

## How to Develop Yunnan Tea Industry

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**Abstract.** Tea industry is one of most famous advantage industry in Yunnan province. To develop tea industry can not only increase the income of farmers but also develop the economy of Yunnan Province. After studying the problems of Yunnan tea industry, this article suggests we can improve tea industry with improving tea's quality through innovation technology, adopting modern management model by using talents, proving financial funds by regulating industry, and integrating the industry through protecting environment.

### Introduction

Yunnan is a province, located in the southwest of China, which is abundant in natural resources, geographical resources, and climatic resources. Tea industry is the key modern agriculture industry with plateau characteristics in Yunnan, which can promote agricultural and rural development and increase the income of tea farmers. There are many kinds of tea in Yunnan, like black tea, green tea, puer tea, scented tea and so on. The output of Yunnan tea products is very high, and the peasants in tea industry are so many. But the difference between tea products is very small, and the tea enterprises adopt traditional management model. So the linkage effect between enterprises is very weak. It is very important for Yunnan to improve tea industry. The purpose of this article is giving advice about how to improve Yunnan tea industry after analyzing the problems of Yunnan tea industry.

### The Current Situation of Yunnan Tea Industry

Tea industry is the traditional characteristic advantage industry in Yunnan. In 2016, Yunnan tea planting area had reached 6.1 million mus, output had reached 375,000 tons. The total output value had reached ¥67 billion. The farmers in tea industry were more than 6 million.

#### Many kinds of Tea.

According production methods, Yunnan tea can be divided into five categories: black tea, green tea, Puer tea, compressed tea and scented tea. Black tea is made by withering, rolling, fermentation and drying. There are two kinds of black tea, which are kungfu tea and black broken tea. Yunnan green tea includes sun-dried green tea, fried green tea, baked green tea and steamed green tea. Puer tea refers to the sun-dried green tea made from fresh leaves of Yunnan large-leaved tea trees, which is famous for the characteristics with bright red soup and unique old fragrant. Compressed tea is a kind of tea which is sifted and autoclaved from sun-dried green wool tea. It has a compact shape, orange-yellow soup, and mellow taste. Scented tea is made of fragrant flowers, like jasmine, rose, magnolia, pearl orchid and so on. There is another tea in Yunnan which is called medicine tea, such as notoginseng tea, gynostemma pentaphyllum tea, snow tea, kuding tea.

The output of Yunnan tea is increasing year by year. As shown in Figure 1, Yunnan tea output reached 384,500 tons in 2016, an increase of 18,700 tons compared with 2015, about 16% in the country. Among them, the output of raw black tea is 543,000 tons, about 24.9% of the national output; the output of raw green tea is 244,600 tons, about 15.4% in the country.

