Study on Development Countermeasure of Chinese Textile and Clothing Industry under “One Belt One Road” (OBOR) Strategy

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Abstract. The development of Silk Road has a profound historical contribution to the development of trade and communication of China’s textile and OBOR strategy is the inheritance and innovation of history. The significance of this paper is to make China’s textile and clothing industry better develop and propagate under OBOR strategy. This paper begins to discuss in four aspects, including basic concept, development opportunities, analysis on challenge, and development countermeasures of OBOR. Starting from the basic concept, the paper analyzed China’s industrial transfer and industrial upgrading under OBOR strategy, then discussed & resulted that we shall seize the opportunities firmly in the aspects of policy environment, microenvironment and international environment, actively face the challenges in production, trade, brand and environment, tackle the issues, and propose reasonable countermeasures and suggestions in the perspectives of the government and enterprise.

Introduction

In 2013, during his visits to Central Asia and ASEAN, Chinese President Xi Jinping proposed the strategic idea to jointly build the Silk Road Economic Belt and the 21\textsuperscript{st} Century Maritime Silk Road successively (OBOR for short), which endowed the new time connotation for the ancient Silk Road, injected new vigor to the cooperation with Pan-Asia and Asia & Europe region, and got wide attention and positive response in the international community. The development of OBOR is the important strategic decision made by the Party Central Committee Secretary-General XI Jinping to actively cope with the profound change of global situation and consider both the domestic and international situations. We shall correctly comprehend the historical background, profound significance and strategic importance of OBOR, to build consensus, achieve shared growth through discussion and collaboration, and enjoy the prosperity jointly with all other countries and parties. In the building process, we have to give full play to the role of foundation and guide in economic and trade cooperation, continuously enlarge the trade investment with the countries along OBOR, and promote regional economic integration and common prosperity.

Since the reform and opening-up of new China, after many years of development, China has become a large trading and manufacturing country of clothing industry by undertaking the transfer of global textile and clothing industry and the industrial technology. Although in the link of additional value, Chinese textile and clothing industry has embedded into the global value chain, which mainly focuses on purchase of raw material, trade connection, and product processing in the industry. Besides, in the textile and clothing industry, there’re more and more adverse factors affecting our expert trades of Chinese textile and clothing products with other countries in recent years, which force the enterprises to change their previous management and operation method of small profits but quick turnover and finally realize industry transformation and upgrading. “The Belt and Road Initiative” offers new opportunities of development for Chinese enterprises. This thesis has explained the industrial characteristics of Chinese regional textile and clothing industry, and pointed out that our country shall seize the great opportunity, control the advantageous link in the value chain of textile and clothing industry, and promote rapid transformation and upgrading of Chinese economic development.
Analysis on Development Opportunity of Chinese Textile and Clothing Industry under “The Belt and Road Initiative”

Policy Environment

The competitiveness of China is increasing annually. The implementation of Chinese “The Belt and Road Initiative” has not only increased the international competitiveness for Chinese textile and clothing production and brought more profits for the enterprises, but also promoted the development for the national and regional economy so as to realize a win-win situation. At beginning of 2015, XU Yingxin, the Executive Vice President of China International Textile and Clothing Industry Company said that under “The Belt and Road Initiative”, Chinese textile industry has entered a brand new stage of overseas investment of transnational enterprises, and “The Belt and Road Initiative” has accelerated the international resource allocation and will help Chinese textile industry make new breakthrough in the global value chain.

In the meantime, the cooperation of trade agreement between China and other countries tends to be stable. In the government’s view, the service function of government has been improved to a certain extent. “The Belt and Road” is an initiative of our country and supported by the direction and encouragement of the government, many companies have “gone global”. The government has improved the condition of investment and trade agreement with other countries to help the enterprises, especially the small and medium-sized enterprises, and build them a safe and stable political and economic environment. When China makes investment in these countries, there will be some preferential measures offered to Chinese enterprises.

