Current Situation, Problems and Countermeasures of China's Tea Export Market

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Abstract

Nowadays, economic globalization has become an irresistible trend. China is a big tea producing country with a long history of tea culture. As one of the most important export agricultural products in our country, tea is inevitably affected by many foreign factors, such as green trade barriers, technical trade barriers, competition among similar products, etc. This paper studies and analyzes some problems existing in tea export market, so as to find out the methods and measures to improve tea export.

Keywords

Tea; Trade barriers; Countermeasures.

1. The History and Current Situation of Tea Export in China

1.1. The Historical Process of Tea Export in China

China is a large agricultural country, and tea has been one of the important materials since ancient times. Since the Han Dynasty, China has begun to export tea to foreign countries. In Tang, Song, Ming and Qing dynasties, the government firmly controlled the export of tea to safeguard the government power because of the "exchange of tea and horses". However, during the Kangxi period in 1681, the Qing government began to lift the sea ban. At that time, China's foreign trade developed rapidly and the export volume of tea also increased rapidly. After the Opium War, China's tea exports grew rapidly at that time because of the increased demand for tea in various countries around the world. At this time, the export of tea in our country was flourishing. However, in the 1830s, a large number of competitors appeared in the international market, such as India, Sri Lanka and other tea-producing countries. The failure of China's tea competition in the international market has plunged China's tea exports into a downturn. Only after 1949 did China's tea exports begin to recover and develop. However, the good times did not last long. In the 1990s, China's tea export volume began to decline again. In the 21st century, the total output of China's tea exports is increasing. According to statistics, during the period from 2006 to 2016, China's tea exports are on the rise. During this period, China's tea exports far exceeded its imports. In 2016, China's tea industry ranks first in the world in terms of both area and output, which shows that China's tea export trade has greatly changed from its previous weakness. However, compared with the tea industry of Kenya, India, Sri Lanka and other tea-producing countries, the growth rate of China's tea industry is obviously lower than that of these countries, both in terms of total export volume and total export value, which makes China's position as the largest tea exporter tottering.

1.2. Current Situation of Tea Export in China

1) Types of tea exports

At present, black tea, green tea and oolong tea account for a larger share of China's tea exports than other tea types. Green tea is a kind of non-fermented tea leaf, which is relatively cold and cool and is mainly used to relieve summer heat. Black tea is a fully fermented tea with a mild
temperament and can warm the stomach. Oolong tea is a kind of semi-fermented tea, which is neither cold nor hot. China's green tea has a long history of production, and its production and processing have great advantages in the international market. With the rise of modern health concept, green tea, with its advantages as a pure natural health drink, is increasing year by year in the proportion of China's tea exports. But black tea is the fastest growing and most lasting tea. Pu’er tea and scented tea, two kinds of tea, should be paid attention to. Their development is relatively slow and has not been known before. From 2005 to 2014, except 2009, China's tea exports have basically maintained the growth of total exports, but the annual growth rate has declined.

(2) Tea export area

The export markets of China's tea industry are mainly in Asia and North America. In 2016, China's tea will be mainly exported to Morocco, Uzbekistan, Senegal, Ghana and the United States. Among these five countries, Morocco is the most important export market for green tea in China. In the country's tea market, China’s export of green tea has reached 99%. As green tea is one of China's main export tea drinks. This makes Morocco the largest tea export market in China, and China's tea exports are easily influenced by the Moroccan market. Compared with Morocco, Senegal and Ghana are the dominant markets for China's green tea exports, while the US market is a new opportunity for China's green tea exports. The world’s main consumption market for black tea is in Uzbekistan and other CIS countries. It is also a market that China needs to develop vigorously. Oolong tea is Japan’s most imported type of tea in China and has great influence in Japan. In the EU market, due to the strict requirements of the EU on the quality of tea, the quantity of tea exported from China to the EU is relatively low, while the small quantity of tea exported is mainly black tea. At the same time, China’s exported black tea is difficult to compare with the black tea from India, Sri Lanka and other countries, and oolong tea has the problems of complex manufacturing process and great technical difficulty. Therefore, compared with green tea exports, these two kinds of tea exports are inferior.

