

RMB Internationalization Promotes the Transformation Analysis of Import and Export Enterprises

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Abstract. In 2009, the pilot project of RMB settlement for cross-border trade was started, which started the process of RMB internationalization. Later, China has made a series of progress in cross-border trade and investment settlement, RMB offshore market, and monetary government cooperation. In 2016, China joined the Special Drawing Rights currency basket, and great progress was made in the internationalization of the RMB. However, in 2014, RMB's exchange rate entered into two-way fluctuation channel, increasing the uncertainty; In 2015, the share of RMB internationalization because of the depreciation of RMB decreased significantly, and the RMB balance in Hong Kong decreased by nearly 40% in 2018 compared with 2015. The outbreak of COVID-19 in 2019 and the global economic recession have made it increasingly difficult for China's foreign trade enterprises. But with the in-depth implementation of the strategy of "Belt and Road", and the outbreak gradually normalized, and economic recovery, the foreign trade enterprises will usher in a new step of development opportunities, how to seize the opportunity under the new situation, with the deepening of RMB internationalization, open their market, stimulate enterprise vitality, improve profits, at the same time promote the country's economic growth. Becoming a question which worths discussing.

1 Introduction

It is found that the internationalization of RMB promotes the innovation of enterprises, because the internationalization of RMB promotes the service efficiency of financial institutions, promotes the flow of transnational factors such as capital and labor, provides financial support for technological progress, promotes the improvement of resource allocation efficiency; at the same time, it avoids the risk brought by exchange rate, saves the transaction cost of enterprises, and absorbs overseas advanced technology for product innovation. Through regression analysis, it is found that the internationalization of RMB has a positive and significant relationship with the technological innovation of foreign trade enterprises. Another previous literature analysis the influence of the internationalization of the import and export enterprises profitability, Lin team in 2012, based on the analysis of the RMB appreciation at one point, will make the sample of how many companies operating profit reversed, found that the RMB exchange rate of 5%, diluted the cost of import and export trade enterprises [1]. However, for export enterprises, the rise of domestic prices and the increase of raw materials, labor and factors of production brought by the internationalization of RMB will lead to the production cost of enterprises, the price increase of export products and affect the price advantage. So the internationalization of the renminbi will also put some companies into crisis. At present, a large number of

documents are studying the influence of RMB internationalization to promote import and export business at the enterprise level, but there is little research on the development of enterprises at the micro level, some development problems of enterprises can not be well solved, and there are some defects in the design of experiments. Many domestic scholars' research on this field mainly focuses on the negative impact of RMB internationalization on enterprises, and then extends to the internationalization of RMB to help enterprises realize the benign development of trade business. However, I think the level of model construction is uneven and there is a lack of accuracy consideration.

2 Some development conditions of Chinese enterprises under the process of RMB internationalization

With the deepening of the reform and opening up, China's foreign trade enterprises booming, China's total exports present a rising trend, in 2021, China's total exports reached 2.5435 billion yuan, the same year, China's import growth tends to slow, 275.48 billion yuan, China's import and export trade deficit, through the business data center, according to China's total imports decline since 2019, however, China's exports are rising steadily. It shows that China's products have strong resilience, sufficient potential and a positive long-term positive development trend. According to the press

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conference held by the State Council Information Office on the import and export situation in recent years, in the first half of 2022, China's import and export to ASEAN, the European Union and the United States reached 2.95 trillion yuan, 2.71 trillion yuan and 2.47 trillion yuan respectively, up 10.6%, 7.5% and 11.7% respectively. During the same period, China's imports and exports to countries along the Belt and Road routes and RCEP trading partners increased by 17.8 percent and 5.6 percent, respectively [2]. There are 506,000 foreign trade enterprises with import and export achievements, and import and export of foreign-invested enterprises was 6.75 trillion yuan, up 2.1%; Import and export of state-owned enterprises reached 3.2 trillion yuan, up 15.2%. China's import and export of mechanical and electrical products reached 9.72 trillion yuan, up 4.2%, accounting for 49.1% of China's total foreign trade. Imports and exports of agricultural products reached 1.04 trillion yuan, up 9.3%, accounting for 5.2%.

While a more open market brings opportunities, we still face very serious challenges. Labor-intensive products still occupy a relatively large proportion, and the export product structure of enterprises is still the traditional development mode. Many small enterprises have low technical content and product additional ability, and the scale effect is low and the industrial structure is unreasonable [3]. At the same time, the trade war between China and the United States and the policy of imposing high tariffs on China also make it more difficult for China to export its products and be in a passive position in the international market. To sum up, China's foreign trade enterprises have both opportunities and challenges.

