

Cultural Problems of Shandong-Russia Trade*

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Abstract—This paper has researched the cultural factors in Sino-Russian trade and proposed the problem why the trade with Russia conducted by Shandong Province cannot achieve the improvement of quality for a long time by way of comparing China's foreign trade data with the trade data of Shandong Province, an important province in the eastern coast of China, then found reasons and answers. The regional cultural difference influences international trade. In the trade activity with Russia conducted by Shandong Province, the main trade body, object and environment have specific cultures. These cultural factors are the reasons for the occurrence of some trades as well as influence the relationship between buyers and sellers in the trade activities and restrict the development of trade with Russia conducted by Shandong Province at present. Therefore, solving issues of cultural convergence and cultural conflicts will improve the quality of the trade with Russia conducted by Shandong Province.

Keywords—international trade; cross-cultural studies; Shandong; China; Russia

I. INTRODUCTION

As one of the major provinces of trade in China, Shandong has possessed the main trade partners of America, Association of Southeast Asia Nations (ASEAN), European Union (EU), Korea and Japan. According to the data, the total import and export volumes of the above five regions in 2017 are 230.26 billion yuan, 215.56 billion yuan, 208.53 billion yuan, 194.92 billion yuan and 144.65 billion yuan respectively, with respective year-on-year growth of 11 percent, 18.3 percent, 12.5 percent, 2.3 percent and 13.9 percent, accounting for 55.8 percent in total [1]. Recently, the scale of imports and exports of Shandong Province towards countries involved in the "Belt and Road" initiative, but the total import and export volume towards all the countries involved in the "Belt and Road" in 2017 is only 481.63 billion yuan, up 16.4 percent and only accounting for 27 percent. The import and export growth towards Russian Federation has reached 30.8 percent, but the trade volume is pitifully small in comparison with the trade data of America and EU. The statistical data have revealed the staple commodities of Shandong Province exported to Russia

include rubber tire, mechanical and electrical products, clothing, new high-tech products, textile and automatic data processing equipment. The staple commodities imported include refined oil products, aluminum products, coal, frozen fishes, synthetic rubber and iron ore [2]. The foreign trade in Russia is on the rise, but the "collapse-type" opening to the outside world has led to the situation that many commodities must be imported, especially shown in light manufactured items and food. For example, 90 percent of drugs in Russia at the present stage depend on import or technology import, and only 10 percent are manufactured at home genuinely. [3]

TABLE I. BASIC IMPORTS TO RUSSIA

	2013	2014	2014 Percent of 2013
Fresh and frozen meat (excluding poultry), thou. ton	1288	1011	78.5
Poultry meat fresh and frozen, thou. ton	527	453	85.9
Butter and other milk fats, thou. ton	144	147	101.9
Citrus, fresh and dried, thou. ton	1705	1653	97.0
Grains, thou. ton	1512	930	61.5
Sunflower-seed, safflower or cotton-seed oil and fractions thereof, thou. ton	18.1	8.8	48.4
Sugar including raw sugar, thou. ton	610	951	155.8
Alcoholic and non-alcoholic beverages, mln. US dollars	3407	3066	90.0
Medicines, mln. US dollars	11805	10210	86.5
Textile and knitwear clothing, mln. US dollars	8191	7740	94.5
Leather footwear, mln. pairs	85.7	70.1	81.7
Ferrous metals, mln. US dollars	5892	5585	94.8
Pipes of iron, thou. ton	852	674	79.1
Machinery, equipment and transport means, mln. US dollars	152635	136243	89.3

^a. Source: Russia 2015: Statistical pocketbook/ Rosstat. – Moscow, 2015. – c.54 [4]

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TABLE II. BASIC EXPORTS FROM RUSSIA

	2013	2014	2014 Percent of 2013
Fresh and frozen fish, thou. ton	1797	1594	88.7
Iron ore and concentrates, mln. ton	25.7	23.0	89.6
Coal, mln. ton	139	153	110.2
Crude oil, mln. ton	237	223	94.4
Oil products, mln. ton	152	165	108.7
Natural gas, bln. cu. m	196	173	87.9
Electric power, bln. kWh	18.4	14.7	79.8

^b. Source: Russia 2015: Statistical pocketbook/ Rosstat. – Moscow, 2015. – c.53 [4]

The reason for the trade between the two countries is that both have comparative advantages and can complement each other in natural endowments [5]. Russia and China are great powers and have a long history of trade contracts; Russia and China are the largest neighboring countries and the economy of them is highly complementary, but why cannot the trade achieve qualitative leap? Some scholars address it is because the regional industrial structure is unreasonable; some say the investment risk in Russia in the transitional period is high. I observe the key that restricts the development of trade between Russia and Shandong is cultural factors, and the development must depend on cross-culture.