(3) The promotion of tea export to rural economy

Tea, as an economic crop, its development is closely linked with the economy of tea-producing areas. Many tea-producing areas have developed on the basis of the tea industry, which has become an important pillar to promote economic development in the rural areas of China's main tea-producing areas and an advantageous agricultural industry to earn foreign exchange through exports.

① Tea industry has become a pillar industry in tea-producing areas to solve the employment problem.

The development of tea industry can effectively solve the problem of rural surplus labor force, just like Mabian, where there are over 200,000 mu of tea gardens. If a labor force can effectively harvest 2-3 mu of tea gardens, the tea industry in Mabian can absorb more than 100,000 people for employment. During the period of picking famous local tea, each person's daily income can reach about 150-300 yuan, while during the period of picking large amount of tea, each person can also get about the daily income of 80 yuan. In just half a year’s picking time, the per capita tea income of tea farmers can reach about 20,000 yuan. Tea production is very seasonal, and the picking and processing of tea are usually concentrated in February to August. During this period, farmers in tea-producing areas can rely on picking tea leaves to earn income. Besides picking tea leaves, tea farmers can also engage in other agricultural production work at home. You can also choose to work in a tea processing factory. For example, Mabian County has 219 tea processing enterprises, which can absorb about 1,000 seasonal production workers every year. The tea industry has become one of the seasonal labor service items for local farmers in tea-producing areas, increasing farmers' seasonal labor income.
With the prosperity of the tea industry, the tea processing industry in various regions has also developed continuously. So as to promote the development of the local economy and become a pillar industry in the region. Take Changning County as an example. In 2013, Changning County's total agricultural output value was about 2.3 billion yuan, and the output value of tea industry and agriculture was about 453 million yuan. The tea processing industry contributed about 529 million yuan. This shows that the development of tea industry can alleviate the employment problem, increase the disposable income and net income of rural residents, improve the living standard of farmers, increase the purchasing power of residents, stimulate consumption and promote the development of the local economy.

The development of tea industry can promote the development of tourism and service industry. For example, Changning County began to develop tourism with the theme of "tea" due to the vigorous development of the tea industry. In Changning, many tea areas have set up ecological parks. By extending the cultural concept of tea, they have created an ecological tea sightseeing park and ancient tree tea tourist area in the rural town, plus a tea boutique exhibition hall, all of which can attract tourists to appreciate. Changning County has given new content to tea through active exploration of tea culture. At the same time, Changning County has historically been an important branch of the Tea-Horse Ancient Road. This fact has also led to the development of tourism. In Changning County, a cultural exchange meeting of "Millennium Tea Village" is held every year. At this time, various ethnic minorities will display their unique culture and sell their own products. This activity will attract tourists from all over the world. With the increase of tourists, the service industry has also sprung up. This activity not only promotes cultural exchanges in various regions, but also promotes economic development in relevant regions.

2. Advantages and Disadvantages of China's Tea Export

2.1. Advantages of China’s Tea Export

(1) Advantages of tea culture
China is the homeland of tea and the birthplace of tea in the world. It is also the first country to consume tea, and has promoted tea as a healthy beverage to the whole world. In thousands of years of tea planting, tea making and tea drinking history, China has formed a unique culture of tea drinking, tea art and tea ceremony, with more famous teas appearing. As early as ancient times, tea trees have been discovered and used in our country. Before Han Dynasty, tea was not drunk as a drink, but was used as a detoxification drug. In the Spring and Autumn Period and Warring States Period, tea was also used as a vegetable for meals. Tea was really used as a drink in the Han Dynasty.

Nowadays, Chinese tea culture has spread to all parts of the world, and people from all countries will be attracted by Chinese tea culture to choose to buy Chinese tea. Compared with other countries, China's tea exports have a long history, which makes overseas countries quite familiar with Chinese tea, coupled with the sense of belonging of overseas Chinese and overseas Chinese groups to the motherland's tea culture, which are favorable conditions for Chinese tea to further open up the international market.

