

How Textile Processing Industry in Pearl River Delta Region is to Cope with the 4th Global Industry Transfer Trend

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ABSTRACT: this paper uses method of literature search, actual investigation to make study on background, transfer line, characteristics and state of textile industry in the 4th industry transfer in the Pearl River Delta region, and it discloses the causes and existing problems of industry transfer, puts forward that we should pay attention to perfecting each service of industry chain in the industry transfer and emphasize at the overall complement transfer. At the same time, government department should also comprehensively use each measure to enhance the competition of textile industry in Pearl River Delta and avoid hollow industry at the same time of guaranteeing industry transfer and updating, as well as guarantee the smooth transition of industry transfer, providing base for decision-making of government competent department.

KEYWORD: the 4th global industry transfer; textile processing industry; industry transfer; decision-making and suggestion

1 INTRODUCTION

The 4th global industry transfer uses large-scale transfer of southeast cost area to overseas and middle-west area as the main characteristics; it is the process of double-extension from enterprises in coastal area to global high-value area and inland area. Pearl River Delta region is the area centralized on textile product, they use lower production factors advantages (labor force, resources and raw material and land etc) to take over the 3rd industry transfer and achieve industry connection and integration in the low-end of global value chain, they have become to be the processing plant and OEM platform in the world textile product, which enables China to be the largest export country in textile. However, we must clearly realize that since the break-out of American financial crisis in 2008, the times for Pearl River Delta region to use cheap labor force to participate in the 3rd industry transfer has gone^[1]. In order to guarantee the high-speed development of industry, we must enhance position of labor division for value chain and realize the prosperity again for labor division of industry. Under this background, as the industry clusters of textile processing, how to subjectively know challenge, display advantage and master opportunity, promote industry adjustment and updating have become to be the important topics worthwhile for study.

2 STUDY OBJECT AND METHOD:

This paper uses textile industry in Pearl River Delta region as study object, it uses literature method, investigation method and mathematical statistics to study the route, method and sustainable development of textile industry transfer in Pearl River Delta region.

3 STUDY RESULT AND ANALYSIS

3.1 *China is facing with the 4th industry transfer*

3.1.1 The characteristics of the 4th industry transfer. This time, the transfer is different from those of the past 3 times, firstly is the difference in transfer power. The transfer in the past 3 times are affected by production and labor division under economic globalization, enterprises and capitalists are seeking the economic maximization, they transferred processing and production sections to the countries with lower economic development level. Therefore, their transfer powers are from enterprises, the aim is to reduce production cost and occupy market; it is one kind of voluntary transfer. While the 4th global industry transfer is caused by cost increase in land, labor force in southeast costal areas of China and enterprises are forced to make transfer for survival. Secondly is the difference in transfer direction, it is one kind of passive transfer. Thirdly is the difference

in transfer direction, the transfer direction in the past 3 times was transfer from developed countries to the developing countries, is one-way transfer. While this time is double-direction transfer, one side is transfer from eastern costal area of China to middle-west or to country with comparative advantage such as Southeast Asia, the other side is the re-industrialization of developed countries, there are plenty of manufacturing industry come back again and transfer to locals.

3.1.2 The challenges of the 4th industry transfer on China. The industry transfer in the past 3 times, China mainly undertook manufacturing and production sections with low chain value, which solved employment problems of plenty of idle labor. While at present, with the development of the 4th industry transfer, the labor-intensive industry absorbing plenty of labors starts to transfer to middle-west area of China or developed countries in Southeast Asia, which causes heavy burden for employment in the southeast costal areas, in addition, industry transfer will also cause problem of hollow industry. Because local manufacturing industry has low position in international labor division and it seldom has brand of world level, it is restricted in technology level, and restricts high-end development of enterprises^[2]. Take Zhuhai for example, on one hand, it is faced with loss in low-end manufacturing industry, on the other hand it is faced with risk in weak competition and hollow industry.

3.2 *Causes on the 4th industry transfer in Pearl River Delta textile*

(1) Land shortage in Pearl River Delta region causes salary increase for survival of workers. Because of land shortage, reduction in farm land as well as shortage in subsidiary foodstuffs and vegetable in Pearl River Delta region, in order to guarantee life supply, it is inevitable to purchase from other places, which will increase logistics cost and cause increase in housing cost, accelerate salary increase for survival of workers. There is data indicates that the salary level of textile workers in Qiaozhen, one famous textile town in Fushun after Spring Festival in 2012, their salary reached from 3000 to 5000 Yuan each month.

