers, win the favor of consumers and obtain the competitiveness in the market, we have achieved steady growth in exports and foreign trade.

4.2. Pay Attention to High-Tech Research and Development and Cultivate High-Quality Talents

As an old industrial base, Heilongjiang Province has gradually lagged behind other provinces after the national reform and opening up. In addition to geographical and policy factors, Heilongjiang province does not pay attention to high-tech R & D and training high-quality talents is also an important factor, which is also the main reason for the low added value and low profit of products in Heilongjiang Province. Relying solely on the expansion of production scale is impossible to revitalize Heilongjiang's economy. Heilongjiang Province should increase its support for high-tech enterprises, introduce preferential policies, reduce or cancel the relevant tax rates of high-tech enterprises, actively finance the technological research and development of high-tech enterprises and solve the financial difficulties of high-tech enterprises^[3]. In addition, Heilongjiang Province also needs to establish a set of education and training mechanism to cultivate high-quality talents, cultivate professional talents and lay a talent foundation for the development of high-tech. Compared with cultivating talents, retaining talents is the key. Heilongjiang Province should introduce a series of attractive preferential policies and strive to create convenient conditions for the clothing, food, housing and transportation of high-quality talents and the education of future generations. Only in this way can we retain and attract talents^[4].

4.3. Establish more Bilateral Trade Channels and Guide Enterprises to Reasonably Disperse Foreign Trade

Heilongjiang province still needs to rely on its geographical and policy advantages to maintain the advantages and development momentum of trade with Russia, but on this basis, Heilongjiang province needs to carry out closer trade exchanges with economies such as South Korea, Japan, Mongolia, the European Union, ASEAN and the United States, reduce tax rates, remove trade barriers, open up more bilateral trade channels and create convenient conditions for bilateral trade exchanges^[5]. Heilongjiang Province also needs to introduce relevant policies to guide enterprises to disperse foreign trade and reward enterprises with outstanding contributions in this regard. Only by balancing the foreign trade of Heilongjiang Province and realizing the diversification of export market can we enhance the ability of Heilongjiang Province to resist the influence of uncertain factors.

4.4. Establish Professional Early Warning Mechanism and Legal Department

Heilongjiang provincial government should take the lead in cooperating with foreign trade enterprises to establish a professional early warning mechanism, scientifically analyze and evaluate the risk coefficient of trade transactions of foreign trade enterprises, give suggestions and make early warning reminders, so as to achieve the purpose of preventing risks; In addition, Heilongjiang Province should also cultivate a large number of relevant professional legal talents, and then establish a professional trade dispute legal department to provide professional legal consulting services for enterprises with trade disputes, so as to minimize the economic losses of foreign trade enterprises; Finally, Heilongjiang Province should also establish a special tax rebate mechanism or special economic compensation mechanism to make economic compensation to enterprises that have suffered improper losses in foreign trade. Only by establishing a trade dispute settlement mechanism combining pre-warning, in-process assistance and post compensation, can we completely solve the trade dispute dilemma of enterprises in Heilongjiang Province.

4.5. Integrate the Functions of Multiple Departments and Create a Network Management Platform and Supervision Platform

Heilongjiang province needs to continuously reduce the administrative procedures, eliminate unnecessary and repeated qualification examination, integrate the functions related to the nature of

multiple departments and attribute them to a single department, so as to avoid shirking responsibilities among multiple departments and prevent the lazy government behavior of government personnel. In addition, Heilongjiang province needs to make full use of network tools and launch the construction of network management platform on a large scale, so that foreign trade enterprises can handle things successfully without leaving home through the network management platform and save the time and cost of enterprises. Heilongjiang Province can also establish a network supervision platform. Any enterprise and individual can anonymously put forward improvement suggestions on this platform, and urge the government to do more and good things through public supervision, so as to improve the efficiency of the government.

5. Conclusions

With the COVID-19 gradually being basically controlled in various countries, trade exchanges among countries around the world are gradually recovering. Heilongjiang Province should seize the historical opportunity, make full use of its geographical and policy advantages, take accurate measures according to various problems existing in the province's foreign trade, nip risks in the bud, improve the production and operation environment of foreign trade enterprises in Heilongjiang Province, and pave the way for the high-quality development of foreign trade in Heilongjiang Province.

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