

## China's Logistics Equipment Enterprises' Globalization Development Countermeasures by the "The Belt and Road Initiative"

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### Abstract

"The Belt and Road Initiative" has become a national strategy of China, as China's emerging pillar industries, the logistics equipment manufacturing industry will no doubt play an indispensable role in this course. However, a large number of Chinese enterprises in this field lack the abilities and experiences to participate in the coming global competition. This paper presents several alternative approaches to global operations, and objectively analyzes the factors contributing to the realization of globalization. Finally, the thesis puts forward several countermeasures and ideas represented by "investment, merger and acquisition" from the perspectives of technology, capital and finance.

### Keywords

**The Belt and Road Initiative, Logistics Equipment Enterprises, Globalization, Domestic and International Markets, Investment and Acquisitions.**

### 1. Introduction

After 20 years of development, Chinese logistics equipment manufacturing system has been established. The product system is complete, technical force and equipment level is enhanced, and the comprehensive strength got continuous development. The operational management realizes initial automation, informatization and even intellectualization. The logistics equipment industry has accumulated considerable materials basis, professional teams and enough experiences. At the same time, it has gathered kinetic energies and experiences in globalization.

In fact, China's logistics equipment enterprises globalization has already opened the curtain, and in the future, we will also see the global tide of logistics equipment with accelerated surges.

### 2. Development Paths

Be based on different types of products and business, diverse enterprise developmental patterns and phases, China's logistics equipment enterprises' development in globalization has undergone different stages. The basic paths of evolution can be divided into stages as follows, products exports, overseas projects construction and global factories' merger and acquisition.

In the export of products, the most typical type is the export of small light trucks, forklift trucks and so on. The representative enterprises include Noblelift Co. And Ruyi Co. Shelf is one of the most important export logistics equipment, such as the Shanghai Speedlog Co. and Nanjing Huaderack Co. These shelves manufacturing enterprises' main markets are abroad.

For example, since 2007, Siasun Robot Co. began to enter the overseas markets, its mobile robots have brought into the global procurement platform of GE successfully. These robots have been exported to 13 developed countries from Europe and America. This rewrites the history of China's robot products only imports but no exports.

In the 2016 Asia International Logistics Technology and Transportation System Exhibition, Siasun Robot Co, launched Heavy Duty Compound Robots which are highly praised by domestic and foreign audience.

In fact, because China's modern logistics industry started late, the vast majority of domestic logistics equipment companies established after the entering twenty-first Century, being left decades later by other foreign enterprises. Therefore, many China's logistics equipment enterprises have experienced the developmental paths as follows, learning foreign technology, digesting and absorbing, integrated innovation and independent research and development.

With the rapid development of China's modern logistics, the market demand for automated logistics system continues to rise, and promote the growth of China's logistics and equipment enterprises. Many enterprises gradually formed products serialization, production dimensions scale, and continue to accumulate experience in project construction. Their target is not limited to the development of the domestic market, whereas they begin to take the global markets in mind, to undertake overseas projects, to provide the entire logistics system project planning and design, installation and implementation, after-sales maintenance services.

For example, the famous domestic logistics system integration merchant, Beijing Materials Handling Research Institute, have successfully entered overseas markets. It is worth mentioning that, in 2014, Logan Ksec signed Indonesia's Gudang Garam Tobacco Group's raw material logistics system integration project which make Logan Ksec achieved the first scale export in automated logistics system equipment.

In recent years, with the domestic market competition intensified, logistics equipment enterprises added more energies to get rid of low-end homogenization, to pursue technical updating and leading, so that their products performance continues to increase. Some of China's logistics equipment enterprises began to set up branches or factories in foreign countries, and even merged foreign advanced enterprises. For example, Demon Co., Cimc Tianda Co. and other enterprises took the lead in getting dividends from the globalization, and achieved new developmental spaces.

It can be said that, after more than 10 years' technological tacking, the Chinese logistics equipment enterprises have fulfilled independent researches and innovations, which leads to the great promotions in their enterprise strength and technical level. The products system and equipment functions have gradually closed to the international advanced level. Although the logistics equipment enterprises in our country have not taken a long time in globalization, they have made gratifying achievements. It can be foreseen that in the next 10 years or so, China's logistics equipment enterprises will be able to achieve the power to compete with other international advanced enterprises.