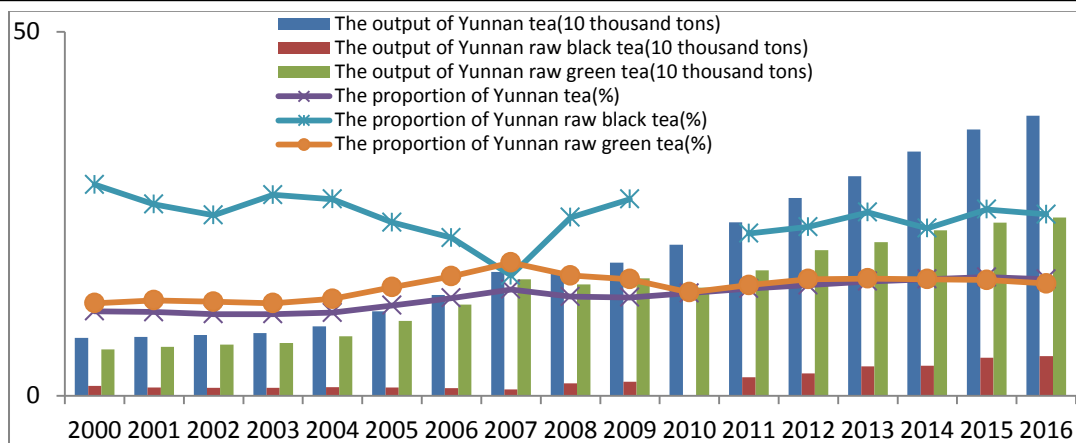


Figure1. The output and proportion of Yunnan tea in 2000-2016

### Many Tea Planting Areas.

There are 37 tea species in the world, and 31 species in Yunnan. There are 31 tea species in Yunnan, which are distributed in eastern, western and southern of Yunnan. Black tea is distributed in Fengqing, Dali, Lincang, Baoshan, Xishuangbanna and other cities. Puer tea mostly grows in ancient tea areas such as Simao, Dehong, Pu'er and Xishuangbanna. Compressed tea is mainly produced in Xiaguan, Kunming, Jinggu, Menghai, Yanjin and other places. Scented tea scatters on Kunming, and distributes in central, southern, western and eastern of Yunnan. Health tea is throughout Yunnan, which forms local specialties, such as Notoginseng in Wenshan, *Gastrodia elata* Blume in Zhaotong, *Paris polyphylla* in Yulong, Maca in Lijiang, *Dendrobium* in Puer, etc. By 2016, the tea plantations in Yunnan have reached 434900 hectares, about 15% of the whole country, which was as twice as much in 2005. The picking areas of Yunnan tea plantations have covered 373600 hectares, which have an increase of 2.6% over 2015, about 17% of the country (as shown in Figure 2).

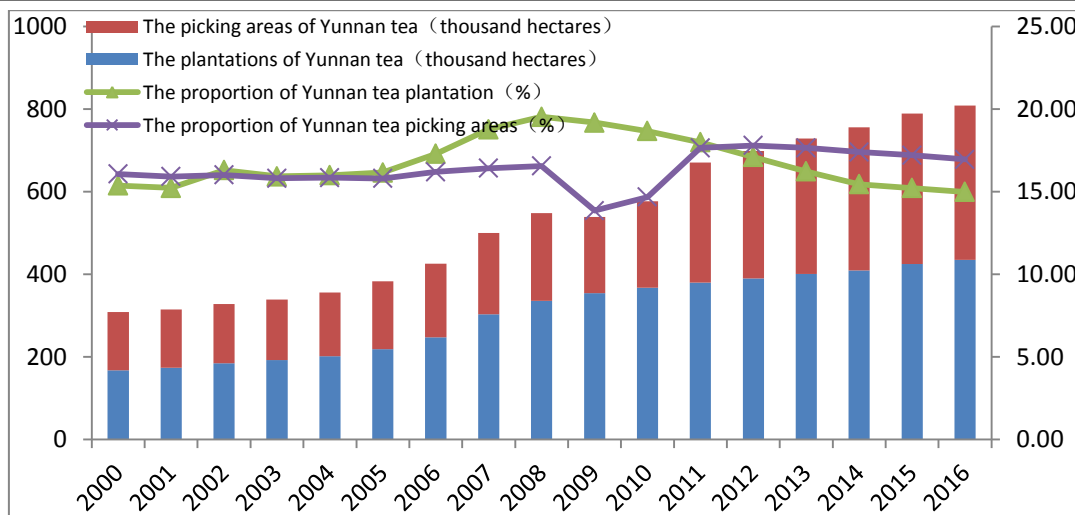


Figure2. The plantations and proportion of Yunnan tea in 2000-2016

### Many Tea Production Enterprises.

By 2016, there are more than 1300 tea production enterprises in Yunnan. They are distributed in tea growing areas. For example, Six-Famous-Tea-Mountain in Lincang, China Tuhsu Yunnan Tea Import & Export Corporation and Longshen tea factory in Simao, Haiwan Tea Co., Ltd. and Menghai Tea Factory in Menghai, Xiaguan Tea Factory in Dali, Dehong Tea Factory in Dehong, Kunming Guyi Company in Kunming, Tianpin Tea Company in Xishuangbanna, Dianpu Tea Factory

in Wenshan.

## **The Problems in Yunnan Tea Industry**

### **The Difference between Tea Products is Small.**

There are many kinds of tea in Yunnan, but the difference between tea products is not huge. From the appearance of the Yunnan tea, the shapes of them are brick, cone and pie. It lacks liquid tea products comparing with other tea products in China. Yunnan tea are almost primary processed products which were processed with picking, rolling, drying and frying. It lacks the tea polyphenols, tea polypeptide, caffeine, theaflavin and thearubin which are extracted and purified from tea leaves. As a result, the added value of tea products is very low.

### **Many Enterprises Use Traditional Management Model.**

Yunnan tea production enterprises and sales enterprises mostly are private enterprises with small scale. In private enterprises, most managers are the owners. The owners of are apt to using traditional management model. They always adopt family management model, which is characterized by the fact that employee are relatives-oriented. The information transmission in traditional management model is very slow. The traditional management model does not pay enough attention to talents, funds, technology and marketing. So, it is hard to innovate in enterprises. The funds return slowing. And it is difficult to adapt to the ever-changing market.

