

# The Dilemmas and Solutions of Tea Industrialization Development in Yingshan County of Hubei Province

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**Abstract:** Yingshan County is one of major tea-producing counties in China. Tea yield ranks first in Hubei province and fourth in our country. It is the national demonstration base of tea production, which has been successively named by the state as the Hometown of Chinese Tea and the National Demonstration Base of Pollution-free Tea Production. Tea has become a pillar industry in the county and plays a decisive role in economic development. In recent years, the tea industrialization in this county has rapidly developed, but it also exposes some problems and deficiencies. This paper attempts to give a comprehensive and systematic analysis of existing problems in tea industrialization from the view of industrial development process and the general rule. Then the author proposes countermeasures to speed up tea industrialization in Yingshan County.

## Introduction

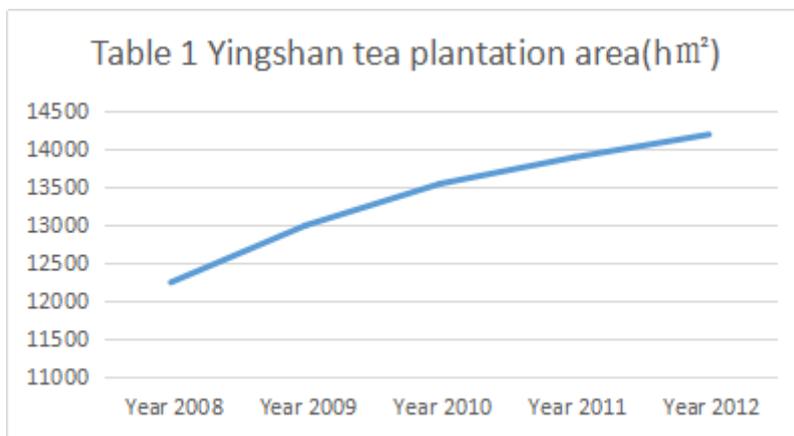
Yingshan County in Hubei Province is one of the main producers of the famous tea. Tea is an important pillar industry in the agricultural economy in Yingshan County, which plays an important role in the rural economy and agricultural income in this county. In recent years, in order to accelerate the development of tea industry, Yingshan County increases the plantation area, cultivates good stock and improves tea production. The government steps up efforts to support the tea industry and takes the industrialization development as a starting point for tea industry, which has achieved initial success. The experience about brand establishment of Yingshan tea provides a reference to development of featured agriculture in other regions.

## The Status of Tea Industrialization Development in Yingshan County

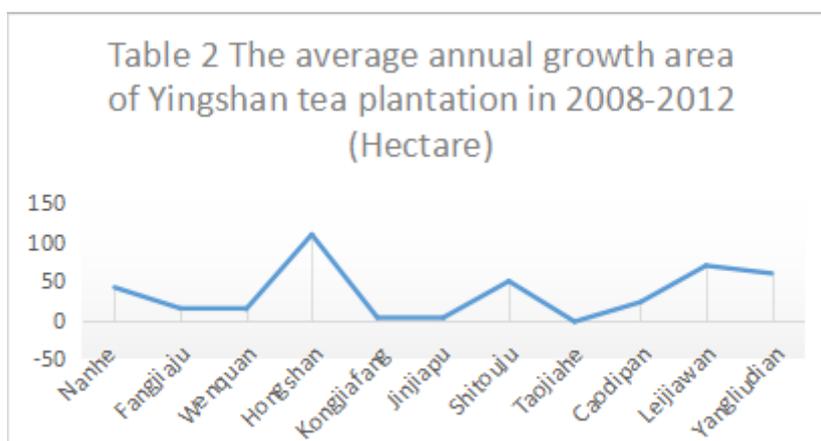
In recent years, in order to create One Village One Product and promote economic development with featured tea industry, villages and towns in Yingshan County create modern tea industrial zones based on natural resources and construct tea industry belts. Yangliuwan, a town in that county, constructs a MU persimmon tea belt in northern mountains in eight villages with Henanfan as the center. By improving the level of tea production, this town has built more than 10 tea-specialized villages; Fangjiazui Town builds Xianglongyuan ecological tea demonstration garden, Luotong'au clone parental tea garden, Duanjia'au clone tea breeding base and a number of highlighted projects whose ecology has a great influence in Yingshan County. Xianglongyuan ecological tea demonstration garden features with high-standard sprinkling irrigation and beautiful pavilions and landscapes, which forms an ecological tea demonstration garden from Luotang'ao to Shilongtou.