(2) Rich ecological advantages of tea industry resources
China's tea industry has significant ecological advantages in resources. In the world, China has the widest distribution of tea areas and the largest variety of tea. China's tea areas include 19 provinces and cities in the north and south of the Yangtze River, and there are mainly 4 major tea producing areas, namely, southwest, south, south and north of the Yangtze River. The
Southwest Tea Area claims to be the oldest tea area in China. It is mainly composed of Yunnan, Guizhou, Sichuan and southeast Tibet. The most suitable tea area for tea tree growth belongs to South China, mainly including Guangdong, Guangxi, Fujian, Taiwan and Hainan provinces. Fujian Province is a famous oolong tea producing area in China, and both Jiangnan and Jiangbei tea producing areas mainly produce green tea. Jiangnan tea area includes Zhejiang, Hunan, Jiangxi, Jiangsu, Anhui and other places. Jiangbei tea area consists of Shaanxi, Henan, Gansu, Shandong and other places.

China's tea garden area is located in the first place in the world, and China is also the origin of tea trees. Its ecological resources are relatively superior and its tea tree species are very rich. According to incomplete statistics, China's various tea germplasm resources have reached more than 2800, and have a genetic treasure house for cultivating excellent tea varieties. Most of China's tea areas are located in hilly and mountainous areas. These areas are economically underdeveloped, but compared with other areas, these areas have more suitable growth conditions for tea trees. For example, the drainage system is good, with acidic soil. The sun has sufficient light and rainfall. In winter, the temperature is relatively high. Moreover, the local labor force is sufficient, which is conducive to the cultivation of tea.

(3) Product advantage

China has a very long history of tea production. As the first country to use tea, there are many kinds of tea in China. Black tea, green tea, green tea, white tea, yellow tea and black tea are the six major types of tea in our country. All kinds of tea compete with each other. As the world’s largest producer and exporter of green tea, China is also the world’s only producer and exporter of oolong tea.

"Red in the South and Green in the North" is the general rule of tea production in the world. It means that countries in low latitudes, such as India and Kenya, are more suitable for producing high-quality black tea. High latitudes between 25 and 30 north latitude are more suitable for planting and producing high-quality green tea. "Green manure, red and thin, excellent" is the characteristic of Chinese tea. Chinese green tea is recognized by consumers all over the world for its excellent quality and health care function. In the international market, over the years, the export price of green tea is higher than that of black tea. Although China's black tea is not competitive in the international market, China's high-quality black tea varieties such as "Dianhong", "Qihong" and "Yihong" are still highly competitive in the international market. Various kinds of tea, such as Pu 'er tea, famous tea, oolong tea and scented tea, which are processed by traditional Chinese techniques, are also very popular in the international market.

(4) Advantages of industrial policy

In order to increase farmers' income, the Chinese government has issued a series of policies to develop agricultural industrialization, such as the 13th Five-Year Plan, which focuses on the healthy development of China's tea industry, thus arousing the enthusiasm of Chinese tea farmers and enterprises to plant, process and manage tea. Since China's accession to the WTO, it has made relevant adjustments to China's tea industry policy, thus making China's tea industry policy more scientific and institutionalized. At the same time, relevant laws and regulations are gradually becoming sound, and China's tea production, export coordination and macro-control system are also more perfect. At the same time, the Chinese government has begun to attach great importance to the food safety of tea. It has strengthened the inspection of agricultural residues and the management of the production, circulation and use of pesticides through the implementation and administration of relevant laws and regulations such as "Measures for the Implementation of Pesticide Management Regulations" and "China Import and Export Commodity Inspection Law", thus further ensuring the quality safety of tea products in China.
2.2. Disadvantages of China's Tea Export

(1) Low export price of tea

Although China’s tea exports have advantages, the export quality is not high, which is a major problem in China's tea exports. In the WTO trade database, by comparing the average price of tea exports from the four major tea exporting countries (China, India, Sri Lanka and Kenya), it is found that the average price of China’s tea exports fluctuated continuously from 1992 to 2012, reaching the lowest in 2002. In 1999, many countries began to further improve and implement the technical barriers to trade standard, and China joined the WTO in 2001. These are the reasons that affect the export price of Chinese tea. However, starting from 2002, the average price of tea in China began to rise steadily. However, compared with Kenya, India and Sri Lanka, it is found that the export price of Chinese tea is relatively low. Until 2003, China was at the lowest end of the average export price of the four major tea exporting countries. After 2003, China’s tea export prices began to rise, although sometimes exceeding Kenya's, but compared with India and Sri Lanka’s tea export unit price, the gap has widened year by year.

