



Analysis of the Development of Chinese Tea Trade in Five Central Asian Countries (2017-2022)

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Abstract. With the continuous progress of the "Belt and Road" strategy, in recent years, tea trade between China and Five Central Asian countries has become increasingly frequent. This study attempts to explore and summarize the current situation and predicament of the Chinese tea trade in Central Asia from 2017 to 2022 through the sorting of first-hand data and relevant literature, to provide useful experience and suggestions for the further investigation of Chinese tea in Central Asia in the future. The results show that the export volume and value of export of Chinese tea in the five Central Asian countries have increased steadily. Uzbekistan is a major importer of Chinese tea; The types of tea exported are mainly green tea, red tea, and black tea. At the same time, China's tea trade in Central Asia also has a relatively high degree of market concentration and unbalanced types of exported tea; Tea brand construction is not in place; There are different degrees of trade barriers and other practical problems. In this regard, we believe that China should expand the scale of the tea market and enrich the varieties of tea exported. In addition, attention should be paid to the unique characteristics of the tea to create independent brands; stimulate the upgrading of industries and address various trade barriers.

Keywords: "Belt and Road" strategy; The tea trade; Five Central Asian countries; Brand building

1 Introduction

As we all know, tea has been one of the important cash crops in China's foreign trade since ancient times and has gradually become a symbol of the significance of Chinese culture in long-term overseas trade. In 2013, with the implementation of the "Belt and Road" strategy, tea trade has increasingly promoted the investment and consumption of the targeted countries along the "Belt and Road", and enhanced the cultural exchanges between the people of the countries. With this background, the five Central Asian countries, which have long had tea-drinking customs and are key places along the Belt and Road, are naturally important trading partners of China's tea exports in the new era. This study attempts to explore and summarize the current situation and predicament of the Chinese tea trade in Central Asia from 2017 to 2022 through the sorting of first-hand data and relevant literature, and attempts to provide practical suggestions for the further development of Chinese tea in Central Asia. So, how was the development of Chinese tea trade in the five Central Asian countries during the past five years?

In fact, relevant studies on China's tea trade have long existed. Especially in recent years, many scholars have explored the study of China's tea trade from different angles and dimensions through different ways. Recently, the study of tea trade in the Qing Dynasty has become increasingly significant. Tao DeChen (2002) pointed out that since the Qing Dynasty, the core commodity of Sino-Western trade has become tea, and tea trade has driven the development of related industries, has had a positive impact on the development of transportation and economic prosperity, and has become an important weapon in diplomatic and military struggles. In the development of tea trade in the Qing Dynasty, the contribution of Jin merchants had to be mentioned. Shi Tao and Li ZhiFang (2008) compared the average price of all kinds of tea in Wuyi Mountain with the average price of tea in Kyakhta and obtained the transportation cost by researching the length of tea roads, the average miles traveled by Shanxi tea merchants per day, the daily consumption per capita, the average transport capacity and consumption of ships, horses and camels at that time. The average income of tea merchants is then obtained, and the profit rate of tea trade of Jin merchants in the Qing Dynasty is calculated. As an important support for the fiscal revenue of the Qing Dynasty, tea trade also affected the stability of the Qing government to a certain extent. From the perspective of frontier governance, some researchers (He Qiang, 2022) analyzed five modes of tea side sales in the Qing

Dynasty, indicating that tea trade promoted the formation of a trade network combining points and lines in the border areas of the Qing Dynasty, and promoted the rise and development of border cities in the Qing Dynasty. With the continuous development and extensive influence of tea trade, the Tea Road has also become an important platform for the Chinese government to participate in global trade and exchanges since the Qing Dynasty. Chen Wenhua (2022) focuses on the route revolution of the China-Russia tea trade and believes that the change of the China-Russia tea trade route will, to a certain extent, promote the adjustment of China's foreign trade structure, and the important route of Sino-foreign exchanges will change from the Silk Road to the "Tea Road".

