

Challenges and Coping Strategies for Foreign Trade Enterprises in Yinzhou District in the Trump 2.0 Era

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Abstract: The “Trump 2.0” policy, involving tariff adjustments, reforms to trade preference systems, and measures to enhance supply chain security, introduces changes in the global trade environment. As a leading region in Ningbo’s foreign trade, Yinzhou District faces a new external environment and structural adjustments under these evolving trade policies. Factors such as tariff modifications, updated compliance requirements, and shifting market structures influence the operations of the district’s foreign trade enterprises, particularly in areas of cost management, risk control, and market deployment. Based on the development of Yinzhou’s foreign trade, this paper examines the key components of the policy, identifies the challenges faced by enterprises, and provides strategic recommendations for addressing them.

Keywords: Trump 2.0 policy; tariffs; foreign trade enterprises

1. Introduction

In recent years, Yinzhou District has maintained a steady upward trajectory in foreign trade, with notable achievements in market diversification. While sustaining stable growth with traditional trading partners, the district has also expanded its engagement with emerging markets. In 2024, the total import and export volume of Yinzhou District reached RMB 257.29 billion, a year-on-year increase of 12.5%, significantly higher than the Ningbo city average. Exports were particularly strong, totaling RMB 204.17 billion—up 17.5%, 3.4 percentage points above the city average. In terms of export structure, exports to emerging markets amounted to RMB 86.23 billion, growing by 16%; exports to the EU and the United States reached RMB 41.80 billion and RMB 45.00 billion, rising by 18.8% and 17.3% respectively; exports to 64 countries along the Belt and Road totaled RMB 59.92 billion, an increase of 16.3%. However, with Donald Trump’s return to the U.S. presidency, the global political and economic landscape is undergoing profound transformation. The advent of the Trump 2.0 era marks major shifts in U.S. foreign trade policy, posing substantial challenges for Yinzhou’s foreign trade enterprises—especially those deeply embedded in global value chains and reliant on traditional European and American markets. Against this backdrop, how can Yinzhou’s foreign trade enterprises confront these challenges and seize emerging opportunities? How can local governments provide effective support to help enterprises weather this new round of international economic turbulence? These questions are central to the current discussion and warrant in-depth examination.

2. Core Components of the Trump 2.0 Policy

2.1. Adjustment of the Tariff Structure

After taking office on January 20, 2025, President Trump initiated a phased adjustment of U.S. tariff policies. Beginning February 1, a 10% baseline tariff was imposed on Chinese exports to the United States, followed by an additional 10% increase on March 4, bringing the cumulative rate to 20%. On April 2, the United States implemented a universal 10% tariff increase on all imported goods, while imposing additional tariffs on products from China, the European Union, Vietnam, Japan, and other regions. On April 9, a “reciprocal tariff” mechanism was introduced for selected Chinese goods, raising rates to 125%. The White House clarified on April 10 that the overall effective tariff rate on Chinese imports averaged around 145%. Subsequently, on April 15, tariffs on certain Chinese exports to the U.S. were raised to 245%. On May 12, China and the United States signed the “Geneva Joint Statement,” under which the U.S. agreed to remove approximately 91% of tariffs on Chinese goods and suspend 24% of tariff measures for 90 days. Overall, the Trump administration adopted a phased, rapid-response approach to tariff policy adjustment within a relatively short timeframe.

2.2. Restructuring of Global Industrial Chains

Within the framework of industrial chain security, recent U.S. policy has introduced an expanded tariff system and complementary measures aimed at influencing global industrial chain configurations, with stated objectives including the promotion of domestic manufacturing and diversification of supply chain dependencies^[1]. Specifically, a “baseline-plus-differentiated” tariff structure has been implemented, which includes a 10% baseline tariff applicable to all trading partners, along with additional surcharges on certain Asian economies. This structure is intended to incentivize multinational enterprises to adjust their production and supply chain layouts. Beginning on April 15, U.S. Customs required importers to provide three-tier supply chain traceability documentation, a measure that increased compliance requirements and extended customs clearance times for exporters. These adjustments may influence production relocation decisions by global firms, including companies such as Samsung and Volkswagen, toward regions including Southeast Asia and Mexico. On July 4, the U.S. administration enacted an extension of the Tax Cuts and Jobs Act, which permanently reduced the corporate income tax rate to 21% and introduced targeted tax incentives for enterprises reshoring production. Taken together, these policy measures represent a multidimensional approach to enhancing supply chain management, adjusting industrial geography, and supporting domestic manufacturing competitiveness through coordinated trade and fiscal policy instruments.