(2) Strict technical barriers to trade hinder the export of tea in China

Importing countries use various technical barriers to trade to hinder China’s tea exports. Since 2004, Morocco began to carry out the inspection of agricultural residues on green tea imported from China, and in 2015, all tea imported from Morocco must be issued with an English inspection certificate issued by the inspection and quarantine department of the exporting country. Morocco has restricted our tea exports through these measures. In 2006, Japan implemented a system to classify pesticide residues in tea into three categories for testing, which mainly emphasized the "maximum limit standard" and "uniform standard". The "maximum limit standard" is for those agricultural chemicals with clear requirements, and the "uniform standard" is for those agricultural chemicals without clear provisions. If the prescribed standards are not met, Chinese tea will not be allowed to be exported to Japan. From 2004 to 2014, due to Japan's implementation of this standard for agricultural chemicals, China’s export volume and export volume of tea exported to Japan have both dropped significantly, by 60.9% and 27.73% respectively. In 2014, China’s tea exports to Japan were reported twice for the reason that agricultural residues exceeded the standard.

In recent years, the European Union and other developed countries have become the main force in the import and consumption of tea in the world. For reasons of human health and environmental protection, extremely strict "Pesticide Residue Standards in Food" have been formulated. In MRL, the European Union has stipulated the pesticide residue detection standard that it considers reasonable. Among them, the agricultural residue limit for tea has been further increased and has now reached 493 items. Moreover, the EU will adopt a zero-tolerance attitude towards pesticides that it has not registered. Since 2000, the European Union has continuously raised the standards for pesticide residues. These measures have led to a substantial drop in China’s tea exports in the EU. From 2003 to 2004, the EU banned oolong tea produced and exported by our country completely on the grounds that it did not meet its pesticide residue standards. In April 2017, a batch of green tea exported from China to the Czech Republic was detained and refused entry due to the detection of dinotefuran, which was reported by RASFF. The “Tea Import Act” of the United States has made detailed regulations on the testing methods and packaging certification of tea, requiring that all imported tea should not be lower than the minimum standard sample tea stipulated by it. Although the United States does not have many tests for pesticide residues, some standards are stricter than those of the European Union. For example, endosulfan can only be 0.1mg/kg, and dicofol content cannot be detected. Only when the pesticide residue in tea leaves does not exceed the regulations can China’s tea leaves be successfully exported to the US market.

(3) Tea quality standard is low, production technology and equipment are backward
At present, China also has clear regulations on the quality of tea, with more than 470 quality testing items. However, compared with the standards formulated by developed countries such as the United States, Japan and Europe, China's tea quality standards are still relatively low. On June 18, 2017, China's "GB2763-2016 National Food Safety Standard" allows the maximum amount of pesticide residues in tea to be 15mg/kg, but it is higher than the maximum limit of 9mg/kg of fenazaquin in tea issued by the US Environmental Protection Bureau, which is very unfavorable to China's tea exports. In addition, the process from planting to production of tea leaves in our country has asymmetric factors with the importing countries and regions of tea leaves, among which the policy and standard technology are the most serious problems.

The processing technology and equipment of China's tea processing plants are very backward, however, the tea production and processing technology of some major tea producing countries in the world is gradually improving. For example, Tanzania produces and exports only organic tea, which is the first case in the world. India has also begun to gradually restrict the use of chemical agents, using organic control methods to control diseases and insect pests, and using computers to dry tea leaves and other processing processes. Japan's tea processing plants and processing equipment have been automated, and even in developing countries such as Sri Lanka, tea processing has achieved continuous production.