Wenquan Town creates Bailiu tea demonstration belt and Leijia Town creates the Three Mountains and A Lawn tea industry belt.

Relying on superior ecological environment in Dabie Mountains and based on the development of tea industry, Yingshan County develops featured tea industry to promote economic development constantly. From the area change of tea garden(see Table 1), the tea plantation area in Yingshan county has an average annual growth of 2.72%, from 12386.3 hm<sup>2</sup> in 2008 to 14167.6 hm<sup>2</sup> in 2012.



From the area comparison of all villages and towns in Yingshan County, Yangliuwan Town, Leijiadian Town, Shitouzui Town and Wenquan Town have a better basis on the tea development, whose plantation areas are larger than other towns; from the development of tea plantation area (see Table 2), tea plantation areas in 11 towns have a steady increase, in which Hongshan Town, Wuliuwan Town, Leijiadian Town and Shitouzu Town have the fastest-growing tea plantation area while the plantation area of Hongshan Town has an average annual growth of 109.42hm<sup>2</sup> with an average annual growth of 9.95 percent.



### The Dilemmas of Tea Industrialization Development in Yingshan County

**Production efficiency in tea industry needs to be improved.** Currently, tea output value accounts for only 26.1% of total value of agricultural output, tea tax accounts for 12% of fiscal revenue and tea income accounts for 37.6% of rural per capita net income. Tea production has not reached the goal that tea output value accounts for more than 40% of total value of agricultural output, tea tax provides more than 30% of fiscal revenue and tea income accounts for 50% of rural per capita net income. Production efficiency in tea industry is low and has many drawbacks, such as a high quantity with low quality, a large area with low overall efficiency and low price, which are difficult to get over.

**The tea leading enterprises play a weak role.** There are a small number of tea leading enterprises, only one, which has a small plantation area with many limitations and lacks well-known brands. The deep processing of tea and technological development is still in the blank. Its radiating surface is narrow and the connected farmers are only account for about 16% of all farmers. The market competitiveness is weak, so that it is difficult to play a leading role.

**Tea production bases cannot meet the requirements of tea industrialization development.** Tea production bases in Yingshan County have a long history, most of which are seriously ageing. The old tea plantation area accounts for 38% of all areas. The renovation of variety is slow and the proportion of new varieties is less than 40%. The famous high-quality tea varieties are only about 6.5%. Backward technology, poor management and other problems still exist in tea industry. More than 80% of the tea production bases are in debt in the county.

**The organization model of tea industry is unreasonable.** Currently, there are two organization model of tea industry in Yingshan County: Market+ Farmers and company + base + farmers. The two models are systems based on the management of procurement, which is unstable and unbalanced. The relation between multiple participants is unequal and they are not closely related. The distribution of benefits is unreasonable, which leads to frequent friction and conflicts. This not only affects the development of enterprises, but also seriously affects farmers' enthusiasm. In 2002, 41 farmers in Caishan Village, Leijiadian Town, organized more than 50 people to recover debts in Hubei Green Tea Company Limited, because this company has defaulted money in arrears for two years. This led to a deadlock for the two sides. Under the coordination of the government, farmers recovered debts. However, 41 farmers lifted relationship with the company. Aftermath of this disturbance, more than 300 tea farmers lifted partnership with the company and re-embarked on the independent road to the market.

**There is insufficient investment in science and technology and scientific research on tea is lagged.** The contribution rate of science and technology to the tea industry is less than 40% and tea science and technology development is also limited to the introduction of high-quality tea trees and the production of famous tea. The deep development, such as the liquid tea drinks, tea pigments, tea polyphenols and others, is still at the works. There is a lack of specialized tea research institutes in this county and tea research has lagged far behind. Tea technology relies on experts and research institutions from other provinces and the county lacks technical personnel, where the quality of technicians is jagged. There is a temporary shortage of technicians and fault phenomenon in technical personnel.

**The government plays an improper role in tea industry.** The tea industrialization development in Yingshan County is influenced by the thought of traditional planned economy and there are too many administrative intervention and orders from governments at all levels. For example, the government forces farmers to increase tea plantation area, which promotes the tea development in Yingshan County to some extent. However, this sweeping approach is unrealistic and results in too large tea plantation area, and there is a lack of people to pick tea. Another example, in the acquisition and reshuffle of the enterprises, the government does not respect the will of enterprises and arbitrarily arranges all. The result is just opposite to what they wish.

