



SWOT Analysis of Chinese Tea Exports

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Abstract. China is a major exporter of tea and holds an important position in the world tea market, but its export geography and commodity structure are not entirely reasonable. Through SWOT analysis, it was found that although China has certain advantages and opportunities in tea exports, there are also obvious disadvantages. Therefore, Chinese tea enterprises should optimize their export geographical direction, vigorously promote Chinese tea culture, increase marketing efforts, establish a cross-border e-commerce sales system, and actively respond to trade barriers from importing countries.

Keywords: China; Tea; Export SWOT.

1 Introduction

China has a long history of tea trade, and in history, tea was an important export commodity for China. As the origin of tea, China is still a major producer and exporter of tea in the world. China's tea exports have continued to grow. According to Trademap data, since 2015, China's tea exports have consistently ranked first in the world, with exports exceeding 2 billion US dollars in 2022. The main export markets for Chinese tea include Hong Kong, Malaysia, Morocco, Vietnam, Ghana, the United States and other countries and regions. The main export varieties of Chinese tea include green tea, black tea, oolong tea, pu erh tea, etc. The export forms include traditional bulk tea and packaged tea. With the increasing demand of consumers for quality and packaging, packaged tea has gradually become mainstream.

2 Analysis of the Current Situation of Chinese Tea Exports

2.1 Comparison of Tea Export Scale between China and the World

There has been a slight fluctuation in the world tea export value since 2013, with a cumulative increase of only 620 million US dollars, a growth rate of 7.9%; During the same period, China's tea exports increased significantly, with a cumulative export value of 830 million US dollars, a growth rate of 66.4%, far exceeding the world average level; The proportion of China's tea exports to the world's tea exports has increased

from 15.9% in 2013 to 24.6% in 2022. So China's position in the world tea market is becoming increasingly important.

2.2 Comparison of Geographical Directions of Chinese Tea Exports and World Tea Imports

The top ten markets for Chinese tea exports in 2022 are Hong Kong, Malaysia, Morocco, Vietnam, Ghana, the United States, Senegal, Mauritania, Uzbekistan, and Russia. China's tea exports to these ten markets totaled \$1.44 billion, accounting for 61% of China's total tea exports; The top ten tea importing countries in the world in 2022 are Pakistan, the United States, Iran, Russia, the United Kingdom, Egypt, the United Arab Emirates, Morocco, Germany, and Iraq, with a total tea import value of 3.78 billion US dollars, accounting for 50% of the total tea imports of various countries in the world that year. Among the top ten tea export markets in China, only Morocco, the United States, and Russia rank in the world's top ten tea imports: Morocco ranks eighth in the world, the United States ranks second in the world, and Russia ranks tenth in the world; Chinese tea accounts for 92.3%, 12.5%, and 11.4% of these three markets respectively. Obviously, there is a lot of room for optimization in the geographical direction of China's tea exports.

2.3 Comparison of Tea Export Commodity Structure between China and the World

From the perspective of export commodity structure (the proportion of export value of various commodities to total export value), there are significant differences between the export commodity structure of Chinese tea and that of the world tea. According to the HS code coordination system, the HS codes for tea include four categories of goods: 090210, 090220, 090230, and 090240. According to the Trademap database, the highest proportion of tea exports in China is 090220, accounting for 37.1%; Next is 090210, accounting for 32.5%; The third is 090240, accounting for 20.2%. The highest proportion of tea exports in the world is 090240, accounting for 47.7%; Next is 090230, accounting for 24.8%; The proportions of 090210 and 090220 are 14.2% and 13.3%, respectively.

3 SWOT Analysis of Chinese Tea Exports

SWOT analysis is a commonly used strategic analysis method that comprehensively analyzes the internal and external environment of a company by analyzing its strengths (S) and weaknesses (W), opportunities (O) and threats (T), in order to develop corresponding development plans. This article will use SWOT analysis to analyze China's tea exports.

3.1 Advantages of Chinese tea exports (S)

China has a long history of tea culture, and compared to other tea exporting countries such as Kenya and India, Chinese tea has significant advantages in tea exports.

Rich Variety of High-Quality Tea Leaves. As the birthplace of tea, China has a wide variety of tea varieties, including green tea, black tea, oolong tea, etc. Due to the vast territory of China, tea production areas are distributed in more than ten provinces such as Guangdong, Fujian, Zhejiang, Jiangsu, Shandong, etc., with significant differences in lighting, temperature, precipitation, and production processes due to historical reasons. The taste of tea produced in different regions is significantly different, which can meet the taste needs of consumers in different countries and regions.