Microenvironment

In the enterprises’ view, firstly, Chinese enterprises have the advantage of low cost and large scale. At present, China has become the largest textile and clothing producer in the world. On the one hand, it is because Chinese traditional textile and clothing industry has a basis advantage; on the other hand, the numerous cheap labor force of China in last century was very suitable for development of textile and clothing, and other labor intensive industries. The combination of large scale and low cost leads to the competitive advantage of textile industry in the manufacturing industry.

Secondly, implementation of “The Belt and Road Initiative” has more effectively taken advantage of two markets and improved the internationalization level of textile industry. Hongdou Group Co., Ltd. in Jiangsu, Texaco, Acer Incorporated, Ruyi Group and other leading enterprises have conducted business all over the country and greatly improved their global competence through overall arrangement and increase of international competitiveness. These are excellent enterprises that starting with the competition in the entire industry chain, have a higher international vision than the low-end enterprises with backward production which simply use cheap labor force to transfer. These enterprises have, on the one hand, used the investment from the world leading countries with backward production which simply use cheap labor force to transfer. These enterprises have, on the one hand, used the investment from the world leading countries with backward production which simply use cheap labor force to transfer. They are more and more capable to use the brands. In terms of capital and trade, Bank for International Settlements is right in continuous arrangement, and cross-border E-commerce is breaking the situation that the traditional trade raises price bit by bit. For this aspect, under “The Belt and Road Initiative”, China has greatly reduced the barriers of the international trade agreement TPP and other restrictions on the international trade of China.
International Environment and Cluster Advantage

**International Environment.** In the international environment, Chinese textile and clothing industry has a lot of development opportunities. Firstly, Chinese textile and clothing industry has promoted the countries along “The Belt and Road” to gradually become comprehensive partners from trade partner. Chinese textile and clothing industry enters “The Belt and Road Initiative”, and the export and import trade structure of Chinese textile is undergoing significant changes. Export of some low-end textile and clothing products declines gradually in the global trade. The scale of export of textile raw materials and spinning yarn with the ASEAN countries and Southeast Asia countries increases rapidly; especially, Chinese import from these countries has increased obviously, which means that these countries are turning their trade destination countries into trade and investment countries and destination countries of industry transfer of China. It also shows that Chinese textile and clothing industry can match other countries better, and the comprehensive cooperation relationship is remitting various negative situations before gradually.

Secondly, joining in “The Belt and Road Initiative” means that China exchanges needed goods, makes and shares mutual benefits with other countries along the Belt and Road, and shapes a good country image. The population of countries joining in “The Belt and Road Initiative” accounts for 60% of the world population, i.e., more than 4 billion; basically, the Per Capita GDP is USD 5,500, almost half of world average. In the participating countries of “The Belt and Road Initiative”, the local investment, production and life conditions can be improved easily through some major projects including perfection of some infrastructural projects. Despite all this, the investment and immediate effect are required to achieve the goal of enriching people and then realize inclusive development. The development experience of China has shown that to develop the textile and clothing industry is the choice of all developing countries. At present, as Chinese textile and clothing industry has made more progress, the income of employees in Vietnam has leaped several stages, from USD 100 to USD 300, Uzbekistan, Cambodia and other countries also benefit from investment in textile and clothing industry, which abstracts more countries to invest Chinese textile and clothing industry. At the same time, the industry environment, trade competitiveness and market expansion covered by the positive influence to development of local economy from investment management of Chinese textile and clothing industry have fully verified that “The Belt and Road Initiative” is a road of friendship, harmonious and common prosperity.

![Figure 1. Analysis on Total Clothing Volume of Trade of China.](image)

We can clearly see the total clothing export of main clothing exporting countries and proportion in the world total clothing export in 2013 from Fig.1 and Fig.2. China is still the largest clothing exporter in the world and the international market share in 2013 is USD 177.43 billion. The clothing export of EU accounts for 6.65% of the world total clothing export. In recent years, Bangladesh has a good performance and has climbed to the fourth exporter. Hong Kong’s entrepot trade of clothing export ranks the third. Due to the cheap raw materials and low cost of labor force, India and Vietnam respectively rank the sixth and the seventh. Turkey also has a market share of certain proportion, so do America, Pakistan, Korea, and other countries.
According to the spatial distribution in Fig. 3, the present global clothing export trade focuses on two core regions, in which, one is the countries along “The Belt and Road”, including China, Bangladesh, Vietnam, India, Turkey, etc. and the other one is the 27 European countries in the region of “The Belt and Road”. North America is the main export market and the clothing export of countries in Africa and Latin America is low.