The scientific and technological innovation level of Chinese tea leaves lags far behind that of other advanced tea producing countries. This makes the improvement of tea quality in our country lag far behind the developed countries. It also restricts the cultivation, production and export of tea in our country, resulting in that our tea cannot meet the requirements of the international market and has no strong competitiveness in the international market.

(4) Insufficient strength of enterprises in China affects the overall development of tea industry
Relatively speaking, the degree of organization of China's tea enterprises is not enough, which leads to the shortage of funds for China's tea enterprises and makes it difficult to carry out technological innovation and research. These have had an impact on the scale and development of the enterprise, and at the same time caused the current situation that the quality of tea in our country cannot meet the international standards. In addition, the nonstandard domestic tea market and the lack of awareness of intellectual property rights of tea enterprises have led to the fact that China's tea is generally a primary product of raw materials rather than a secondary processed synthetic product for export. The vast majority of tea exports are primary tea raw materials for famous brand tea abroad, resulting in low added value of tea products in China. For example, Japan's Suntory Company imports oolong tea from Fujian, China. Its processed tea drinks are well known in Japan, but few people know that Suntory Company imports tea from China. With the development of the times, great changes have taken place in the marketing mode in the international market. However, the export mode of Chinese tea has not changed much and has not gained great popularity in the world. This makes Chinese brands more vulnerable to the impact of international tea brands.

3. Countermeasures to Promote the Development of Chinese Tea Export Trade

In today's highly competitive international market, this paper will mainly discuss how to enhance the competitiveness of China's tea exports from the following aspects.

3.1. Actively Develop Overseas Investment to Avoid Green Trade Barriers in Importing Countries

Nowadays, most countries implement green trade barriers in order to protect their own industries of the same type from the threat of foreign products and prevent the influx of foreign products into their own markets, thus causing damage to their own enterprises. When
countries adopt such a practice, they usually impose very strict requirements on the quality of imported products, in contrast, the requirements for domestic products will be relatively relaxed. Taking advantage of this, China’s tea export enterprises can effectively avoid the green trade barriers of importing countries by taking advantage of the advantages of local tea, attracting foreign investment and cooperation, and combining relevant tax policies and legal systems, and can also solve the problem of low tea export prices in China. At the same time, China’s tea export trade enterprises should actively learn from the experience of excellent export enterprises, carry out joint ventures with tea import enterprises, learn advanced foreign technologies, etc., so as to increase the quantity of China’s tea exports. Effectively evade green trade barriers, improve China’s tea export advantages, and promote the development of China’s tea enterprises’ foreign trade.

3.2. China’s Tea Enterprises Should Actively Deal with Technical Trade Measures of Tea Importing Countries

Judging from the current situation, China’s tea exports have been greatly affected by the problem of pesticide residues. Compared with the developed countries which revise the pesticide retention standard of tea every 2 to 5 years on average. In China, the revision time of pesticide retention standard for tea is too long, and the quality standard is lower than that of developed countries. To solve this problem, the implementation of the concept of green marketing must start from the most basic. For example, in tea garden management, attention should be paid to early prevention rather than relying solely on chemical drugs to solve the problem of tea tree diseases. From the aspect of tea tree growth environment, the ecological measures of natural enemies of pests, beneficial bacteria or their metabolites can be introduced to change the ecological environment of tea trees and solve the problem of tea farmers’ over-reliance on pesticides. Every process of tea production and consumption should be strictly in accordance with the requirements of international health standards to solve the quality problems of tea from the source. At the same time, the quality standard of tea should be formulated to introduce China’s outstanding export enterprises to foreign customers, to enhance communication between all parties, to inform import enterprises to purchase from regular channels, and to protect China’s market share of tea. At the same time, the relevant departments of the state should strengthen ties, expand their negotiation efforts, actively carry out negotiations and consultations, make more use of WTO principles to carry out negotiations, provide scientific and strong evidence, and gradually reduce the impact of trade barriers of importing countries on China’s tea exports.