## **The Countermeasures of Tea Industrialization Development in Yingshan County**

**Strengthen tea leading enterprises.** First, expand the scale of leading enterprises. Tea companies in Yingshan County must become bigger and stronger, expand the scale, improve efficiency, and truly play a leading role in industrialization. Tea enterprises should be in accordance with the requirements of a modern enterprise system, adhere to market-oriented way, rely on resources, link

with capital, take interests of all parties into consideration and adhere to the road of mergers and acquisitions. They should break down departmental affiliation and administrative divisions based on existing technological transformation of enterprises and the optimization and reorganization of capital stock. Reorganize, restructure and establish group companies through stockholding system, the joint stock cooperative system, asset transferring and other forms. Expand the scale of enterprises with high qualities and quantities and extend the industrial chain of enterprises. These will enhance their overall competitiveness and enhance radiation and driving ability.

Second, establish a modern enterprise system. Most of the existing tea companies in Yingshan County were established in the planned economy, whose mechanism is not perfect and management is chaotic. In order to succeed in an increasingly competitive market and become leading enterprises, they must make a determined effort to reform the original backward mechanism and establish a modern enterprise system in accordance with the requirements of the agriculture industrialization and the need of the development of market economy. They should vigorously promote the joint stock cooperative system and gradually establish a diversified investment structure and investment mechanism with multiple capital channels from the state, enterprises, farmers, individuals and foreigner. They should establish and improve the corporate governance structure, scientific decision-making mechanism, effective incentive mechanism, strict restriction mechanisms, and a sound self-development mechanism.

**Attach great importance to the construction of tea production bases.** First, promote good stock, transform low-yielding tea gardens and improve per unit yield and quality. Good stock is the key to improve the level of production and value added by manufacture. Tea gardens in Yingshan County were basically built in sixties and seventies and rich period has expired. Furthermore, tea varieties are intermingled, per unit area yield is low and quality is difficult to improve. Therefore, we must attach great importance to the transformation of low-yielding tea gardens and promote good stock. Moreover, in the near future, we should promote good stock which has been bred and advocated by our country based on local conditions and cultivate a number of excellent stocks that is suitable for the local environment. By improving varieties and transforming low-yielding tea gardens, we should make a new level of the tea yield quality and quantity.

Second, implement brand-name strategy in a number of famous tea bases and accelerate the development of famous tea with the famous tea as the leading industry. In development pattern, we should connect collective tea gardens of towns, villages and groups with courtyard economy, and have a unified planning to develop new tea gardens. This is conducive to intensive management. Furthermore, farmers who plant tea will benefit from it and sign a long-term contract.

Third, the practice of tea specialized cooperatives has proved that to develop tea specialized cooperatives relying on basic supply and market are important carriers for farmers to carry out scale production. The following are the principles of tea cooperatives: voluntary association, self-management, self-service, mutual benefit, independent accounting, risk and profit sharing. The specialized cooperatives organize scattered farmers to stabilize the quantity and quality of raw materials supply.

**Establish a management system which is favorable to tea industrialization development.** The existing tea management system basically follows the planned economy and it is difficult to adapt to the development of tea industry. At present, in order to carry out tea industrialization construction, first we must establish a management system which is favorable to tea industrialization development and reform the tea management system in planned economy period which did not connect production, supply and marketing together. Furthermore, we should break fragments and barriers and combine similar or identical institutions. With the establishment of a

new tea management system and the change in government administrative system we must give full play to the role of the tea associations. We can carry out the tea business coordination, management and services through these intermediary organizations. This kind of intermediary organizations has played a major role in the tea production in the world. These associations are under the guidance and supervision of the government, but independent of the government; they represent business interests, but different from enterprises. Tea associations are actually transformations of government functions, which break the boundaries of sectors and regions, and change the relationship between the membership departments. Actually, it is an independent industrial coordinating body in government departments. The associations always maintain their independence, objectivity and serviceability. Each member must have high-quality ideology, professional ability and sense of innovation to make the tea market standardized, institutionalized, scientific and legal. This will make a fair, just, open and fair market competition environment. In other words, it has the same functions as auditing, accounting and asset evaluation agencies in the financial industry and appraisal agencies in territorial resources institutions. The functions of tea associations are different from tea societies. The latter ones are science and technology organizations, which play a linking role between the party, the government and the scientific and technological workers. Therefore, the establishment, operation and development of the tea associations must receive support and protection of the government. Of course, the associations should create achievements to win trust of the government and companies to establish authority in tea industry.

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- 3 Research on the Development Strategy of the Dabie Mountain Tourism and Sightseeing Agriculture, Project Category: Project of Key Research Base for Humanities and Social Sciences in Universities of Hubei Province, No. 2014000503.

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