In recent years, some researchers have begun to pay attention to tea trade under the background of the "Belt and Road". Peng Hong (2018) analyzed the advantages, disadvantages, opportunities and threats of China's tea export based on SWOT analysis, and gave forward constructive suggestions for promoting the tea industry. In addition, Peng Hong also tried to analyze the comparison of tea export competitiveness between China and major tea-producing countries along the "Belt and Road" based on the study of display indicators. Yang ChaoYing and Xie XiangYing (2019) explored the growth of China's tea trade in countries and regions along the "Belt and Road" from 2011 to 2017 with the framework of tripartite decomposition, and studied the trade growth path of China's tea export and its influencing factors. Zhang ShouZhen (2020) analyzed the current situation, opportunities and existing problems of China's tea export under the background of "One Belt and One Road", and put forward some specific measures to promote the development of China's tea trade. Based on the tea import and export trade data between China and other RCEP member countries from 2011 to 2020, Li Zheng (2022) and other researchers analyzed the import and export status of various countries. The index of revealed comparative Advantage (RCA), export similarity index (ESI), trade complementarity index (TCI), trade integration index (TI), intra-industry trade index (GL) and other indicators are calculated to investigate the competitiveness and complementarity of bilateral tea trade, and it is believed that China should fully tap the tariff reduction dividend brought by the RCEP agreement and expand new markets while improving tea standards and putting value on brand building. On the issue of brand building, Yan HuaQing and Wu Fang (2019) made a more detailed exploration and provided ways to build Chinese tea brands and increase

the market share of Chinese tea in the international market under the background of the "Belt and Road Initiative".

2 Trade status of Chinese tea in five Central Asian Countries

From 2017 to 2022, the entire Chinese economy has experienced many ups and downs, coupled with the reason of the corona virus, which has made the development of China's foreign trade economy encounter unprecedented challenges. Among them, China's tea foreign trade naturally cannot escape the impact of the environment, but it benefits from the steady advancement of the "Belt and Road" strategy, as a whole, the trade status of Chinese tea in the five Central Asian countries is still achieving a good development trend. To be specific:

2.1 The Volume of Exports and the Value of Exports Increased Steadily

As we all know, the diet of the five Central Asian countries is mostly indigestible food such as beef and mutton, and tea just makes up for the lack of vitamins and many kinds of micro-elements in the diet. The magic effect of tea facilitated the integration of tea into the diet culture of Central Asia and became well-loved by the local people. According to the data of the Tea Industry Branch of the China Association for the Promotion of International Agricultural Cooperation, in 2022, China's tea exports to five countries in Central Asia reached nearly 39,000 tons, and the total export trade was close to 100 million US dollars, compared with 2017, respectively, an increase of nearly 10,000 tons of exports and nearly 50 million US dollars of exports.

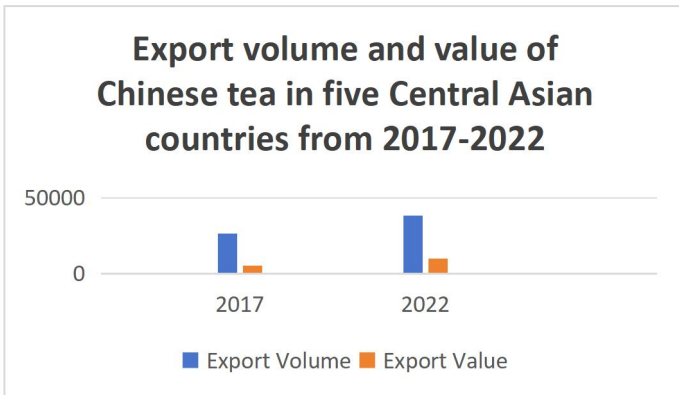


Fig. 1. Export volume and value of Chinese tea in five Central Asian countries in 2017 and 2022

2.2 Uzbekistan is a Major Importer of Chinese Tea

In addition to the steady increase in exports, the individual differences among the five Central Asian countries are also significant. As can be seen from the table below, China's tea exports to Uzbekistan are significantly ahead of several other countries, reaching 25,864 tons in 2022, followed by Tajikistan's 3,159 tons. In terms of export trade value, Uzbekistan reached 55.22 million US dollars in 2022, followed by Kyrgyzstan with 22.5 million US dollars. (Tea Industry Branch of China Association for Promotion of International Agricultural Cooperation, 2022)