Long History of Tea Culture. In Chinese history, tea was an important beverage. China has a long tradition of tea culture, which is an important component of Chinese traditional culture with a long history and rich connotations. Tea culture includes tea ceremony and tea art, emphasizing not only etiquette and ceremony, but also skills. Tea culture is not only widely spread in China, but also to various parts of the world, receiving high praise.

Mature Production Technology and Processes. As the origin of tea, China has a long history of tea cultivation and production. China has rich experience in tea production technology and craftsmanship, stable and reliable quality, and obvious competitive advantages. Due to differences in tea tree varieties and production techniques, various tea producing areas have formed tea products with local characteristics, such as Yunnan Pu'er tea, West Lake Longjing tea, Fujian Tie Guan Yin tea, etc.

3.2 Disadvantages of Chinese Tea Exports (W)

Insufficient Investment in International Marketing. Although various brands of tea with exquisite packaging can be seen everywhere in the domestic market, in terms of exports, the investment of domestic tea manufacturers in brand building, packaging design, channel construction, and advertising investment is relatively small. As of now, Chinese tea exports are still mainly in large packaging of over 3 kilograms, with weak brand influence [4-5]. There are few manufacturers that have built their own overseas sales channels, and advertising investment is even less. Insufficient investment in international marketing has resulted in low brand awareness of Chinese tea, with average prices in the international market far exceeding the export prices of developed countries such as Germany and the United States.

Environmental Pollution May Affect Tea Quality. Although China has made great efforts in environmental governance in recent years, environmental pollution is still inevitable with the process of industrialization. Air pollution, soil pollution, and water

pollution are still common problems. Fertilizers and pesticides are widely used in the tea planting process, which may lead to excessive heavy metals in tea, reducing its quality and affecting the export of Chinese tea. [1]

3.3 Opportunities for Chinese Tea Exports (O)

Tea Exports can Help Rural Revitalization. Developing rural economy is a key focus of rural revitalization work. Many tea gardens in China are located in mountainous areas, and the development of the tea industry is crucial for the development of rural economy. The development of the tea industry can not only increase the income of local residents, but also create more employment opportunities, thereby attracting more talents to join rural revitalization. In addition, it can also provide more tax revenue for the government. The competition in the domestic tea market is extremely fierce, and there is an urgent need for foreign markets to address excess production capacity. Developing tea exports can drive the development of the tea industry, and government departments are also willing to provide policy support.

Rapid Development of Cross-Border E-Commerce. As a new form of foreign trade, cross-border e-commerce has received attention from the government, and the country has introduced many measures to encourage the development of cross-border e-commerce. Domestic enterprises are making use of major cross-border e-commerce export platforms, such as Alibaba International, AliExpress, Amazon; Enterprises with sufficient funds can also consider operating independent websites to get rid of their dependence on cross-border e-commerce platforms; In addition, live streaming sales have developed rapidly, making it easier for companies to showcase their products to consumers. In recent years, in order to shorten delivery time and reduce transportation costs, cross-border e-commerce overseas warehouse business has developed rapidly, which helps cross-border e-commerce retail enterprises better serve overseas consumers.

Resumption of Offline Trade Fairs after the Epidemic. Offline trade fairs are not only an important way for foreign trade enterprises to showcase their products and corporate image, but also provide opportunities for face-to-face communication with customers, which helps enterprises establish connections with customers and obtain orders. After the end of the epidemic, countries have lifted their epidemic prevention and control measures, making it easier for enterprises to participate in domestic and international trade fairs. Tea export enterprises can actively participate in international tea exhibitions and exchange activities to enhance the visibility and competitiveness of Chinese tea in the international market.

3.4 Threats to China's Tea Exports (T)

Intense Competition in the International Market. Although Chinese tea occupies an important position in the world market, the export scale of tea from other countries is

also not small. In 2022, China's market share is about 1/4, and tea exports from countries such as Kenya, Sri Lanka, and India are also large, with international market shares of 16.3%, 14.6%, and 8.9%, respectively. From the perspective of competitiveness, although Chinese tea has strong competitiveness in the international market, due to the underdeveloped manufacturing industry, tea occupies an extremely important position in the exports of Kenya and Sri Lanka. From the perspective of trade competitiveness, the comparative advantage index of tea in both countries is much higher than that of China; India, ranked fourth in the world, also has a significantly higher visible comparative advantage index for tea compared to China [7]. So Chinese tea faces fierce competition in the international market. [2]