3.3. Strengthening the Construction of Tea System and Improving the Competitiveness in International Market

China has always regarded the overseas market as the target market for its tea export, so China’s tea export should really understand and master the consumption demand of the importing country. The first thing that Chinese tea enterprises should care about is the quality of tea. If China’s tea enterprises want to develop for a longer time, tea quality should be the top priority.

No matter the cultivation, production and processing of tea, or the transportation and sale of tea, the export standards of tea must be followed. In the management of tea gardens, when promoting the growth of tea leaves, organic fertilizers or natural fertilizers should be used as far as possible instead of chemical fertilizers for fertilization. In terms of insect prevention and control, comprehensive control and biological control should be adopted as far as possible, instead of just using chemical agents. In the choice of tea packing materials, articles, transportation means and storage places, environmental sanitation must be ensured. At the same time, in order to avoid the deterioration of tea during storage and transportation, the storage of tea should be considered.
Only when the enterprises themselves do their best can they take the lead in driving China's tea farmers to strictly abide by the production process and use internationally certified standard pesticides. In this way, the quality and quantity of our country's tea exports can be guaranteed, thus developing a new tea export market. If tea enterprises want to develop new products, they must make full preparations in advance, conduct a thorough investigation of the target market, and understand the real demand of the market. Chinese tea has gradually opened up the international market, and tea is used in various industries, not just as a drink. Relying on this practice, our country can get rid of the saying that the tea exported by our country is a consumption raw material in the international market, and at the same time help tea enterprises to earn foreign exchange through export.

3.4. Promoting the Development of Tea Industry as A Whole

The export of Chinese tea will be greatly influenced by the whole industry. Therefore, the key point is to promote the rapid development of China's export trade and enhance the level and speed of China's overall industry development. In recent years, due to the low price and quality of tea products, China's tea exports to foreign markets are subject to many constraints. Therefore, it is necessary to perfect China's tea export industry chain and promote the progress of China's tea enterprises. To improve the development basis of China's industrial chain is to improve the development of China's tea machinery and equipment, pesticides, chemical fertilizers and other industries. Although China's tea is good, it also needs advertisements to tell the public. Therefore, from the perspective of brand marketing, China's tea can be marketed through the introduction of a new way of fighting tea. On the basis of folk competitions such as Tieguanyin Competition and Pu 'er Tea Competition, similar fighting tea conferences can be held abroad to promote China's tea. If our tea wants to enter the international market better, we need to innovate the tea export marketing mode continuously.

3.5. Familiar with and Utilize WTO Principles

As one of the important members of WTO, China should be familiar with and reasonably apply its relevant principles to promote its tea export. For example, with the aid of WTO/TBT-SPS notification mechanism, the WTO member countries have timely reviewed and put forward relevant suggestions on trade barrier measures such as conformity examination procedures, technical standards and relevant laws and regulations for imported products. In addition, China can make full use of the relevant WTO agreements, such as granting some special benefits to developing countries and coordinating settlement mechanism for trade disputes, to promote the export of tea industry. At the same time, it can also appeal against the violation of the relevant WTO regulations on green barriers, strengthen the guidance of our government departments to relevant tea export enterprises, safeguard the legitimate rights and interests of China's tea export enterprises, provide effective protection for China's tea farmers, and then create a good trade atmosphere for China's tea export.

4. Summary

The international tea market is expanding under the impetus of economic globalization, which brings new opportunities for the development of China's tea industry, but also brings various challenges. The development of tea industry is conducive to the development of rural economy, narrowing the gap between rich and poor between urban and rural areas, and achieving the goal of building a well-off society in an all-round way as soon as possible. The export of tea industry is conducive to China's increasing foreign exchange reserves, easing the employment pressure in China, and driving China's economic development. In order to promote the export of China's tea industry and enhance the competitiveness of China's tea in the international market, we
should realize the shortcomings of China's tea itself, further optimize China's tea quality management system, export trade and other systems, so that the export trade of China's tea industry can develop smoothly and earn foreign exchange through export.

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