3 Influence path

For a long time, China's foreign trade settlement mainly adopts the current international monetary trade system, Financial deepening is also called financial liberalization, The level of financial liberalization has a positive impact on the role of market allocation, Because reducing the cost of capital, Increase the capital and exchange rate risk, Less impact on small and medium-sized enterprises, The risk of information asymmetry decreases, a series of corporate hedging measures will be reduced, More beneficial to the efficiency of the use of funds for other operating expenses, Thus realizing the free flow and allocation of capital, deepening the close connection between the enterprises and the financial markets in the region, effectively shorten the difference between our country and the world market, Vigorously promote China's foreign trade in the " domestic cycle as the main body [4], A new pattern of development featuring both domestic and international cycles ", We will promote high-quality transformation and upgrading of enterprises.

The internationalisation of the yuan can help foreign trade enterprises to reduce the exchange rate risk revenue, increase corporate profits, means that can be settled in the international trade, it is conducive to foreign enterprises with neighboring countries and regions to develop economic and trade exchanges, make the

enterprise capital utilization efficiency enhancement, more specialized in the enterprise's transformation and upgrading of science and technology [5].

4 Measurement of the model, variables and data

4.1 Data sources

The data used in this part are consistent with the data sources measuring the digital level of enterprises, and are all from the Chinese part of the World Bank Enterprise survey. A total of 2,848 Chinese enterprises were surveyed, including 2,700 non-state-owned enterprises and 148 state-owned enterprises. These companies are located in 25 cities in Chinese mainland, covering not only the eastern region, but also the central and western regions. In terms of their industries, there are 1,727 manufacturing enterprises and 1,121 service enterprises.

4.2 Variable selection

4.2.1 Explained variable

Enterprise transformation and upgrading refers to the evolution process from low technology, low added value to high technology and high added value through management change, development mode transformation or technical ability or market ability improvement (Zhao Changwen and Xu Zhaoyuan, 2013; Poon, 2004), that is, the result of the overall improvement of production technology, organizational efficiency, and resource allocation. For the measurement of enterprise transformation and upgrading, Wang Guijun and Lu Xiaoxiao use total factor productivity to quantify it. However, in the World Bank's Survey of Chinese enterprises, the questionnaire about service enterprises does not include the fixed assets of enterprises, so total factor productivity cannot be calculated using it [6]. According to the research of Li Yongyou and Yan Cen, there is a long-term and stable positive relationship between total factor productivity and enterprise labor productivity. Therefore, this paper uses labor productivity to express the transformation and upgrading of service enterprises. Accordingly, the transformation and upgrading of manufacturing enterprises is also expressed by labor productivity. Labor productivity is calculated by the formula $y=Q/L$, Q is expressed by the total annual sales revenue of all products and services of the enterprise, and L is expressed by the number of full-time staff. Moreover, this paper takes the natural log of labor productivity.

4.2.2 Explanatory variable.

The explanatory variable is the Standard Chartered Bank RMB Global Index RGI.

4.2.3 Controlled variable

Drawing on the research of relevant literature, the paper selects the following control variables: employee education level, innovation activities, enterprise age, enterprise size and enterprise export. Employee education level (Education) with the middle school education of enterprise employee proportion to measure variable innovation activities (Innovation) constructed from the questionnaire questions CNO.1: if the enterprise introduces new products or facilities, innovation activities (Innovation) value of 1, otherwise 0 enterprise age (Age) with the enterprise since the formal registration of existing time to say. Enterprise size (Size) is measured by the natural logarithm of its annual sales revenue. Enterprise export (Export) is expressed by the proportion of enterprise direct export in the sales revenue [7].