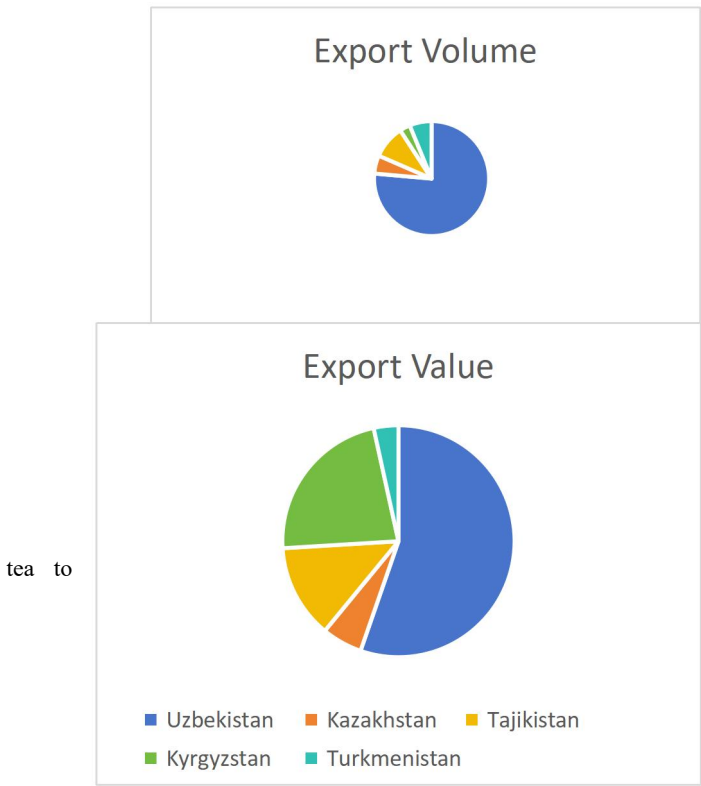


Fig. 2. Export volume of Chinese five Central Asian countries, 17-2022;

Fig. 3. Export volume of Chinese tea to five Central Asian countries, 17-2022

2.3 The types of tea exported are mainly green tea and supplemented by black tea

Tea has many magical effects, according to the "Shennong Herbal Classic": "Shennong tasted hundreds of herbs, encountered 72 poisons within a day, and tea healed him." A variety of micro-elements in tea enables tea to have the effect of refreshing, waking up and avoiding greasy. Among the five Central Asian countries, green tea imports are the largest and occupy an absolute position in the tea market. For example, over the past six years, Zhejiang Province has exported nearly 53,000 tons of green tea to Uzbekistan, which has also generated exports of nearly 100 million US dollars. In all five Central Asian countries, green tea imports are far higher than other types of tea, and it can even be said that green tea leads the market. After green tea, black tea is the second most popular. (Tea Industry Branch of China Association for Promotion of International Agricultural Cooperation, 2022)

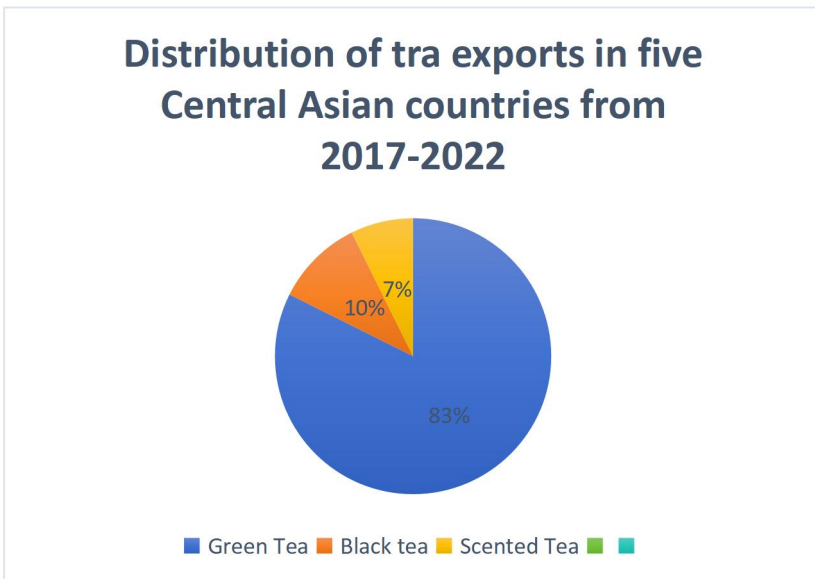


Fig. 4. Distribution of Chinese tea exports in five Central Asian countries from 2017 to 2022