II. REASONS WHY CULTURE INFLUENCES THE TRADE DEVELOPMENT

A. The Participants in the Trade

Culture has influenced all links of trade through people's activity. In order to effectively realize the trade tasks and objectives selected by countries involved, the trade must turn to a whole set of sound and scientific international marketing activities. Culture can control behaviors of participants in the trade and influence the degree of trust of both sides of the trade via permeating the spiritual cognition of ideas, values and morality of these participants. First of all, culture influences the ideas of participants. Most Russian merchants believe in the Eastern Orthodox and may be Muslim, while the foreign trade staffs in Shandong Province are not. Five religions of Buddhism, Taoism, Islam, Catholicism and Christianity exist in Shandong Province. In 2015, there are 6,599 religious workers, only accounting for 0.0067 percent of the total population. There are 55 minorities in Shandong Province and the permanent resident population accounts for 0.75 percent of the total population, mainly in cities of Jinan, Qingdao, Jining, Tai'an, Dezhou, Liaocheng and Heze [6]. The Confucian culture has had a far-reaching influence on Shandong Province, so the enterprise culture in the small-scale manufacturing industry of Shandong Province has a distinct characteristic of Confucian culture. While in Russia, the automobile spare parts industry about bearing and tire involves minorities, especially Armenians. Therefore, cognitive differences exist between Han atheist having Confucianism and Armenians frequently in the trade of spare and accessory parts in Shandong Province.

TABLE III. MAJOR ETHNIC GROUPS AND RELIGIONS IN RUSSIA

Ethnic Group	Population (Thousand People)	Proportion (%)	Major Belief
Russian	111000	77.71	Eastern Orthodoxy
Tartar	5310	3.72	Islam
Ukrainians	1928	1.35	Eastern Orthodoxy, Catholicism, joint sect
Bashkirs	1585	1.11	Islam
Chuvashia	1436	1.01	Eastern Orthodoxy
Chechnya	1431	1	Islam
Armenia	1128	0.83	Oriental Orthodox, Eastern Orthodoxy

^c. Source: Russia 2015: Statistical pocketbook/ Rosstat. – Moscow, 2015. – c.54 [4]

In the second place, culture influences the behaviors of participants. The business etiquette and operation habits of Russia are different from that of Shandong Province, marked by the performance that Russians get used to marking the price clearly, while Shandong People like bargaining. On exhibitions and conference tables, Russian customers claim the price lists from foreign trade staffs in Shandong Province, but Shandong People have not prepared and are unwilling to provide. Russians universally think marking the price clearly manifests integrity management. However, Shandong people hold the opinion that the price list of commodities is corporate privacy and trade secret that are unsuitable to open. It is evident that the cognitive differences between two parties in trade will lead to different habits in trade, so ideas formed under the influence of regional culture will determine the behaviors of participants in trade. In the third place, culture influences the trust of two parties in trade. With the implementation of Russia "Eurasian Economic Union" strategy and Chinese "the Belt and Road" initiative, an increasing number of enterprises in Shandong Province have traded with Russia. The appearance of the letter of credit has solved the trust issue between buyer and seller, but it fails to solve the problems in communication in marketing, negotiation and after sale. According to the research results of Zhuang Guijun, the greater the culture differences, the higher the trust level of Shandong people towards Russian dealers will be, but the commitment will is not influenced. The trust level and commitment will can be improved when the satisfaction degree towards Russian dealers is elevated [7]. Therefore, if culture conflicts occur between the buyer and the seller in the trade, the declination of satisfaction degree will reduce the trust degree.

B. The Trade Partners

The cultural elements of commodities have influenced the trade between Russia and Shandong. In tangible trade, the size, shape, color and package of goods own regional cultural characteristics. According to the experience of foreign trade enterprises in Shandong, clothes exported to Russian Federation like caps, sleeves and trousers are bigger and longer than that sold at home, and it is influenced by regional culture. Furthermore, Russian customers of industrial products generally regard commodities with blue concise pictorial trade mark as high quality products, while products with red pictorial trade mark are regarded as cheap products. In intangible trade, when Ivan IV sent messengers to inquire about the situation of unknown countries in east of Siberia in

1567, they took the cultural products there, namely Russian folktales and art of painting [8]. Zeng Lijun (2017) thinks, the greater cultural differences will better promote the export of tourism service, while the results of transport service and other commercial services are on the contrary [9]. Nowadays, the import and export of intangible products such as films and acrobatics in Shandong Province makes it possible to improve the intercultural competence of Russian and restrain the trade volume because of the excessive cultural difference.

C. The Trade Environment

Micro-environment and macro-environment jointly constitute the trade environment in Shandong with Russia. On one hand, let's talk about the micro-environment. The differences of enterprise system have influenced the trade development. For example, most enterprises in Shandong carry out hierarchical reporting system, while employees in Russian enterprises often write application. On the other hand, let's talk about the macro-environment. Today, when the principles of "free market" and "cultural exception" are at a stalemate, policies in Shandong Province on export to Russia pay attention to protecting the security of national culture and strengthening the intercultural communication, which will have influence on the trade between Russia and Shandong.