2.3. Multi-Dimensional Development of Technology Controls

Technological capability constitutes a core component of national economic competitiveness and a key area of international technological interaction. Recently, the U.S. administration has implemented adjustments in technology policy with implications for international markets, evolving from a framework primarily focused on export restrictions to a more comprehensive regulatory system. These measures exhibit two main dimensions. First, the scope of technology export controls has been expanded. Through legislative amendments and updates to the Entity List, restrictions have been extended to the export of key technologies such as semiconductors and artificial intelligence. For instance, NVIDIA’s H20 chip was recently included in the export control list, and in May 2025, the U.S. government announced restrictions on the supply of high-end AI chips to certain markets, with some measures applied globally, as part of broader objectives related to technology transfer and national security. Second, market access regulations have been adjusted. In February 2025, the U.S. Congress introduced the U.S. Artificial Intelligence Capability and Technology Management Act of 2025, which establishes requirements for the use of designated

foreign AI products by U.S. entities, with noncompliance subject to legal penalties. Additionally, the administration has pursued international coordination in technology governance, including the development of technical standards and cooperation with partner economies ^[2]. Collectively, these measures represent a multidimensional approach to technology regulation aimed at addressing supply chain considerations and influencing international technology flows.

3. Challenges Faced by Foreign Trade Enterprises in Yinzhou District

3.1. Escalating Dynamic Cost Pressures

The Trump 2.0 tariff policy toward China has introduced heightened volatility and uncertainty through frequent adjustments to tariff rates and implementation timelines. The average tariff level increased from 19% during the initial phase to a temporary peak of 245%, substantially elevating the cost burden on enterprises ^[3]. Although the Geneva Interim Agreement subsequently lowered tariffs to 30%, this figure remains considerably higher than the 10% baseline applied by major economies such as the European Union and Japan. Moreover, the 90-day policy window, combined with compliance complexities and the rise of non-tariff measures, has continued to expose firms to regulatory and cost-related risks.

As a major hub of Ningbo's foreign trade, Yinzhou District hosts 31,443 import-export enterprises as of June 2025, representing roughly one-quarter of the city's total, according to data from Aiqicha. In April 2025, China's exports to the United States fell by 21.0% year-on-year, affecting the stability of overseas orders for Yinzhou-based firms. In response to tariff fluctuations, local enterprises have adopted adaptive strategies aimed at mitigating exposure. For instance, Huacai Electric accelerated its expansion into emerging markets in Latin America and ASEAN to diversify risk; however, this transition has required additional expenditures for overseas technical deployment and workforce training. Similarly, Ningbo Berrylai International Trading Co., Ltd. adopted a "China Core + Southeast Asia Manufacturing + Global Assembly" model, establishing production bases in Vietnam and Cambodia to optimize tariff structures. Nonetheless, cross-border production adjustments have involved substantial upfront investment, increasing labor costs, and coordination challenges across supply chains. The short-term tariff window has also led to a surge in export activity, as firms expedited shipments prior to tariff adjustments. This surge in transportation demand has driven up freight rates on China-U.S. routes, further amplifying logistics expenses and operational costs for enterprises in the district.

3.2. Constraints on Technology Supply and Challenges to R&D

Recent U.S. policy adjustments under the Trump 2.0 framework have intensified export controls on advanced technologies, exerting notable effects on the technological supply chains of Yinzhou's foreign trade enterprises. The United States has expanded restrictions on critical technologies such as semiconductors and artificial intelligence, further refining the list of regulated items ^[4]. These measures have limited access to high-end computing components for Yinzhou's electronics manufacturers, thereby influencing the district's broader innovation ecosystem. Specifically, areas such as autonomous driving, large-scale model development, and smart city projects have encountered delays due to constraints in computing resources. U.S. restrictions on AI chips and model parameters have prompted local technology firms to explore alternative pathways, including domestic open-source models, which require additional algorithmic adaptation and extended R&D cycles. In response, many Yinzhou-based enterprises—particularly in the automotive and electronic component industries—have reallocated resources from long-term R&D to short-term risk management, including supply chain restructuring and the establishment of overseas facilities. This shift has placed additional pressure on innovation investment,

underscoring the complex trade-offs between technological resilience, cost control, and long-term competitiveness within Yinzhou’s manufacturing sector.

3.3. Market Volatility and Compliance Challenges

Yinzhou’s foreign trade enterprises have historically maintained a high degree of dependence on traditional markets such as the United States, with orders and profits concentrated in these regions. Under the Trump 2.0 administration’s expanded tariff measures and tightened technology-related restrictions, volatility in the U.S. market has increased, introducing greater uncertainty into the order flows of Yinzhou-based firms. To sustain operations, many enterprises continue to rely on these markets while managing heightened policy and regulatory risks. For instance, Ningbo Kaiyue International Trading Co., Ltd. experienced repeated order cancellations from U.S. clients due to changing tariff policies. The firm adopted flexible negotiation strategies to mitigate contractual risks, as formal legal remedies would entail high costs and potential strain on long-term partnerships, thereby affecting its overall market position. At the same time, adjustments in trade policies among Southeast Asian economies have added further complexity. In response to evolving global tariff arrangements and compliance frameworks, several countries have strengthened rules of origin and introduced additional trade documentation requirements. Vietnam, a key destination for relocated Chinese manufacturing, reached an agreement with the United States in April 2025 to enhance verification mechanisms for product origin, increase localization thresholds, and implement supplementary trade measures such as import quotas and stricter environmental standards. These developments have indirectly increased entry barriers for re-export trade involving Chinese intermediate goods. Frequent and sometimes unpredictable policy shifts have created notable compliance challenges for enterprises. Many firms face difficulties in obtaining complete and up-to-date regulatory information, complicating cross-border compliance management. To address these challenges, Ningbo Kaiyue International Trading Co., Ltd. engaged a third-party auditing firm to conduct comprehensive traceability certification for its overseas production facilities. Each audit cost more than RMB 500,000, significantly increasing export-related expenditures and operational costs.