Table 1 shows that, in Nov. 2015, the export value of textile and the scale of clothing industry reach 44.96 billion Yuan, with a growth rate of 2.1%. As shown in the table, from Jan. 2015 to Nov. 2015, the scale of Chinese textile and clothing industry is bigger and bigger; in this light, Chinese textile and clothing industry develops well in the world.

<table>
<thead>
<tr>
<th>Time</th>
<th>Export Delivery Value of Textile, Clothing and Accessories of Current Period (RMB 100 million)</th>
<th>Accumulated Export Delivery Value of Textile, Clothing and Accessories (RMB 100 million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nov. 2015</td>
<td>449.6</td>
<td>4612.4</td>
</tr>
<tr>
<td>Oct. 2015</td>
<td>451.2</td>
<td>4147.4</td>
</tr>
<tr>
<td>Sep. 2015</td>
<td>473.6</td>
<td>3694.6</td>
</tr>
<tr>
<td>Aug. 2015</td>
<td>460.6</td>
<td>3218</td>
</tr>
<tr>
<td>Jul. 2015</td>
<td>456.3</td>
<td>2757.9</td>
</tr>
<tr>
<td>Jun. 2015</td>
<td>464.4</td>
<td>2295.2</td>
</tr>
<tr>
<td>May 2015</td>
<td>402.5</td>
<td>1830.5</td>
</tr>
<tr>
<td>Apr. 2015</td>
<td>374.4</td>
<td>1426.4</td>
</tr>
<tr>
<td>Mar. 2015</td>
<td>380.2</td>
<td>1047.6</td>
</tr>
</tbody>
</table>


**Cluster Advantage.** Firstly, “The Belt and Road Initiative” can bring new opportunities for cluster development of Chinese textile and clothing industry. Chinese textile and clothing industry is mainly distributed in Jiangsu, Zhejiang, Fujian and Guangzhou, which are all areas with developed private economy, where the entry requirement of textile and clothing industry is low and it is easy to form industrial cluster, and even a single product can form a scale of nationwide and become one of the best products in the market. In this mode, optical configuration of regional industrial resources can be promoted more effectively by deepening specialization of industry, industrial cluster of external economies of scale, increasing upstream and downstream of industry chain, occupying the market, or improving product innovation among enterprises.

Secondly, “The Belt and Road Initiative” can also bring new opportunities for cluster development of textile and clothing industry of the countries along the Belt and Road. China National Textile and Apparel Council has made fruitful achievement in cluster development. The enterprises whose size of economy is more than 70% in the industry focus on industrial cluster. China has become an important type to participate in as “a neighbor” in textile and clothing industry. At the same time, through industrial cluster, the government can adjust the implementation sequence of industrial planning and direct the enterprises to realize sustainable development more effectively. The industry has accumulated rich and valuable experience, combined with global resource superiority, and seized the opportunity on development of export-oriented economy, which is beneficial to globalization.
Analysis on Challenge Chinese Textile and Clothing Industry Is Facing under “The Belt and Road Initiative”

Link of Production

“The Belt and Road Initiative” has brought us many challenges in the link of production. Firstly, the cost advantage of China begins to wear off. Because the cost of the labor force and raw materials in China is increasing continuously, the competitive advantage of price will be weakened, and the cost advantage of textile and clothing is gradually becoming a disadvantage. In recent years, the affect to processing and manufacturing advantage is especially prominent.

Secondly, in the process of production, depreciation of RMB is also a big challenge. Chinese clothing export has been adopting the strategy of low price, while the sales pressure of export product increases and the profit space of enterprises is reduced because of depreciation of RMB. Besides, the price of cotton and textile raw materials of chemical fiber is unstable, which causes fluctuation of cost of textile and clothing, for example, the price difference of cotton in China and other countries, which will finally influence the profit and trading volume.