### **3. The Pulling Factors**

The global development of logistics equipment industry is closely related to the general trend of the economic globalization.

At present, all aspects of the international economy have been inseparable and comprehensively linked, which forms an open economic pattern. Due to China's rising labor costs, resource constraints are increasing, manufacturing enterprises' transformations and upgrades are imminent. In 2015, the National Development and Reform Commission led the formulation of The Guidance on Speeding up Chinese Equipment Abroad. This guidance's objective is to speed up Chinese equipment's export and compete with advanced and powerful multinational companies. Finally, the enterprises are forced to continuously improve their technology, quality and service levels, the overall quality and core competitiveness.

#### **3.1 The pulls coming from internal motivations and external pressures**

The internal power of an enterprise is always the core and the most powerful force of globalization. Like other industries, the giants in logistics equipment industry, without exception, are international enterprises. The enterprising China logistics equipment enterprises have already explored the road of global development, which is the outcome of the internal motive forces and external pressures. Once enterprises develop to a certain stage, globalization will inevitably be put on the agenda.

The development of logistics equipment industry will undoubtedly need a broader market, cheaper labors, more advanced technologies for most profits. But logistics equipment enterprises are not pure production units, nevertheless, they are organizers and integrators of the resources. The internal development of enterprises requires that, in the best possible scope, to organize more low-cost resources and provide better quality and lower price products, it is the only effective way to build a global supply chain.

With the rapid progress of modern manufacturing and logistics industry, the logistics equipment's character of production service demands equipment enterprises possess customized production capacities, rapid responding capabilities, instant service abilities, which makes the equipment enterprises must more close to the market, promotes the globalization and localization also.

### **3.2 The pulls from the constructions of "The Belt and Road"**

The countries along "The Belt and Road" possess 2/3 of the global economic aggregates, 1/3 of the global GDP, 1/4 of the global service and production. Obviously, "The Belt and Road" construction will greatly promote the development of logistics equipment, logistics platform equipment, warehousing and distribution system's construction and operation, different traffic systems' conversion facilities, the whole monitoring system construction, pallets and other containers' standard applications and so on. The tremendous business opportunities have come. At present, China has built a number of logistics parks in Belarus, Kazakhstan, Indonesia and other countries to solve the above problems,. There are some private enterprises setting up joint ventures of logistics nodes. More and more logistics equipment enterprises have also involved .

The chief editor of "Technology and application in logistics ", professor Wu Qingyi pointed out two years ago, the construction of the logistics system along "the Belt and Road " is the more important construction of soft power than exports of equipment. He stressed that enterprises should grasp this trend and seize the opportunities to go abroad following the development of "The Belt and Road", so that the enterprises can coordinate the domestic and international markets better.

### **3.3 The promotion of cross-border E-commerce**

The rapid development of e-commerce in China has promoted the process of globalization of the electricity supplier. The huge demand for a number of years of "double 11" put forward the test of logistics equipment, business competition is the competition of logistics and logistics, the competition is the competition of logistics equipment "has become a consensus, the logistics equipment industry has gained great development reason, contrary to expectation.

It is predicted that by 2020, China's cross-border electricity supplier transactions will reach 12 trillion yuan, accounting for China's more than 30% of total imports and exports volume. The latest release of "The Express Industry's 13th Five-Year Development Project" also clearly mentioned "to expand overseas market, accelerate the internationalization development, encourage express enterprises to go abroad". According to incomplete statistics, SF Express' international business outlets are located in America and Eurasia and other places, the Daily Express 's international division has built 8 overseas subsidiaries, 14 overseas positions and 7 international lines. Yuantong Express started 18 overseas franchise branches, Zhongtong Express established the company in Thailand , Shentong Express' Far East Company in Russia opened 11 export lines..... Although the strategic focus and layout strategies are different, the major courier companies are working together to weave an international courier service network. China global e-commerce enterprises are accelerating the pace of the layout, it undoubtedly offers a great pulling power to realize the logistics equipment enterprises' globalization .