4. Recommendations for Supporting Yinzhou’s Foreign Trade Enterprises in Coping with Challenges

4.1. Developing a Resilient Supply Chain System

As of February 2025, Yinzhou District hosted 25 national-level “Single Champion” enterprises and 83 “Specialized, Refined, Distinctive, and Innovative” (SRDI) “Little Giant” firms. Leveraging its robust manufacturing base, the district’s foreign trade enterprises can strengthen supply chain resilience through global capacity allocation and digital transformation^[5]. Given Yinzhou’s stage of industrial development, local policymakers may capitalize on Ningbo’s position within national advanced manufacturing clusters and the province’s “415X Industrial Cluster Initiative.” Strategic guidance could focus on promoting the orderly relocation and optimization of key industries, both domestically and internationally, while enhancing the application of digital technologies in supply chain integration^[6]. Such efforts would improve the region’s overall capacity to absorb external shocks. In practice, Yinzhou enterprises in sectors such as automotive components and smart appliances could utilize the incentives under the “62 New Policies for Promoting High-Quality Economic Development in Yinzhou District” to establish production bases in Southeast Asia and Mexico, forming complete industrial chains from raw materials to final assembly. Concurrently, firms could modernize their inventory management systems by adopting AI-based predictive models developed in the Yongjiang Software Industrial Park. For instance, predictive pricing systems could enable manufacturers such as Huayi Electric to identify cost-efficient procurement opportunities, thereby improving price competitiveness. Moreover, companies could apply blockchain technologies to enhance supply chain transparency—replicating the “supply chain visualization” experience of Ningbo World Trade Link—to

improve data connectivity and coordination between upstream and downstream partners.

4.2. Sustained Diversification of Export Markets

In light of demand fluctuations in traditional European and North American markets, Yinzhou's foreign trade enterprises are encouraged to expand further into emerging regions, including ASEAN, Latin America, the Middle East, Central Asia, and Africa. Market diversification should be supported through detailed local market research, targeted product alignment, and the strengthening of trade promotion channels. District-level and industry associations could play a facilitating role by organizing participation in international trade fairs and supply chain promotion events. For example, through platforms such as the China-CEEC Expo, leading Yinzhou manufacturers—including Ningbo Shenglong Group and Jinghua Electronics—may engage in Central and Eastern European infrastructure projects, particularly in new energy vehicle charging systems and intelligent transportation facilities. Additionally, the local government may consider targeted support measures such as subsidies for trade fair participation, logistical cost assistance, and financial incentives for overseas warehouse development. A collaborative mechanism integrating government, enterprises, and academia could further enhance international competitiveness. Partnerships with universities would help cultivate interdisciplinary talent proficient in both technological innovation and regional business practices. Through cross-border e-commerce and big data analytics, Yinzhou enterprises could more accurately identify global market demand, thereby strengthening resilience and contributing to a diversified, multi-polar pattern of foreign trade growth.

4.3. Establishing a Dual Mechanism for R&D and Compliance

The current global trade environment increasingly emphasizes technological standards as a key dimension of international competition. Non-tariff measures—such as Section 337 investigations—have raised compliance requirements for Chinese exporters, intensifying the need for risk management and regulatory preparedness^[7]. To address these challenges, Yinzhou may promote the development of a dual mechanism integrating R&D innovation and compliance management. From a technological perspective, export-oriented enterprises are encouraged to expand investment in research and development to strengthen core capabilities, enhance brand competitiveness, and overcome technical entry barriers in advanced markets. The establishment of district-level innovation centers—drawing on models such as the Bowei Alloy Digital R&D Platform—could focus on frontier fields including embodied intelligence and new materials. Firms with R&D expenditures exceeding 7% of revenue might be prioritized for tax deduction incentives to sustain long-term innovation. From a compliance perspective, the district government can facilitate cooperation with consulting agencies and legal firms to provide specialized services, such as U.S. and EU patent strategy planning and trade remedy response mechanisms. For industries with higher exposure to trade disputes, including automotive parts and electronic equipment, the creation of an early-warning database for technical standards would help firms identify and mitigate potential compliance risks. This framework could reduce regulatory costs and support stable participation in international markets.

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