Link of Trade

Meanwhile, we should also pay attention to challenge of trade environment. From the perspective of export trade, in the context of globalization, export is influenced by the industrial policy. Chinese textile industry enters the era of post-quota. However, the trade problem is more complicated. While China exports textile and clothing to Europe, America and other developed countries and regions, there’re green trade barrier and trade rules of high quality built, which have greatly influenced the long-term development and accelerated the upgrading of value chain. The trade communication barrier is the most important factor, which has significantly influenced textile and clothing industry. The industry including leading groups has the problem of lack of understanding of the technical standard of export merchant; there’re the problems of check under incomplete market condition, insufficient communication in the chain of processing, manufacturing, sales and distribution, and failed formation of system.

From the perspective of global distribution, it hasn’t adapted to the new trend. Over the years, Chinese textile and clothing industry maintains its competitive advantage due to not only relatively low cost of labor force and high efficiency, but also the relatively complete industry chain in the developed trade service system. However, there’s a new development trend in global textile and clothing industry and the new trend is characterized by dispersive orders, more customized products, and digitalized marketing; flexible manufacturing technology, customization of supply chain, and intelligent manufacturing become solutions simultaneously; besides, the big data analysis is also accelerating change of industrial ecology. As a big country, China must get involved in the latest trend of global distribution, focuses on development of technology, form the ability of management, technology and decision-making of high level, and take advantages.

Brand Building

As a whole in the global value chain, Chinese textile and clothing industry still stays in the links of processing, production, trade and low additional value, while the one stays in the links of design, brand, marketing, operation and high additional value is predominant Europe, America and other developed countries and regions.

Firstly, compared with neighboring countries, China’s main advantage is low in the textile and clothing industry. Chinese textile industry has some disadvantages in the purchase of raw materials and value chain of the manufacturing industry.

Secondly, perhaps there will not be breakthrough in R&D (research and development) and design, and brand building in a short term, and therefore it is hard to make promotion to a higher level. The level of overall technology of Chinese textile and clothing enterprise is still lower; although the manufacturing technique of Chinese textile enterprises has been improved and promoted to some extent, the clothing enterprises are still lack of design. Besides, the brand building and the way to internationalization are very urgent. The problem that Chinese textile and clothing industry is lack
of brand is not eliminated yet. China has no brand advantage no matter in export trade or domestic market, which causes the rate of profit hard to increase. Some of Chinese textile and clothing enterprise have no registered trademarks of their own. Therefore, in spite of good quality of products, it is difficult for Chinese textile industry can’t establish its reputation in overseas market because of less known brand.

Environment Issues

Chinese textile dyeing and printing industry faces the pressure of wasting of resources and excessive emission. At present, the developed countries and the export regions require raising discharge standard of pollutants, which directly influences foreign trade of textile and clothing industry. Introduction of discharge standard of air pollutant in textile dyeing and printing industry has further intensified the environmental protection pressure of textile and clothing industry.

In recent 30 years, textile is one of the most important industries of economy of China, even the whole world. But at the same time, textile becomes the industry with the third largest discharge of industrial wastewater in China. Even after wastewater treatment, the Pb, Cd and other heavy metals used in dye in textile and clothing dyeing and printing industry are still in the bottom mud and can’t be eliminated completely. It will cost much in production if using the substitutes of dye with heavy metal for ecological textile, and few enterprises would adopt the substitutes. Additionally, nonyl phenol (NP), octyl phenol (OP) and Perfluorooctane sulfonate (PFOS) which were called “environmental hormone” are widely used in textile technological process; above substances will adversely affect human endocrine system, which can’t be omitted.

In general, while developing the textile industry and pursuing economic profit, the environment issues are put aside and when we look back, the clear river is gone and the blue sky is enveloped by the heavy haze. Life and health of human are also threatened unprecedentedly. The pollution has been generated already, and we have to make self-examination and find way out. We should envisage pollution, actively seek for solution, adopt a long-term perspective and follow the way of sustainable development.