4.2.4 Positivism model

This paper sets a regression model to study the impact of digitalization on Chinese enterprises and RMB internationalization on the upgrading and transformation of China's import and export enterprises:

Among them, Q_{τ} (Upgrade $_i$) is the level of transformation and upgrading of enterprises in the τ quantile, Upgrade $_i$ represents the transformation and upgrading of enterprise i , RGI $_i$ represents the RMB internationalization of enterprise i , Z_i is the control variable in the model, and ϵ_i is the disturbance term.

$$Q_{\tau}(\text{update}_i) = \alpha + \beta_1 \text{RGI}_i + \lambda_i Z_i + \epsilon_i$$

4.2.5 Empirical results analysis

Table1. Analysis of the full-sample regression results

variable symbol	observed value	mean value	standard deviation	max	mini
Inupdate	2287	13.5345	1.4331	19.5234	-2.3414
RGI	2287	0.0783	1.0672	3.6885	-1.0901
Education	2287	59.6655	30.1079	100	0
Innovation	2287	0.4895	0.5203	1	0
Age	2287	12.4722	6.9378	76	0
Insize	2287	16.479	1.2423	25.6599	4.2341
Export	2287	6.9614	20.7435	100	0

Explanatory variable	Dependable variable	
	Inupdate Model1	Inupdate Model2
Intercept	0.899*** (0.1877)	0.688*** (0.1456)
Education		-0.0005 (0.0013)
Innovation		0.2456** (0.0876)
Age		-0.0156*** (0.0065)
Insize		0.3231** (0.0337)
Export		-0.0068*** (0.0020)
N	2287	2287
R2	0.4536	0.2112

Standard errors are heteroskedasticity robust.
 ***p<0.001, **p<0.05, *p<0.1

Through the regression results, the internationalization of RMB has promoted the industrial upgrading and transformation of China's import and export enterprises, and shows a positive and significant relationship. It shows that with the acceleration of the process of RMB internationalization in China, some Chinese enterprises will overcome the cost problems caused by the previous exchange rate fluctuations and develop in the direction of becoming bigger and stronger.

In the selection of control variables, the age of enterprise innovation is significantly negative, the possible cause of innovation is negative; The possible reason is the lag of innovation; the correlation of enterprise age is also negative, indicating that the younger the company can show more obvious adaptability in the process of RMB internationalization, and has more potential for transformation and upgrading; The enterprise export index also presents a negative regression effect. I think the enterprise is because a large proportion of China's export products is labor-intensive products, China is far from the manufacturing power.

5 Study conclusions and recommendations

This paper uses the survey data of World Bank Chinese enterprises to construct the data needed for regression. Based on the knowledge of econometrics and some R language, I constructed the regression model. Research conclusion is as follows: first of all, the RMB internationalisation market and there is still a very big gap in the developed countries, from variable descriptive statistics, mainly China a lot of financial products development is single, offshore market is mainly concentrated in Hong Kong [8], Hongkong should make the best use of its first-mover advantage, rather than expecting continuing policy support from china for its RMB businesses. Second, expanding offshore RMB business centers will widen the international use of the RMB. Chinese financial infrastructure construction is still insufficient, and existing the problem of unbalanced distribution, single kinds of bond varieties [9]. Second, the transformation and upgrading of the enterprise are influenced by many factors, such as innovation ability, staff quality, and knowledge levels, etc., the internationalization of the RMB is an opportunity, enterprises should seize the opportunity, transforming of RMB internationalization development model, can go "capital output + multinational enterprises" mode, or going "direct output + moderate foreign exchange control + offshore RMB industrial park + enclosed cross-border RMB network" path, actively opening along the way along the market, improving the RMB futures trading, looking for new focus to promote the internationalization of the renminbi [10]. Only trade liberalization can be conducive to promoting economic integration and gradually create more convenient conditions for the transformation and upgrading of China's import and export enterprises. Thirdly, Seize the opportunity of RMB internationalization and reduce the operating risks of enterprise groups [11]. In their

external business activities, enterprise groups often have adverse effects on the future cash flow of enterprises due to exchange rate changes. The internationalization of RMB has enhanced China's foreign influence, and the value of RMB has risen, providing convenience for enterprises to carry out external business activities. Enterprises should take this opportunity to communicate with other local governments to prepare, enhance foreign investment activities, conditional enterprises through mergers and acquisitions, direct factory production site to move abroad, make up for their own insufficiency, achieve complementary advantages, provide proprietary product quality, expand the scope of business, increase product types, so as to reduce the investment cost caused by the appreciation of the renminbi and enterprise foreign business exchange rate risk [12].

6 Conclusion

With the steady increase of the international use of RMB, the pace of financial market reform is gradually accelerated. Actively promote the development of the interest rate derivatives market in both places. The internationalization of RMB has a positive impact on the import and export of enterprises. China's import and export enterprises should seize the opportunity to make their foreign product projects bigger and stronger and build Chinese brands.

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