

Study on Financial Support for Agro-Product Regional Public Brand Construction

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Abstract: Based on the current state of agro-product regional public brand construction, this thesis aims to understand the basic situation of financial support for agro-product regional public brand construction through field research on operators, authorized enterprises, banks and insurance companies in Bayannur, then conducts a SWOT analysis, and finally proposes strategic objectives and countermeasures for financial support in agro-product regional public brand construction. Fully leverage Bayannur's own advantages, adhere to the new development concept, integrate into the new development paradigm, to address the diverse financing needs and development stages of agricultural and animal husbandry enterprises, more innovative financial products should be developed. Simultaneously, banking institutions should design bespoke financial service plans for the agricultural and animal husbandry enterprises. By strengthening administration guidance, innovating financial services mechanisms, optimising local financial ecosystem, promoting the integration of finance, agriculture, science and technology, the administration should adjust and optimize the financing structure, and effectively address the issues of difficult, expensive and slow financing for agricultural and animal husbandry enterprises.

Keywords: Finance; Capital Market; Agro-Product; Regional Public Brand; SWOT

1. Introduction

In recent years, Bayannur has made great efforts to increase the quality and efficiency of agricultural and animal husbandry products while the construction of their regional public brands is exploited as an engine. From 2020 to

2025, Bayannur enhances its financial support for the brand construction work, builds a modern brand value system of agricultural and animal husbandry products, and continuously promotes Bayannur's green high-quality development.

2. Financial Support for Agro-Product Regional Public Brand Construction

Bayannur administration has attached great importance to financial work, and the local financial work has been developing more rapidly and efficiently.

As of the end of 2020, Bayannur had 21 banks, 33 insurance companies, 4 securities companies' business offices, 1 micro-lending company, and 2 financing guarantee companies.

By the end of December 2020, the balance of RMB deposits and loans in Bayannur's banking financial institutions were 118.69 billion yuan and 88.48 billion yuan, respectively. Bayannur had 1 listed company (Inner Mongolia Dazhong Mining Ltd. with total equity of 1.508 billion yuan and total AUM of 24.5 billion yuan), 4 companies listed on the NEEQ (Aufaly, Sanrui, Tianyuyuan and Zerun), 144 companies listed on the regional equity market, branches of 4 securities companies (Guotai Junan Securities, Guoruo Securities, Hengtai Securities and New Times Securities), and 2 private equity fund managers (Inner Mongolia Guoxin Fund Management Co., Ltd. and Inner Mongolia Tianfu Private Fund Management Co., Ltd.).

2.1 Construction of Regional Public Brands

In 2017, Bayannur administration put forward the development plan of building a production, processing and export base of green and organic high-end agricultural and animal husbandry products across the area of Hetao. At the end of July 2018, "Gifted Hetao" was officially accepted for registration by the China National Intellectual Property

Administration. In 2020, "Gifted Hetao" headquarters started operation, covering an area of 115,000 square meters, aiming to build China's first CBD (Internet + agricultural industrial park) center of agricultural industry in China.

2.2 Financial Support

2.2.1 Monetary and Credit Support

Financial institutions provide comprehensive financial support to the authorized enterprises of "Gifted Hetao", the agro-product regional public brand.

Banking financial institutions have established long-term business partnerships with these authorized enterprises and have carried out financial innovations according to local conditions. The Bayannur Branch of the China Construction Bank has set up an online shop on shanrongmall.com and launched Shanfutong for XX Winery to facilitate online sales, saving the winery 150,000 yuan annually in financial costs. The Bayannur Branch of the Postal Savings Bank of China, as the first innovative financial institution in Bayannur to offer technology credit loans, successfully transitioned from heavy asset collateral to light asset collateral such as patents and trademarks in 2020. Hetao Rural Commercial Bank has extended cumulative credit to five authorized enterprises and their associated enterprises, applying the lowest interest rates for similar products within the bank. Additionally, the bank established a "green channel" for authorized enterprises to expedite loan review and approval, streamline the approval process, reduce loan processing time, and significantly improve the efficiency of credit approval, ensuring timely availability of credit funds.