3 Problems in Trade Development

By combing the export trade situation of China's tea industry in the five Central Asian countries in recent years, it is not difficult to find that China's tea industry shows a gradual increase in the total export trend, but there are also some outstanding problems, specifically, there are three main problems:

First, the degree of market concentration is relatively high, and the types of exported tea are unbalanced. As can be seen from the above, Uzbekistan is far ahead in terms of the total export trade and total trade to the five Central Asian countries, accounting for 76% of the total and 55% of the total, which can be described as "a dominant country". The formation of this situation, on the one hand, makes our country in the Central Asian tea export trade, too dependent on Ukraine, and to a certain extent, there will be potential business risks; On the other hand, the tea market has been concentrated in a certain country for a long time, which is also not conducive to China's development of other markets, and then the overall improvement of the total scale of trade. In addition, in terms of tea types, we also found that green tea occupies an absolute dominant position, black tea, light tea, scented tea, black tea, and other high-quality tea exports accounted for a relatively low proportion, and the structural imbalance of tea exports was more obvious, which further restricted the all-round development of tea exports.

Second, the brand building of Chinese tea is not in place. Compared with internationally renowned tea enterprises, the scale of China's tea export enterprises is small, lacking publicity, and influence in the international market. According to statistics, among the top ten high-end tea brands in the world, only one Chinese tea brand is shortlisted. From the perspective of the trade practice of the five countries in Central Asia, the export of China's tea industry is mainly in the low-end and bulk, which means that China's tea industry has not yet formed an organized, standardized and integrated modern management system, and lacks the creation of independent high-end brands. Internationally renowned tea brand Twinings' continuous development and innovation in the early 20th century helped to build their brand. They introduced tea bags and introduced new tea varieties and flavors, including flower tea, fruit tea, and herbal tea. Twinings has built its brand and reputation by ensuring the quality and traceability of its tea, and by providing healthier and more environmentally friendly products. Some researchers have pointed out that for a long time, China has paid too much attention to the protection of tea brand resources, and

relatively ignored the publicity and promotion of the brand (Xiang YaXin, et, 2021), so China's tea industry brands have failed to achieve a reputation consistent with quality in the international community.

Third, there are certain trade barriers to tea export. At present, in the tea market of the five countries in Central Asia, two major trade barriers are hindering the further development of Chinese tea enterprises. One is a green barrier, the other is a technical barrier. The so-called Green Trade Barrier (GTB) refers to some non-tariff trade barriers set by the importing country to protect the ecosystem in trade, which are implemented by improving inspection and quarantine standards and improving safety standards. (Hu GuoLiang, Huang ZiKun, 2022). Technology Barrier Trade (TBT) refers to a kind of technical restriction policy and regulation that is difficult to implement or achieve, by establishing methods and procedures that are extremely difficult to test, while establishing double standards for domestic and foreign products, in order to protect the development of local enterprises. The five Central Asian countries basically take agriculture as the pillar industry. In order to protect the stable development of domestic agricultural products, they often take certain green barriers or technical barriers to hinder the access rules of foreign agricultural products. To some extent, this has affected the trade volume and volume of China's tea export in Central Asia, and also reduced the competitiveness of China's tea in the international market, and affected China's foreign trade relations. In addition, because the five Central Asian countries are located in the hinterland of Asia and Europe, the geopolitical relations are complicated, resulting in trade in the region being highly susceptible to the influence of a variety of political forces, and the trade policies and regulations of various countries are not perfect, which leads to the actual tariff barriers in the region far more than the nominal tariff, increasing the cost of Chinese tea enterprises trading in the region.