### **3.4 The pulls of economic globalization**

At present, China's many industries, such as construction, energy, garment, marine, petroleum and petrochemical, iron and steel, electronics, automobile and others have entered the global markets and achieved significant results, the globalization development system has been established. With the enterprises' development abroad, it needs more logistics equipment enterprises to provide relevant construction and ancillary services. China's logistics equipment enterprises have also created their

own globalization systems in the process of serving the globalization of domestic enterprises. So, these enterprises have been gradually gaining firm footholds in foreign countries.

In addition, China's logistics equipment enterprises are also speeding up the integration into the global supply chains, providing increasingly sophisticated logistics technologies and reliable equipment. They are gradually becoming the world's major equipment suppliers and integrators.

#### **4. Development Ideas**

No company's path to globalization is not fraught with dangers. Through the colorful stories and legends, it is not difficult to see that, achievements in technologies and markets are the objectives of globalization, capital and financial services are powerful boosts, technologies and capitals are the two wings which help logistics equipment enterprises' globalization development.

##### **4.1 Enterprises' globalization is an important means of investment and acquisitions**

It is worth mentioning that significant changes have taken place on the concept of globalization. The prevailing view was that, after winning the competition in the domestic markets and becoming a leading enterprise in its industry, through seeking greater development to globalization, the enterprises can fully excavate two kinds of resources from domestic and abroad, can make full uses of the domestic and international markets.

However, with the enterprises' competitions have entered the phase of supply chains, the cognition has been updated and improved on the original basis. It gradually becomes a consensus that the domestic enterprises' development should use of global resources in the first time. At the beginning of development, the enterprises should plan for the domestic and international markets, the two resources together. These two stages are mutual complementarities and simultaneous developments. Because of the accelerated trend of globalization and profound changes, time will not wait for everyone.

##### **4.2 The current popular new ideas of overseas investments**

First, looking for the China 10 years ago. China's business community firmly believe that, what happened in China 10 years ago will occur in other developing countries. Because of the low costs in labors, land using and government management, some Southeast Asian countries such as Indonesia, Malaysia, Burma, Vietnam and Philippines are now becoming investment destinations.

Second, China Power is grafting global resources. The general rule is that the world's rank 1st enterprise's products proportion in the market is about 1/3. According to this logic, we can find out the world's No. 1 enterprise or an enterprise with the world's first potential and its product market shares is below 20% best. The enterprises like those are the acquisition or restructuring targets of ours. This is why we always find that Chinese enterprises seem to be more concerned about the German and Japanese counterparts, because they are most likely to be the "invisible champions". The products they have built up for generations are sold in China, the world's largest market, which can help them achieve the dominant position from the recessive first, and thus continue to maximize their profits. The above ways, many logistics equipment companies have practiced successfully.

##### **4.3 Building global standards**

On the one hand, China's logistics equipment enterprises must comply with and conform to the standards of various countries and regions; on the other hand, the enterprises should actively improve the market shares of China's logistics equipment products and actively enhance the influence of China's standards.

##### **4.4 To promote international enterprise collaboration**

Because the logistics equipment industry's industrial chains are relatively long, almost no company can exclusively provide the all products of logistics system projects from software to hardware, one-stop services from system planning and design to manufacturing and installation. So, forming

partnerships with upstream and downstream enterprises, is the inevitable choice for the majority of logistics equipment enterprises in the process of developing overseas markets.

Undoubtedly, vast logistics equipment enterprises in this round of the wave of globalization face more opportunities. And private logistics equipment enterprises are more adept at learning and competition, more flexible and efficient in operation, they have become an important and indispensable force in the globalization course after 20 years of exploration and training .

President Xi Jinping pointed out: "human society is in a period of great development, change and adjustment. With the development of multi-polarization, economic globalization, social informatization and cultural diversity, the trend of peaceful development is becoming stronger and stronger, and the pace of change and innovation continues to move forward." We believe in under the guidance of "The Belt and Road Initiative", the future of China's logistics equipment enterprises will make unremitting pursuit of automation, information and intelligence, make steady progress from China earth to the world, and finally create brilliant development in logistics equipment.

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