Study on the Opportunities and Challenges Facing Manufacturing Enterprises in the "14th Five-Year Plan" Period

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Abstract. This paper examines the challenges and opportunities faced by traditional and emerging manufacturing enterprises in China during the 14th Five-Year Plan period. Through the collection and analysis of data, as well as the generalization and summary of countless real-life cases, it makes a judgment on the survival and development environment of the current Chinese manufacturing enterprises and puts forward that the current Chinese manufacturing industry is facing the challenges of the attenuation of the domestic favorable factors and the extrusion from the change of the world situation, pointing out that the Chinese manufacturing industry is currently facing unprecedented severe challenges in the present era. However, China's manufacturing industry still enjoys the advantages of domestic policy and technology as well as reputation accumulation and still can continue to accumulate technology and overtake in this challenging era. By studying the various situations faced by manufacturing enterprises at present, and analyzing the cases of the rise and development of traditional manufacturing industries and emerging high-tech manufacturing industries both at home and abroad, this paper puts forward 3 suggestions for Chinese manufacturing enterprises on how to cope with the challenges and seize the opportunities in the new economic situation.

Keywords: 14th Five-Year Plan Period, manufacturing enterprises, challenges and opportunities.

1. Introduction

With the rapid growth of China's economy, the previous crude development model has been difficult to meet the needs of the current national situation, therefore, the "Outline of the Fourteenth Five-Year Plan for the National Economic and Social Development of the People's Republic of China and the Visionary Goals for the Year 2035" has been formulated and put forward promptly. The "14th Five-Year Plan" period is the period of the new round of scientific and technological revolution and industrial change. In this period, China's manufacturing enterprises will face more challenges from domestic and international changes. First of all, the uncertainty of the international environment further highlights the problem, China's industry will enter a critical stage of development. The "14th Five-Year Plan" period is a critical period for China's industry to accelerate the construction of a modernized industrial system and achieve high-quality development [1]. The "14th Five-Year Plan" puts forward the need for high-quality development, to change the previous development model that neglects sustainable development and blindly pursues rapid economic growth, and to establish a high-quality development model that prioritizes quality, environmental protection, and sustainability. On the one hand, under the new situation, some traditional, highly polluting, low value-added labor-intensive manufacturing industries may encounter greater difficulties, or even be eliminated by the market. On the other hand, the high-quality development for some emerging high-tech manufacturing enterprises and the wave of active transformation of traditional enterprises brought the trend and won the opportunity to resonate with the times.

In addition, as a large manufacturing country, China must adhere to the manufacturing industry as the cornerstone of national development, the goal of which lies in the upgrading and transformation of the manufacturing industry, rather than total abandonment. After building a moderately prosperous society in all aspects, the period from 2020 to 2035 marks a new period of China's basic realization of socialist modernization, and it is also a critical period for accelerating industrial restructuring and upgrading. Under the dual impetus of deepening the supply-side structural reform and promoting the demand-side structural reform, the proportion of the new economy and its leading role has been rapidly increasing, the concept of green economy has become increasingly popular, green industries have gained unprecedented development, traditional industries have accelerated technological transformation and upgrading, and the scale and level of the advanced manufacturing industry and the high-tech industry have continued to improve, thus forming the industrial foundation for optimizing the economic structure and improving the quality of development [2]. Looking to the future, for China's manufacturing enterprises to maintain competitiveness, must abandon the development mode of relying on the demographic dividend, in the context of the new era to shape a new competitive advantage belonging to China's manufacturing industry, to promote the transformation and upgrading of China's traditional manufacturing industry and high-tech enterprises to flourish.

At present, the research on the development of China's manufacturing industry in the 14th Five-Year Plan period has been done by several scholars and put forward many constructive suggestions, but there are some shortcomings in the details. This paper will focus on the 14th Five-Year Plan and the survival and development of China's manufacturing enterprises to discuss the 14th Five-Year Plan under the opportunities and challenges faced by manufacturing enterprises to study, for China's manufacturing enterprises to put forward some of the 14th Five-Year Plan and China's national conditions based on the recommendations.