4 Countermeasures and Suggestions

4.1 Expand the Scale of the Tea Market and Enrich the Varieties of Tea Exported

At present, the types of tea exported from China are still too simple, with green tea as the main export tea and black tea as the supplement, which leads to the low sales volume of other traditional high-quality tea in China and does not occupy the

corresponding market share. The market for high-quality tea such as scented tea, Pu-erh tea, black tea, oolong tea, and jasmine tea still has great potential. Therefore, on the one hand, the party and the government should further strengthen communication with the governments of the five Central Asian countries, strive to build a cross-border e-commerce platform for tea, and strive for corresponding preferential policies for China's tea industry export as far as possible; On the other hand, domestic tea enterprises should also strengthen cooperation with relevant enterprises in Central Asia, and expand the coverage of offline physical retail stores through overseas agents. At the same time, China needs to enrich the export of tea varieties and invest funds in the publicity and promotion of tea efficacy. For example, scented tea has the functions of beauty, skincare, detoxification, deodorization, body slimming and so on, while black tea has the functions of refreshing the brain, nourishing the stomach and delaying aging, etc. We can make people in Central Asia gradually realize that tea is not only green tea, through targeted advertising (especially for women and the elderly) or carrying out tea culture festivals and other activities. Different kinds of tea will contribute to good health, thus laying the foundation for the export of other kinds of tea in our country.

4.2 Build Independent Brands Around Tea Characteristics

Since ancient times, China has always been a big producer of tea, is the hometown of tea, tea output is always at the forefront of the world. However, the continued rise in production has not been rewarded with market recognition and favor. According to the analysis report of the "Top 10 High-end Famous Teas in the World" in 2023 exclusively compiled by the World Tea Bank, only one tea brand in China was included in the list. From this, it can be inferred that China's tea brand construction still has room for improvement. Only by creating an independent tea brand belonging to our country can the tea market scale be further expanded. The promotion of the efficacy of tea and the added value it brings also needs to increase promotion efforts. With the rise of the network society, using the internet to promote products overseas has become a major mainstream of sales. For Chinese tea companies, it is particularly necessary to make good use of social platforms and target Generation Z consumer groups. For example, the use of Facebook, Ins, Twitter, TikTok, and other well-known social platforms at home and abroad to bring goods, inviting Internet celebrities from various countries to help promote, in order to further increase product

visibility. At the same time, through offline interaction such as tea culture festivals, people in Central Asia can have a close experience of China's tea culture and increase their goodwill and recognition of China's tea industry.

4.3 Promote the Comprehensive Upgrading of Industries and Deal with Various Trade Barriers

As mentioned above, in recent years, Central Asian countries have set up certain trade barriers for various purposes to restrict the continued export of Chinese tea. To this end, we should start on our own, improve tea production, processing, packaging, transportation, publicity, and other whole-chain industrial upgrading. For example, in terms of production and processing, Chinese tea enterprises should standardize the production standardize of international mainstream tea, optimize processing technology, and improve production technology. In today's big consumer environment, consumers are more willing to buy safe, well-known brands. Generally speaking, tea products that have passed international certification will be more competitive in the market. In order to better integrate with the world, the Chinese government should also formulate more stringent testing standards, and actively assist tea companies in international certification after improving the competitiveness of Chinese tea products. At the level of packaging and transportation, the majority of tea companies should fully consider the storage requirements of different tea types, optimize logistics routes as much as possible, and increase investment in research and development of product preservation and quality technology, to ensure that consumers in Central Asia are provided with the best quality tea products in cross-border trade. All in all, the government and enterprises should work together to promote the upgrading of the whole chain of the tea industry to cope with the increasing international trade barriers.

5 Conclusions

Based on the official data of the Tea Industry Branch of China Association for Promotion of International Agricultural Cooperation and related literature, this study explored and analyzed the specific trade situation of Chinese tea in Central Asia from 2017 to 2022, and put forward some thoughts and suggestions on some existing problems. Of course, this paper also has certain shortcomings and limitations, such as

the relatively single source of research data and the lack of interviews with relevant practitioners, resulting in a lack of depth in the article. To this end, the author will further enrich the data sources in the following research, and strive to supplement more experience materials through in-depth interviews with different practitioners, in order to provide more targeted suggestions for the development of Chinese tea trade in Central Asia.

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