High Food Safety Standards. In order to protect consumers' physical health, most countries attach great importance to food safety and have formulated many relevant laws and regulations, especially some developed countries have strict technical requirements for the import of agricultural products. In terms of tea imports, most developed countries have strict regulations on pesticide residues, heavy metal residues, and other indicators, which constitute technical trade barriers that restrict tea imports. [3] Although the Chinese government has attached great importance to food safety in recent years and significantly increased the limit of pesticide residues in tea, there is still a certain gap compared to the almost stringent regulations of countries such as the European Union and Japan. [4-5]

4 Suggestions for Promoting the Export of Chinese Tea

4.1 Optimize the Geographical Direction of Tea Exports

Only three of the top ten markets for Chinese tea exports are among the top ten countries for tea imports in the world, indicating that China's efforts to develop markets in important tea importing countries are insufficient. Chinese tea export enterprises should increase their market development efforts in countries such as Pakistan, Iran, the United Kingdom, Egypt, the United Arab Emirates, Germany, and Iraq, and strive to expand their export scale to these countries. Pakistan, Iran, Egypt, the United Arab Emirates and Iraq are all countries along the "the Belt and Road". Chinese tea enterprises should take advantage of the policy advantages of the "the Belt and Road" to increase their exports to these countries.

4.2 Vigorously Promote Chinese Tea Culture

Although the consumption of tea in some countries is large, the tea drinking habits of foreign consumers are different from those of Chinese people, which has affected China's tea exports to some extent. So Chinese tea export enterprises and related industry associations should strive to promote Chinese tea culture to the world. Specific measures include actively participating in international tea exhibitions, showcasing Chinese tea culture on site, organizing public welfare tea art training courses to teach

Chinese tea culture and tea tasting skills, and using social media, including live streaming platforms, to promote Chinese tea culture.

4.3 Increase Marketing Efforts

In the past, tea export enterprises mostly sold their products to foreign importers, who then resold them to domestic intermediaries, so export manufacturers were completely isolated from foreign consumers. However, with the development of cross-border e-commerce and Internet advertising, Chinese tea export enterprises can directly establish contacts with foreign consumers. At this time, it's necessary to invest in Internet advertising in the main target markets to improve the visibility of enterprises and brands; Secondly, various e-commerce promotion methods should be flexibly operated, such as discounts, coupons, etc., to stimulate consumers' desire to purchase; [6] Three should consider building their own sales channels or collaborating with local intermediaries to better serve local consumers. Establishing a Cross border E-commerce Sales System.

Tea export enterprises should vigorously develop cross-border e-commerce business and establish a cross-border e-commerce sales system. With the advancement of technology and the intensification of competition, tea export enterprises cannot be satisfied with simply establishing stores on cross-border e-commerce platforms, because firstly, the audience is relatively small, secondly, they are easily controlled by the platform, and thirdly, the rise of live streaming sales has to some extent impacted pure online stores. So tea export enterprises should consider establishing their own cross-border sales websites based on their own strength, and there are specialized enterprises that can provide website building and operation services for this; Develop overseas warehouse business, shorten delivery time, and improve user experience; Utilize foreign social media to carry out community marketing; Carry out cross-border e-commerce live streaming sales. [7]

4.4 Actively Respond to Trade Barriers of Importing Countries

The current trade barriers affecting China's tea exports are mainly technical barriers related to food safety, commonly known as green trade barriers. Tea importing countries that set higher technical standards are usually developed countries that do not produce tea. Their policy starting point is not to restrict imports, but to ensure food safety and safeguard the interests of domestic consumers. So these barriers usually only require high standards, resulting in a significant increase in tea production costs. Chinese tea export enterprises should clarify the relevant standards of the importing country, control the production process, especially strictly control the use of pesticides, to avoid the problem of excessive pesticide residues.

5 Conclusion

Chinese tea exports are strong due to cultural heritage and diverse high-quality teas. Production maturity ensures consistent quality. However, the industry faces challenges

like low international brand recognition due to insufficient marketing, environmental pollution, and labor shortages. Opportunities include rural revitalization, e-commerce growth, and post-pandemic trade fairs. Threats include intense competition and strict food safety standards. To succeed, Chinese tea companies should target key markets, promote tea culture, boost marketing, leverage e-commerce, and meet food safety standards. Addressing these will help solidify China's global tea market position.

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