2.2.2 Direct Financing in the Capital Market

Firstly, the listing of authorized enterprises in the capital market. The Bayannur administration places great emphasis on the leading role of the agro-product regional public brands. It actively promotes these regional public brands to become representative of green and organic high-end agricultural and animal husbandry products, thereby stimulating enthusiasm among farmers, herdsmen, and business entities to follow the brand strategy. Additionally, the administration guides authorized enterprises to enter the capital market. By organizing listing

promotion meetings and expert consultations, the administration has brought together intermediaries and expert teams to deeply understand the authorized enterprises, listen to their demands, and provide professional guidance on financial regulations, legal compliance, corporate governance, and other key IPO-related concerns.

Secondly, the establishment of a special fund. To better meet the development needs of Bayannur's agricultural and animal husbandry industry, the Bayannur administration has innovatively established the agricultural and animal husbandry industry development fund. By capitalizing on financial funds, the administration effectively leverages public funds to attract more capital in support of authorized enterprises. In 2020, the Bayannur administration set up a special working group dedicated to the Bayannur Modern Agricultural and Animal Husbandry Industry Fund, aimed at helping authorized enterprises grow and strengthen.

3. SWOT Analysis of Financial Support for Agro-Product Regional Public Brand Construction

3.1 Analysis of Internal Conditions

3.1.1 Strengths

Firstly, the resource endowment is an outstanding advantage. Bayannur has rich resources and a favorable location, giving it unique development conditions. Hetao irrigation area is an important plain irrigation area in China, and is the perfect place for the development of pollution-free, green, organic agriculture. Bayannur has 11 million mu of arable land and Asia's largest self-flow irrigation area[1]. The unique and high-quality agricultural and animal husbandry products such as Hetao wheat, sunflower seeds, Chinese wolfberry, tomato, Hetao honeydew melon and Bamei mutton sheep are well known both inside and outside the region. The output of sunflower seeds accounts for one third of the national total, the mutton sheep industry ranks among China's top, the organic dairy industry contributes one half of the total output in the country, and cashmere textile industry develops vigorously and Bayannur has grown into China's largest production base of dehairing cashmere products. The agricultural and animal husbandry products have ranked

first in terms of export in Inner Mongolia for 10 consecutive years and they have been exported to over 90 countries and regions.

Secondly, the modern agriculture and animal husbandry industry is developing rapidly. In recent years, Bayannur has vigorously implemented the strategy to build Hetao into a comprehensive base for the production, processing, service and export of green, organic, high-end agricultural and animal husbandry products. They have actively worked towards establishing a national agricultural high-tech industrial demonstration zone and have successfully been included in the proposed national list. The China-Israel, China-US and other Sino-foreign modern agricultural demonstration parks have begun to act as driving forces; the germplasm gene pool in northwest China has been built; the integrated development of the primary, secondary and tertiary industries has shown significant results; green high-quality development has made new progress, thus providing new opportunities for the development and growth of agro-product regional public brand.

Thirdly, the local financial development environment is continuously improving. The Bayannur administration places great emphasis on financial work. In March 2019, the Finance Work Office was established as a department of the local administration to implement the decision-making and deployment of financial work at all levels. Meanwhile, the Office has introduced a series of policies to promote financial development, created a sound risk prevention and control mechanism, and established the Bayannur Arbitration Commission Financial Arbitration Court, which marked a major breakthrough in the construction of a diversified mechanism for the resolution of financial disputes. The Office continuously deepens cooperation with banks and financial institutions, to inject more "financial resources" into Bayannur's economic and social development.

3.1.2 Weaknesses

Firstly, there are some historical problems in agricultural and animal husbandry enterprises. Many of Bayannur's leading enterprises in the agricultural and animal husbandry industry have a long history and a high reputation. However, their enterprise restructuring has not been thorough, leading to some historical

problems, such as written-off loans and overdue credit in financial institutions, which may affect client access to enterprise loans. This is a difficult issue for banks when they try to support enterprise development. Some well-known enterprises used to have non-performing loans, which also constrained banks' financing support.

