

The Research on the Development Strategy for Agricultural Products Processing Industry in Xiangfan City of China

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Abstract Xiangfan is an important city in Hubei province of central China, which is at the shore of the Han River. There are good conditions for the development of agricultural product processing industry in Xiangfan city which has abundant agricultural resources, but there are some problems on agricultural product processing industry in Xiangfan of China. This paper uses a lot of data to analyze these problems and difficulties, and then propose countermeasures to solve these problems and develop the agricultural products processing industry in Xiangfan of China.

Key words Agricultural products; Processing industry; Strategy

1 Introduction

Agricultural products processing industry is not only the extension and continuation of the agriculture, but also becomes an important industry. The development history of the developed countries proves that agricultural products processing industry has larger scale, higher efficiency and more contribution than agriculture, and is also the prior developing industry of developing countries in their industrialization. According to the experience of developed countries, through the processing grain's value can be added by 1 to 4 times, cotton's value can be added by 2 to 4 times, potato's value can be added by 1 to 3 times, the value of fruit and vegetable can be added by 1 to 10 times.

There has been a long history on agricultural product processing industry in China. Since the 80s of the 20 century, fast development has been made in the agricultural products processing industry, Thousands of new agricultural products processing enterprises have sprung up in the past thirty years. The government has put a series of policies forward to support and cultivate the processing industry. In 2005 the output value of agricultural products processing industry reached 3400 billion yuan(RMB), the simple processing rate of agricultural products was improved to 55% from 30% in 2000, the deep processing rate was improved to 35% from 20% in 2000. Agricultural products processing industry becomes one of the most important industries in the country.

2 The Status Quo of Agricultural Product Processing Industry in Xiangfan

2.1 The rate of agricultural products processing is low

In Xiangfan city, the ratio of agricultural output value to agricultural products processing value is 1:0.7, far below the level of 1:3 in the developed countries. The development of deep processing of agricultural raw materials is not enough. In Xiangfan, the proportion of deep processing of agricultural products is only about 20%, while in the developed countries it is as high as 70%. The same raw materials in Xiangfan can only be processed into several products, while in the developed countries they can be processed into hundreds or even thousands of products, for example, the corn can be made into more than 3000 kinds of products, including products of amino acids which can increase hundredfold value more than the raw corn. Green product, nutrition and taste is the mainstream and direction of human consumption, but in Xiangfan city there are seldom green and safe processed agricultural products which can meet needs of consumer and are famous in the market.

2.2 The scale of agricultural products processing enterprise is small

In Xiangfan, the size of agricultural products processing enterprise is small, especially there is the lack of large-scale agricultural products processing enterprises including cross-sectoral and trans-regional large enterprise groups. Now in Xiangfan there are more than 3200 agricultural products processing enterprises. In these enterprises there are only 140 enterprises which annual sales are over 5 million yuan(RMB). There are only three state-level processing enterprises which annual sales are over 500 million yuan(RMB). Because of the small size, the enterprises' ability to help peasants increase their income is weak. In Xiangfan there are almost 100 million peasant households, but only 0.6 million households have taken part in the business of these enterprises.

In Xiangfan there are some well-known brands of processed agricultural products such as Wanbao cereals and oil, Zhangling flour and Aoxing rapeseed oil. But these brands are regional brands which

only have market impact in Xiangfan city and in Hubei province. Most of brands are just regional brands. There are no famous brands which have influence in the national market.

2.3 Processing technology level of agricultural products is low

In Xiangfan, because of backward technological content in the processed products the value of agricultural products processing industry accounts for 70% of total agricultural output value which is low. In Xiangfan the processing technology used in the agricultural products is physical and chemical technology, biotechnology and high technology are seldom used in the processing. The processing industrial chain is short, there is lack of deep processing of agricultural products which restricts the competitiveness of the processed products. In Xiangfan City, most of agricultural raw products become into processed products provided for the market only through primary processing, even without procession, so the processing level and value-added rate of the products is low.