Analysis on Development Countermeasure

How Does Government Meet Challenge

Implement Strategy “Going Global”. The important development strategy “The Belt and Road Initiative” put forward in 2013 has directed a new way for Chinese clothing export trade; therefore, according to current situation, we shall establish long-term strategic partnership with neighboring countries along “The Belt and Road”; China shall play the role of guide in clothing export, actively develop the export trade of clothing, and accelerate industrialization of Chinese clothing. On the large basis of revealed comparative advantage and extent of trade complementarity of clothing, we shall enhance contact and communication with other countries, build clothing trade relationship with the participating countries lack of trade potential before, and strongly adhere to the strategy “going global”.

Expand Economic Cooperation with Foreign Countries. China hasn’t fully realized the clothing trade potential in Central Asia, Western Asia, Latin America, Africa, and other emerging countries and regions. Although above participating countries and regions hold less clothing export share of China, the emerging markets have great development space. China shall further enhance economic cooperation and communication with the countries other than above regions, consolidate current cooperation relationships, and encourage small and medium-sized clothing enterprises to actively participate in and increase the export order, export business and the business share in the emerging market.

Cooperate with Powerful Intermediary Organization. Our country shall establish industry fund to raise money and hire professionals to provide public service, improve negotiation skill and other advantages, and play a role in early stage of project and the entire service field. In the main
investment investigation of Vietnam, Burma, Bangladesh and Sri Lanka, some enterprises expressed their similar concern. Therefore, the government, association and the leading enterprise in the group may organize local enterprises to actively participate in investment and development of textile and clothing industry, and scientific and ordered field as the initiator.

**Maintain Proper High Export Rebate Rate.** For the problem of currency devaluation, the government may increase the export competitiveness of clothing industry by maintaining a proper export rebate rate. For the problem of price of production materials, the enterprises transfer to developing countries and regions with rich resource, enhance technology and standard support, and develop new efficient raw materials. For the problem of increase of cost of labor force, the company can move to region where the cost of labor force is lower and improve its management and automation level. At the same time, OBOR strategy makes us be able to cooperate with overseas companies. However, the enterprises can’t rely too heavily on OBOR; they shall be cautious, rationally judge the direction of international distribution and pace. They shall learn to predict risks and control the risk to a minimum, and never blindly follow suit.

**Optimize Market Structure of Clothing Export.** The market structure of clothing export of China is mainly in America, Japan, EU, Canada, the Association of Southeast Asian Nations (ASEAN), and other countries and regions. The market structure of export is relatively concentrated and the current trade risk is much higher. Therefore, it has a very important practical significance to increase policy and finance support, further optimize market structure of clothing export, expand market of neighboring countries, actively bring the geographical advantages into play and make efforts to form flexible market system. In addition, the proportion and clothing export volume in Asia and Africa are small, so we should increase the export scale to these regions, optimize Chinese foreign trade export market structure, actively consolidate the leading position in clothing export among developing countries in Asia, and plan better marketing strategy of clothing export so as to improve the globalization and international competitiveness of merchandise.

**Establish Stable Market Pattern of Foreign Trade Clothing Export.** China shall enhance bilateral trade and explore possible trade potential. In Europe, Japan, Canada, America, and other developed regions, we shall fully take advantages of the rich human resources, improve quality standard of product and clothing brand building, and increase the reputation effect of high-end market shares. We shall also fully understand the population, scale and other hard conditions in region of the trade partner countries, reduce the price of language, culture and transportation in trade, suit the aesthetic preference of the natives, fully take advantages of clothing export trade, and establish a stable market pattern of foreign trade clothing export so as to continuously develop the potential and expend the trade.

**How Does Enterprise Meet Challenge**

**Respect Local History and Culture.** The foreign trade enterprises shall respect local history and culture, improve communication with local relevant industry chains, make comprehensive research and analysis, adjust measures suitable for local conditions, bring own advantages to play, actively perform and underrate the social responsibilities of foreign trade. If the gauze factory can cooperate with the clothing factory and dyeing factory, it may form a more perfect supply chain, and meanwhile, the production and sales chain can increase the competitiveness through overseas raw materials, overseas manufacturing, overseas sales and overseas distribution.