Secondly, the financing needs of agricultural and animal husbandry enterprises are polarized. On the one hand, some enterprises' financing needs are difficult to meet. Some enterprises lack sufficient fixed assets and appropriate other assets to provide effective and sufficient security or collateral, while third-party guarantee institutions in the region mainly provide financing support of less than 5 million yuan for small and micro enterprises, with less support and greater difficulty in financing. There are also some enterprises with excessive financing needs and a high debt ratio, making it more difficult for banks to grant new credit. On the other hand, some enterprises have sufficient capitals and do not plan to expand their operation, so they have no financing needs for the time being.

Thirdly, the local financial organizations are not well-developed. Local financial organizations such as micro-lending companies, financial guarantee companies and pawnshops have entered a period of shrinkage, while other local financial organizations such as financial leasing, commercial factoring, and local asset management companies are in a "blank" state. The insufficient number and quality of local financial organizations have constrained the efforts to build agro-product regional public brands.

3.2 Analysis of External Conditions

3.2.1 Opportunities

Firstly, the ecological protection and high-quality development of the Yellow River Basin has been listed as one of the major national strategies. In October 2021, the Outline for the Ecological Protection and High-Quality Development of the Yellow River Basin was issued. This programmatic document guides the ecological protection and high-quality development of the Yellow River Basin now and in the future. Bayannur is located at the top of the "几"-shaped bay of the Yellow River and is a key ecological protection area of the Yellow River Basin.

Therefore, Bayannur has drawn much attention from the relevant administration authorities.

Secondly, high-quality financial development has entered a strategic opportunity period. China's capital market reform has accelerated, from the deepening of the NEEQ reform and the establishment of the Beijing Stock Exchange to the comprehensive implementation of the registration system for stock issuance proposed at the Economic Work Conference. The capital market has ushered in opportunities to serve the development of the real economy at multiple levels and in all aspects. For the local enterprises, this is both an important strategic opportunity and a better development opportunity.

Thirdly, the "Gifted Hetao" brand has gained widespread recognition. Since its inception as Bayannur's agro-product regional public brand, "Gifted Hetao" has won seventeen national awards, including the Most Influential Brand of Chinese Agriculture and the Top 100 Iconic Brands of Chinese Agricultural Products. Seven categories from twelve authorized enterprises, with a total of fifty-three products, are in high demand, achieving a price premium of over 30%. This has led to an overall price increase of more than 15% for Bayannur's high-quality agricultural and animal husbandry products. "Gifted Hetao" branded flour was chosen as the exclusive product for China's 14th National Winter Games. Additionally, "Gifted Hetao" has established boutique stores abroad, including two in Mongolia, to enter the international market. In August 2020, the Gifted Hetao-Freshippo Lamb Town Construction Agreement was signed, allowing authorized products and Bayannur's high-quality agricultural products to be sold in 15 Freshippo stores across North China and on their online platform. Moving forward, China's largest digital agriculture demonstration area will be established, ensuring that high-quality fresh lamb can be delivered to customers within 48 hours.

3.2.2 Threats

Firstly, some banking financial institutions are not flexible in their credit supply. Because the agricultural production cycle is long and the demand for capital is affected by seasonality, the agricultural processing industry also requires a large amount of raw materials for initial input compared to other industries. But

banks mostly provide short-term credit within one year, which is difficult to apply for and takes a long time to approve, making it difficult to meet the long-term capital needs of modern agriculture.

Secondly, the institutional mechanisms for financial support in brand construction are not well-developed. National policies on finance and taxation, science and technology, intellectual property rights, finance and taxation do not align with one another, leading to issues of "multiple leadership" and policy inconsistency from various industry authorities[2]. Agricultural production involves long cycles and high risks, with extended recovery periods, resulting in high management costs and risks for financial businesses. This leads to stringent lending practices and prudent investors, affecting the financing and capital operation of agricultural and animal husbandry enterprises, thereby restricting, to some extent, the development of regional branding for agro-products.

Thirdly, the financial services and credit system are not well-established. On the one hand, local bank branches are few and unevenly distributed, not matching the needs of enterprises. With the strategic adjustment of state-owned commercial banks, a large number of commercial banks have withdrawn their branches and faded out of the rural market. On the other hand, various administration authorities have different focuses and understandings of the purpose regarding the construction of the social credit system, resulting in different standards for data collection, aggregation and sharing[3]. In addition, the credit information collected by financial institutions is relatively homogeneous, making it difficult to obtain fresh, accurate and comprehensive credit information.