2. Challenges Facing China's Manufacturing Industry

2.1. Correlation Between the Development of the Economy and Manufacturing Trendss

In the process of industrial restructuring and upgrading, a reasonable view of the status and role of the manufacturing industry is an important cognitive issue, but also a strategic orientation that cannot be ignored. In recent years, the proportion of China's service industry has risen rapidly, and the proportion of industry has declined sharply, coupled with outstanding industrial overcapacity, serious environmental pollution, and other problems, some people believe that the manufacturing industry will gradually move out of China. This point of view ignores that although China's economic development has entered the late stage of industrialization, as a large developing country's basic national conditions have not changed, and per capita the per capita GNI is still very high compared to the developed economies there are still large gaps. This determines the important position of China's manufacturing industry in the national economic system and the need to continue to play an important role in the development of the manufacturing industry [1]. From the development trajectory of Europe and the United States, as well as Japan and South Korea, industrial transformation is an inevitable development trend. In some developed countries, the old industry will face challenges, and even be eliminated, such as Germany's Ruhr industrial zone of aging, the United States northeast of the "rust belt" and so on. With the development of the economy, labor and land prices rise, the per capita level of education and the development of science and technology, the proportion of traditional manufacturing industry will inevitably decline, the proportion of tertiary industry will exceed the proportion of the secondary industry, is a historical inevitability, the traditional manufacturing industry transformation or upgrading is foreseeable in the future [3]. Therefore, with the progress of society, the traditional manufacturing industry will face more and more pressure, these pressures not only from the internal enterprise operating costs, and production costs but also from external factors such as environmental protectionism, government policies, and laws and regulations to improve.

2.2. Changes in International Relations and the Trade Environment

In addition, national relations, changes in the international landscape and the complexity of the international political and economic environment also pose challenges for the contemporary Chinese manufacturing industry. In 2018, the outbreak of the U.S.-China trade war shrunk China's trade surplus with the U.S. to a certain extent, exposing China's manufacturing products to more restrictions. In October 2019, the International Monetary Fund's World Economic Outlook report stated that the global economy is a synchronized slowdown, with global economic growth falling to 3.0% in 2019, 0.3 percentage points lower than the April 2019 estimate, with increased trade barriers between countries and trade uncertainty being a key reason. The trade friction between China and the United States is the biggest external environment that China will face in the coming period, and the competitive relationship between China and the United States in the economy, science and technology, rules and many other aspects will run through the period of the "14th Five-Year Plan" or even a longer historical period [4]. Changes in the international situation for the survival and development of China's manufacturing enterprises added a lot of uncertainty, indicating that Chinese enterprises will face more difficult challenges in the future, "going out" strategy will be more difficult to implement. The goods made in China are more affected by the trade protectionism and anti-globalization policies of the United States, the European Union and other economies. Moreover, countries have the intention to suppress China's traditional manufacturing industry, but also to suppress the development of China's emerging technology industry. For example, in some high-tech fields, the competition between China and the United States is getting more and more intense, and the technology blockade of China by Europe and the United States is getting more and more serious so that both traditional manufacturing enterprises and emerging technology enterprises in China must face more challenges from all over the world.

In addition, with the developing countries in Southeast Asia and Africa gradually developing labor-intensive industries, the advantage of Chinese goods in the world market is gradually weakened. Countries in Southeast Asia and Africa have cheaper labor and land prices than China. On the one hand, the trend of transferring labor-intensive manufacturing industries to Southeast Asia is emerging, which accelerates the rapid growth of exports from Southeast Asian countries and crowds out the export market of China's labor-intensive products to developed countries. 2010-2019, the total share of China's exports of labor-intensive products in the U.S., Europe, and Japan is on a downward trend, down 9.3%, 4.5%, 18%, and 4.5% respectively. in the production and export of certain primary commodities, the substitution of Chinese manufacturing by other countries is becoming more and more obvious [4]. To sum up, the competitiveness of China's labor-intensive products in the international market is declining, while the international market space appears to be a rapidly shrinking trend [5]. China's manufacturing share in the global market is constantly being squeezed, China no longer has the favorable international situation at the beginning of the reform and opening up.

3. Opportunities for China's Manufacturing Industry

3.1. Opportunities for Manufacturing Firms Arising From Domestic Conditions

3.1.1 Basis for the transformation and upgrading of the manufacturing sector

After nearly 40 years of reform and opening up, China's manufacturing industry has groped for continuous progress in production technology. The national education level per capita has increased dramatically. This has laid a solid foundation for the improvement of traditional manufacturing production processes and efficiency, providing an important prerequisite for the transformation of Chinese manufacturing into high-end, high-tech, and high-efficiency. Like Europe and the United States after World War II, Japan after the 1970s and 80s after South Korea, Singapore and other countries and regions, China is now facing a similar situation.

China has formed a complete range of categories, the largest scale and strong international competitiveness of the manufacturing industry. At present, China's manufacturing industry is entering a new stage of high-end, intelligent and green comprehensive upgrading, and at the same time, it is also experiencing the pain of deep transformation of the manufacturing industry. The deep transformation and upgrading of the manufacturing industry is a comprehensive innovation process, including the transformation of traditional production methods and products, as well as the promotion of the traditional manufacturing industry to emerging industries and future industry upgrading. Therefore, the deep transformation and upgrading of the manufacturing industry not only refers to the integration of the traditional manufacturing industry with new technologies and new elements but also includes the upgrading of the traditional manufacturing industry to new industries and new models [6]. China's perfect industrial system and the corresponding supporting measures, which is the future of China's traditional manufacturing enterprises' transformation and upgrading, as well as the rise of a new high-tech manufacturing industry and the growth of a major advantage.