2.4 Business funds which the enterprises need are not enough

In Xiangfan agricultural products processing enterprises are generally lack of current funds hindering the development and growth of enterprises. For example, Wanbao cereals and oil company and Jinghua wheat and flour company are state-level processing enterprises. According to the national policy, they have the prior right to get the loan from the bank, but the loan amount is often limited by the credit line which leads the enterprises to have insufficient funds to buy agricultural raw products in the harvest season, and so it is difficult for the enterprises to fully realize their existing production and processing capacity. Some enterprises can not enlarge their production scale and enhance the competitiveness of their products being short of funds. It is also difficult for small and medium processing enterprises to get loans from the banks because of their small scale.

3 The Development Strategy of Agro-products Processing Industry

3.1 Establish production bases of high-quality agricultural raw products

Xiangfan is an important area of producing grain in Hubei province. The annual cultivated areas of producing rice are about 2.5 million mu, with the rice yield of 1.6 million tons, the high-quality rice accounting for 70%. The annual areas of producing wheat are 3 million mu, with the yield of 0.85 million tons, the high-quality wheat accounting for 80%. Xiangfan is also an important area of producing high-quality rape in the mid-lower reaches of the Yangtze River. The annual areas of producing "double low" rape are 2 million mu, with the yield of about 0.4 million tons which is first in Hubei province. Xiangfan is one of the three largest sesame-producing bases in the nation. The annual cultivated areas are 0.3 to 0.4 million with the yield of 40,000 tons. The annual peanut planting areas are 0.6 million mu with the yield of 0.18 million tons. In Xiangfan there are also many other characteristic raw agricultural products, such as high-quality fruit, organic tea, mushroom, mountain vegetables, pepper and willow. Xiangfan should strengthen the establishment of agricultural production bases mentioned above to provide high-quality agricultural raw materials for product processing industry.

3.2 Construct and develop a number of large leading processing enterprises

There are many agricultural products processing enterprises in Xiangfan, but among them there are seldom modern and large-scale processing enterprises. Xiangfan should further expand and strengthen existing large leading enterprises such as Wanbao cereals and oil company, Jinghua wheat and flour group, Meiyuan rice company and Aoxing rapeseed oil company. It should propel annexation and reorganization of small and medium enterprises in rice, wheat, oil and characteristic agricultural products processing industry in order to form new large enterprises which have strong market competitiveness and so that the situation of processing industry which is low level and small scale could be changed. It should also break the area restriction, broaden the control and remove market barriers to promote the development of the enterprises.

3.3 Improve the scientific and technological level in the processing industry

In Xiangfan, the processing technology used in the agricultural products processing industry is backward, most of them are physical technique which leads to the low value and low price of the products in the market. The 21st century is the era of high technology, the agricultural products processing industry is difficult to develop without advanced technology. The Chinese agriculture ministry are making effort to raise the technique level of agricultural products processing. Since 2007 it has been set up research and development sub-centers of agro-processing technology in qualified enterprises or institutions all over the country. Xiangfan is near to Wuhan City and Zhengzhou City where there are many research institutions and universities and a lot of talents. There is also an agriculture science research institute in Xiangfan. Xiangfan should make full use of these resources, carry

out the combination of research and production, develop high and new technology to improve the agricultural products processing industry.

3.4 Build up strong brands in the agricultural products processing industry

Brand is a key element to achieve competitive advantage in the market for the agricultural products processing industry, such as France's champagne, Netherlands' flowers and California's sunkist orange which have created tremendous economic benefits. There are many processed agricultural products in Xiangfan, but there are seldom famous brands on these products. The agricultural product processing enterprises should further increase the scientific and technological investment to increase the technological content of the processed products, implement strict product standards, improve the product quality, increase product variety so as to build up famous product brands. Xiangfan should actively organize enterprises to participate in commodities fair and product exhibitions, widely publicize the product brands through advertisement and promotion to the customers. To the famous brands the owner or the enterprise should be rewarded, at the same time fake and shoddy must be severely crack down so as to protect the famous brands.

4 Conclusion

Agricultural products processing industry is an important industry with great potentiality. There are good foundations to develop the agricultural products processing industry in Xiangfan city. But its processed products are low-end products. The processing technology is backward. The processing enterprises are small which are lack of market competitiveness. Some measures must be taken to promote the development of the agricultural products processing industry. These measures include establishing production bases of high-quality agricultural raw products to assure the quality of processed products, constructing a number of large leading processing enterprises, improving the scientific and technological level in the processing industry to increase technological content of products and building up strong brands of processed products to dominate the market.

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