III. CULTURAL PROBLEMS IN THE DEVELOPMENT OF TRADE WITH RUSSIA CONDUCTED BY SHANDONG

Cultural convergence exists between Russia and Shandong. Firstly, the universal consistency of human spirit will form some "common notions", leading to some similarity of culture, so that the cultural convergence becomes easy in the convenient media [10]. According to the instinct theory of American psychologist W. McDougall, human have a series of common instinct determined by genetic factor. Instinct is the basic source and power of all ideas and behaviors [11]. For example, both Shandong people and Russian people appeal to maternal love. The resonance triggered by maternal love will strengthen the communication and trust of both sides. Secondly, the geographic position and history have promoted cultural integration and development of Russia and China. The ancient Silk Road not only provides convenience for the development of trade between Russia and China but also serves as the channel for information exchange and cultural exchange [12]. For example, in terms of the salutation of parents, Russians call their parents "baba", "mama". In Shandong dialect, people call parents ma and pa, but under the influence of the Soviet Union in history, the pronunciation of Shandong people in calling their parents is extremely similar to that of today's Russian. Thirdly, cultural exchange and learning have enhanced the understanding level. The two countries organize the "Sino-Russian Culture Year", send overseas students mutually. The number of Shandong people in learning Russia and the number of Russian in learning Chinese increase at the same time. The intercultural training course organized by enterprises has also promoted the regional cultural convergence.

Kan Daxue (2011) observes cultural differences and Chinese foreign trade flow show inverted U shape [13]. Therefore, in the process from the wide cultural difference

between Russia and Shandong to cultural convergence, the foreign trade flow will inevitably first decrease and then increase, while the trade between Russia and Shandong is in the regular declining period. When the convergence reaches certain degree, the trade volume will increase, but both sides will face issues of cultural security and cultural aggression.

Cultural conflicts between Russia and Shandong. For example, Russian customs once checked and detained Chinese products because of the wrong coding steel seal on products, it attributed to the differences on the coding of bearing between Russian and Chinese customs; unknown about the sellers' consideration about drawback issue, Russian customers are often unsatisfactory about Shandong enterprises that cannot provide longer time of payment. According to the announcement of the State Administration of Taxation, when Shandong enterprises export goods from January to December, they must conduct declaration of export tax rebates before the end of April of the next year. At present, the tax refund rate of value-added tax of one kilometer of carbon steel flange is 9 percent, and the money is necessary for Shandong enterprises. Similar problems will severely influence transaction and export, so it is difficult to improve the quality of trade if the cultural conflicts between Russia and China are not avoided.

IV. CULTURAL COUNTERMEASURES FOR THE DEVELOPMENT OF TRADE WITH RUSSIA CONDUCTED BY SHANDONG

"Diplomatic relation between countries depends on the affinity of people, and the affinity of people depends on the communication of soul." After the release of the "Belt and Road" Initiative for Cultural Development of the Ministry of Culture in January 2017, the cultural exchange between Russia and Shandong shows increasingly new forms of cooperation, increasingly great scale and increasingly wide influence. The development of Shandong Province cannot do without Russian market. The guarantee of Trans-Siberian Railway is necessary for Shandong enterprises to export to Europe by way of land route. Therefore, the foreign trade staffs and goods of Shandong Province should carry out cultural convergence with Russian, while cultural products must keep the cultural characteristics of Shandong. The cultural conflicts between Russia and Shandong can be avoided under the joint efforts of enterprises and government:

A. For Enterprises

Improve the Russian level of foreign trade staffs; train intercultural trade talents. It has been an unquestioned fact that China is short of Russian talents. Yao Guoyu (2016) raises we should introduce the intercultural marketing ability in the training scope of business English majors [14]. To reduce the cultural differences in trade, we must solve the problem of verbal communication and pay more attention to the intercultural marketing requirements of foreign trade persons of non-Russian majors.

B. For the Government

Provide intercultural courses for universities; guide the cultural fusion of Russia and Shandong; strengthen cultural

exchange and display. As what Ostrovski A. V., the Deputy Director of Institute of Far Eastern Studies of Russian Academy of Sciences (2012) say, we must first ceaselessly strengthen cultural understanding to expand trade [15]. The realization of the prosperous development of Shandong Province depends on the relationship with Russia to a large extent.

V. CONCLUSION

In the trade with Russia conducted by Shandong Province, trade participants and a country's environment have national culture, which influences the relationship between the buyer and the seller in trade activities and then restricts the development of trade in Shandong Province with Russia. Shandong Province's volume of trade with Russia will get over the lowest level and constantly improve through avoiding cultural conflicts, promoting cultural convergence, enhancing the intercultural ability of trade participants, strengthening cultural convergence in goods trade, maintaining differences in cultural trade and accelerating the speed of cultural convergence. With the change of the world's pattern, the Sino-Russian cultural exchange is increasingly valued by governments and people of the two countries. Developing the trade with Russia and reducing cultural friction is the effective way to improve the export of Shandong Province.

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