3.1.2 Expansion of china's domestic market

After a long period of economic development, China's per capita income level has increased significantly. Comprehensive well-off has been achieved on July 1, 2021, which has greatly increased the per capita purchasing power of Chinese people. In terms of Engel's coefficient, one very important change in China's consumption structure is that Engel's coefficient has decreased from 30.1% in 2016 to 29.3% in 2017, indicating that the living standard of the residents has improved significantly [7]. This strongly indicates that after the reform and opening up, the income level of Chinese people has been growing steadily year by year, and the commodities purchased have gradually changed from the necessities of life to more commodities that can satisfy spiritual needs, and the pursuit of consumption has changed from "having enough to eat" to "eating well" and "eating to satisfy" [8]. This shows that, with the increase in per capita disposable income of Chinese people, the size of the Chinese market will continue to increase, and the increasing demand for the domestic market for the development of manufacturing enterprises to provide a valuable opportunity for the development of China's manufacturing enterprises, China's manufacturing enterprises of the huge production capacity can be digested through the huge domestic market, and for China's manufacturing enterprises to bring a lot of profits and development opportunities.

3.1.3 Expansion of China's domestic market

The Chinese government's policy support for China's manufacturing sector during the 14th Five-Year Plan period is an important advantage for China's manufacturing sector in the current turbulent global economic downturn, which is characterized by rising trade protectionism. On the one hand, China is actively developing trade with the countries along the Belt and Road, opening up new markets for Chinese goods, leading to the development of China's manufacturing industry as well as the economic prosperity of the countries along the Belt and Road. "The trade of most countries along the Belt and Road belongs to the types of great potential and potential development. Du Xiuhong found that each country along the "Belt and Road" is in a different industrial gradient, trade complementarity is higher than trade competition, and good prospects for trade cooperation promote the growth of China's trade with the "Belt and Road" region [9].

On the other hand, the Chinese government has actively formulated relevant policies, such as tax, subsidy policies, and more supportive policies for emerging industries, to promote the development of the country's high-tech manufacturing industry and the transformation of the traditional manufacturing industry. Several national manufacturing innovation centers have been set up in key areas, a series of industrial public service platforms have been established, and the industrial database has been improved [10].

3.2. Opportunities arising from Made in China's Brand Reputation

Since the reform and opening up, Chinese products have gradually entered the international market and participated in international competition. Especially in the eastern coastal areas of the rapid development of production and processing, the labor-intensive manufacturing industry has become a real "factory of the world" [11]. Nowadays, "Made in China" goods have been exported at home and abroad, and the reputation of "Made in China" has changed from cheap, low-quality, low-technology light industrial products to high-quality, inexpensive synonyms for good quality. The reputation of "Made in China" has spread far and wide, and in today's world of economic globalization, any country or region can find the figure of Made in China. It can be said that the global reputation of "Made in China" is an important factor in the transformation and upgrading of traditional manufacturing enterprises and the rise of new technology enterprises.

4. Recommendations for Chinese Manufacturing Enterprises

First of all, it is necessary to increase production technology. In the face of rising production costs in China, promoting industrial transformation and upgrading, improving production technology, increasing production capacity reducing costs and increasing efficiency is the inevitable way. The manufacturing industry can get rid of the previous low-tech, low-value-added situation through production intelligence, and digitalization, as well as increasing technological investment and mastering the core technology. Second, to guide the diversified development of the market. In addition to focusing on the market in developed countries, the market potential of developing countries is also not to be ignored, Chinese enterprises can strengthen cooperation and trade with developing countries, driving local development and improving local income at the same time, to open up new markets for China-made goods. Third, actively upgrade products. When primary products are squeezed by other developing countries, Chinese manufacturers can try to improve the core competitiveness of their products by upgrading the quality of their products or developing high-tech products, with excellent product quality and highly sophisticated technology as their new competitive advantages.

5. Conclusion

This paper mainly explores all the opportunities and challenges facing China's manufacturing industry in the 14th Five-Year Plan period, with the main challenges coming from the changes in China's economic environment, the deterioration of international relations and the international trade environment, while the opportunities come from the Chinese government's emphasis on the manufacturing industry as well as the policy support, the production technology and reputation accumulated by China's 40 years of reform and opening up and China's huge domestic market. If Chinese manufacturing enterprises want to break through, they should improve production technology, guide the diversification of the market, and actively upgrade their products. In the future, although China's manufacturing industry faces future uncertainties and risks, and may experience a series of industrial transformation pains, China's manufacturing industry will grasp the opportunities in the pains and realize transformation and upgrading. In the foreseeable future, China will still be the world's major manufacturing power and will have long-term manufacturing as the foundation of the country, so the study of the future development trend of China's manufacturing industry is not only a study of the manufacturing industry but also a study of China's future development.

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