By 2016, there were 1476 tea sales enterprises in Yunnan. However, there were only Carlsberg (China) Beer Industry and Trade Co., Ltd., Yunnan Longrun Group Co., Ltd. and Mao Grain Wine Group Co., Ltd. in the wine, beverage and refined tea manufacturing industry were listed on the Top 100 Yunnan non-public enterprises in 2018.

### **The Industrial Linkage Effect is Weak.**

Tea industry belongs to resource-dependent industries. Tea enterprises are scattered in tea growing areas, and it is difficult to associate. Due to the high homogeneity degree of tea products in Yunnan, enterprises often compete viciously by lowering prices in order to obtain local market share. In addition, Yunnan tea enterprises are mostly private enterprises, and the scale of enterprises is generally small. The correlation effect between enterprises is very weak. It is difficult to drive the development of forward-related and backward-related enterprises.

## **The Advice for Developing Yunnan Tea Industry**

Tea industry is pillar industry in Yunnan. Improving the tea industry can increase the income of tea famers and promote the development of economy in Yunnan. To develop tea industry need the efforts of all participants. What shall we do is described as follow.

### **Improve Tea'S Quality Through Technology Innovation.**

Tea product is the main source of income for tea production and sales enterprises. In order to ensure the color, taste and quality of the tea, enterprises should attach more important to the application of modern technology which can apply real-time monitoring system, product quality follow-up system, energy-saving equipment system and temperature control system into planting, picking, producing, manufacturing, processing, storage, and selling. Besides, enterprises can use innovation technology to produce tea oil, tea cream, tea beverage, tea biscuit, tea shampoo, functional tea, and so on.

### **Adopt Modern Management Model by Using Talents.**

Talents are the core competitiveness in the 21st century. They can help enterprise adopt modern management model and obtain more market share. In the short term, we can improve the skills of employees and the ability of enterprisers' thorough training courses and evening schools. Enterprises can employ talents by high salaries. In the long term, enterprisers should cultivate themselves' the sense of honesty. Local governments can support basic education, encourage secondary education and reward higher education.

### **Increase the Awareness and Reputation by Building Brand Effect.**

Compared with the national tea products and tea enterprises, the popularity of tea products in

Yunnan except Puer tea is not so high. Enterprises can publicize tea products through various ways, such as using the media, participating in large-scale exhibitions and enterprise associations, or organizing various tea cultural activities. The local government can take characteristic tea as local landmark agricultural products to expanding the popularity of tea products, and hold tea culture festivals as local customs to attract tourists from home and abroad.

#### **Raise Logistics Level by Building Infrastructure.**

Logistics capability is very important in agricultural development, as is tea industry. Influenced by the terrain, Yunnan's main mode of transportation is highway, which is relatively single. The level of logistics cannot keep up with the needs of market development, so it is necessary to improve the logistics transport capacity. We can improve logistics level through improve infrastructure continuously, such as building highways, building railway airports, opening multiple transport routes, etc. so that it can improve freight volume and transport capacity. Beside we can foster modern transport enterprises to adopt modern transport equipment.

#### **Provide Funds by Regulating the Industry.**

Capital is one of the most important sources for private enterprise. The low cost of the capital can help enterprise obtain more profits so that it can put the funds into R&D. The government should regulate the financial industry and encourage the bank to carry out special loan funds for tea enterprises. The micro-loan enterprise also can provide funds for tea enterprises. The government could encourage the micro-loan enterprises to develop through making law and controlling the maximum loan interest rate. In tea industry, the government can publish the tea industry standards, which are helpful for enterprises to make sure that fake and inferior products are not put into tea market. It is useful for ensuring consumers' confidence on buying tea products.

#### **Integrate the Industries Through Protecting the Environment.**

With the development of information technology, industrial convergence is one trend in the future. As far as tea industry is concerned, it can form many integrated industries with secondary industry and tertiary industry. We can produce tea oil, tea snacks, tea shampoo, tea food, and so on combining tea industry with secondary industry. We also can develop the industry of leisure vacation, sightseeing experience, or an ecological park, combining tea garden with tertiary industry. So, it is important to protect the ancient tea trees and regional ecological environment by controlling the using of pesticides, chemical fertilizers and other chemical drugs.

### **Acknowledgment**

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