**Emphasize Development of Enterprise Brand.** For the problem of loss due to brand, the strategy “Three Products” proposed by Central Government aims to improve quality, type and brand, and enhance the competitiveness. At the same time, the enterprises shall face and pay attention to difference with international excellent transnational enterprises, and learn the ability to inherit, develop and operate brand value from the transnational enterprises. In the overseas market, the enterprises can combine Chinese and foreign cultures following the cultural spirit of the Silk Road and the opening innovation spirit. Through interaction between Chinese culture and foreign culture, establish enterprise brand, create opportunity for cooperation, and show advantages of our country. From the perspective of clothing design, the clothing art of Chinese and foreign culture was created
in the Tang Dynasty, which is very important in the history of world clothing. Considering the increasingly advanced science and technology nowadays, we can combine the development of new technology with Chinese traditional culture, attract foreign investors with the brand spirit of national costume culture so as to find cooperation opportunities for Chinese textile enterprises.

**Engage in New Technology and Management Service.** In the situation of increasing environment pressure, the textile dyeing and printing industry shall engage in new technology and management service according to the national and local standards, promote and apply water-saving dyeing which means dye of various small liquor ratio with low fluidity and is helpful for water saving, for example, form printing and dyeing. Printing and dyeing are high pollution industries. The source of pollution can be reduced through optimizing the industrial structure and upgrading and rebuilding the upgrade speed. It can also be used in weaving improvement technology, equipment and technology of printing and dyeing enterprises.

**Shape Good Image of Enterprise.** OBOR is the plan for the whole world with China as the original area and it is a behavior of nation and country. Therefore, we shall realize that the enterprises bear the responsibilities for protecting the image of China and everybody of the society. They shall not only be responsible for themselves, but also the industry, the country, and the investors. It is suggested that we shall actively study the political laws and information of host country, initiative avoid and deal with conflicts, establish overseas emergency mechanism, keep in touch with our consulates, and shape a good enterprise image.

**Accelerate Enterprise Transformation.** Chinese enterprises need to “go global” by its own product and service, and support of the national policies. For the countries along OBOR, in spite of some advantages, for Chinese textile and clothing industry, the enterprises shall speed up change of proportion increase and development, especially in the process of development, carry out brand design, research and theory of high additional value, and perfect the global value chain.

**Draw Highly-quality Talents.** OBOR implementing the strategy “going global” is essentially an epitome of globalization. It makes higher demands, and not only requires the talents familiar with textile technology, professional knowledge and meeting skill requirements, but also requires the foreign language ability, and understanding of management method and other aspects. Therefore, the government, universities and enterprises shall cooperate with each other to meet actual demand of the enterprises and require the students to master the professional knowledge learnt in school; meanwhile, the government shall offer some tuition allowance. Through practice, improve the professional quality of personnel in textile and clothing enterprises so as to better adapt to the strategic environment of OBOR and increase the efficiency.

**Promote Enterprise Informatization.** At present, the enterprise operators must deeply understand the necessity of internet development to traditional industry development and combine them with each other, for example, online brand promotion, establishment of ERP information management database, and efficient market occupancy through E-commerce. Only combination of online and offline can better promote information technology, brand and high-end textile industry, and the position in value chain.

**Prospect Forecast**

According to “New Normal”, Chinese traditional textile and clothing industry is facing the pressure of loss of labor force cost and transformation and upgrading. In the situation that emerging countries participate in completion, in the face of new trade barrier and a series of external factors, the government and enterprises must carry out strategy planning, seize the opportunity brought by implementation of OBOR, make continuous breakthrough to further blend into international industry chain, improve the position in the global value chain, and enhance the international discourse right and the leading position.

The textile and clothing industry begins to excavate resources of high quality at home and abroad, make efforts to speed up implementation of strategy “Going Global”, explore and realize the transnational improved industry chain. While improving the brand importance of “national
“awareness”, we shall respond the multiple challenges at home and abroad, and make high-quality control, prediction and selection of global resources. In the era of both opportunity and challenge, we hope the textile and clothing industry of our country to make achievements that the world marvels at, just like the Silk Road in the Tang Dynasty.

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