(2) The horrible dream of exchange rate is usually accompanied by textile enterprises in Pearl River Delta region. Because textile enterprises are mostly outer processing trade, continual changes in exchange rate will directly influence the profit of enterprises.

3.3 *The route diagram of textile industry in Pearl River Delta*

3.3.1 *Transfer in province*

In order to keep some entity enterprises or production link of enterprises in the province, reach the aim that regions with developed economy accelerates regions with underdeveloped economy and promote gradient transfer in labor-intensive industry, and finally achieve harmonious development in each region, Guangdong government starts to establish transfer industry zone, guide enterprises to carry out targeted and regular transfer and avoid blindness in transfer direction.

3.3.2 *Transfer toward middle and west area*

Textile enterprises in Pearl River Delta transfer to middle and west areas, which conforms to policy of industry adjustment in China, and it receives welcome and support from local government, and it enjoys many preferential policies in undertake places, which can reduce cost in production and labor. From regional development and industry chain conditions, middle and west area carry out manufacturing and production links, Pearl River Delta region should make innovation by its own, make great effort in product research and development, and brand modeling. Obviously, industry transfer is not to transfer backward machine, equipment and excessive labor to the middle and west areas, but transfer of textile industry updating in Pearl River Delta, it is transfer implemented under background of Western Development and rising of the central plains, it enjoys many preferential policies and has many advantages compared with foreign transfer.

3.3.3 *Overseas transfer toward Southeast Asia*

Textile industry in Pearl River Delta dose not transfer to domestic but also invest and establish plant in foreign country. With the development of international economic integration, textile enterprises in Pearl River Delta start to go to foreign countries and make international transfer. For example, it transfers toward developing country such as Southeast Asia, because trade between China and ASEAN implements zero tariffs, and the cost of local resources, land and labor are very low. Meanwhile, these countries are member courtiers of WTO, their textile products are exported to Europe and America etc and enjoy treatment of favored country. Therefore, transferring industry to these countries dose not only reduces production cost but also reduce conflict among international trade.

3.4 *The existing problems in industry transfer of Pearl River Delta to make industry transfer*

(1)The undertaking places are mostly backward, the complement system in industry zone is imperfect, logistics cost is relatively higher. Because industry zone has not started for long time, the relevant industry complemented with textile industry is nor so need prefect, the deficient spares and parts to be delivered from Pearl River Delta region. Because the logistics is not so smooth, it causes cost increase.

(2)Shortage in senior skilled workers and labor efficiency is relatively lower. It is difficult to employ skilled workers in domestic, even it employed skilled workers, and they are usually missing, so it causes workers shortage. Therefore, it needs to do training before working; otherwise, it will affect process level of product and product quality^[3].

(3)The investment promotion environment needs improvement. Pearl River Delta has large gap with middle and west areas in business efficiency; it has large gap whether it is from administrative efficiency or business efficiency, support of connected enterprises. Sometime it is difficult to realize the promise on investment promotion.

4 THE MAIN MEASURE IN PROMOTING INDUSTRY TRANSFER IN PEARL RIVER DELTA

(1)Government should establish industry transfer mechanism of advantage interconnection and mutual benefit and win-win result

Industry transfer finally is enterprise behavior, and government should establish communication platform of industry transfer. For this, government of both parties should establish one green passage for industry transfer, establish mutually harmonious mechanism according to regional development target, complete connection on the basis of voluntary, mutual benefit, and it should give support in aspect of financing, accelerate industry transfer of

Pearl River Delta towards accommodated regions to make industry transfer^[4].

(2)Government should actively guide enterprises to make collective and overall industry transfer

Government should encourage textile industry in Pearl River Delta to make transfer of overall complement, display and prefect coordinated effect of industry chain. Government should not only pay attention to demand on factor cost by enterprises, but also emphasize the coordinated service of industry chain. If the complement of upstream and downstream enterprises is imperfect, even disjoint with it, it will cause increase in production cost, reduce advantage in factor and cost, industry transfer will lose its meanings. Therefore, government should guide enterprise in cluster with labor division cooperation before and after industry chain to make collective industry transfer.

(3)Industry association should indicate its service function in industry transfer

Industry association should be familiar with the development state of industry and have better human relations. Therefore, industry association should actively provide information, consultation and technology support for enterprises in the process of industry transfer. It should provide equipment state to upstream and downstream enterprises especially on updating equipment.

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