3.3 SWOT Analysis

Considering the internal strengths and weaknesses of financial support for agro-product regional public brand construction, as well as the external opportunities and threats, the following table is obtained (see Table 1 for details).

3.3.1 "Strengths - Opportunity" Strategy

Fully leverage Bayannur's own advantages, use the national strategy for ecological protection and high-quality development of the

Yellow River Basin as an opportunity, adhere to the new development concept, integrate into the new development paradigm, continuously deepen the structural reform of the financial supply side, strengthen the weak links of financial market, serve the real economy, prevent and control financial risks, efficiently integrate and allocate financial resources, align with the practical demands[4] of rural

revitalization and the high-quality development of modern agriculture and animal husbandry, increase support for agro-product regional public brand construction, and promote the in-depth development of Bayannur's "brand-driven agricultural development" strategy, so as to provide strong financial support for Bayannur's high-quality economic and social development.

Table 1. SWOT Analysis of Bayannur's Financial Support for Agro-Product Regional Public Brand Construction

	Strengths	Weaknesses
Internal conditions	<ol style="list-style-type: none"> 1. The resource endowment is an outstanding advantage 2. The modern agriculture and animal husbandry industry is developing rapidly 3. The local financial development environment is continuously improving 	<ol style="list-style-type: none"> 1. There are some historical problems in agricultural and animal husbandry enterprises 2. The financing needs of agricultural and animal husbandry enterprises are polarized 3. The local financial organizations are not well-developed
	Opportunities	Threats
External environment	<ol style="list-style-type: none"> 1. The ecological protection and high-quality development of the Yellow River Basin has been listed as one of the major national strategies 2. High-quality financial development has entered a strategic opportunity period 3. The "Gifted Hetao" brand has gained widespread recognition 	<ol style="list-style-type: none"> 1. Some banking financial institutions are not flexible in their credit supply 2. The institutional mechanisms for financial support in brand construction are not well-developed 3. The financial services and credit system are not well-established

3.3.2 "Strengths - Threat" Strategy

To address the diverse financing needs and development stages of agricultural and animal husbandry enterprises, more innovative financial products should be developed. Banking institutions should design bespoke financial service plans tailored to the business conditions and models of these enterprises. Utilizing the advantages of platforms, channels, credit, and supply chains, core enterprises should serve as hubs to redirect financial resources from large industries and enterprises to their upstream and downstream clients. This strategy aims to provide comprehensive financing services across the entire industrial chain, helping enterprises navigate through challenges.

3.3.3 "Weaknesses - Opportunity" Strategy

Fully leverage national policies that supplement the capital of small and medium-sized banks through multiple channels and deepen the reform of rural credit cooperatives. Actively develop inclusive finance, continually innovate financial products, and invigorate financial resources.

Adjust and optimize the financing structure, increase the proportion of direct financing, promote the efficient allocation of social capital, and effectively address the issues of difficult, expensive and slow financing for agricultural and animal husbandry enterprises.

3.3.4 "Weaknesses - Threat" Strategy

Establish a comprehensive institutional mechanism for building financial service brands. Through various means, such as creating a guarantee company with public funds, establishing a risk compensation fund, or underwriting by state-owned insurance companies, create a risk diversification mechanism, expand the coverage of policy insurance, and enhance the effectiveness of financial and fiscal policies in developing regional public brands. Meanwhile, efforts to collect information should be intensified. A credit investigation system for regional public brands and a financial information exchange mechanism should be established. Relevant departments, including the Finance Work Office, the People's Bank of China, and the Bayannur Supervision Bureau of the China

Banking and Insurance Regulatory Commission, should strengthen communication and cooperation in areas such as credit market development, credit rating systems, disclosure of defaulting enterprises and the protection of legitimate rights and interests.

4. Countermeasures for Financial Support for Agro-Product Regional Public Brand Construction

From 2020 to 2025, focus on strengthening policy guidance, continuously increasing financial support for regional public brand development, guiding financial institutions to develop in a differentiated manner, and ensuring that financial services align with the development of modern agriculture and animal husbandry, as well as brand building[5].

4.1 Strengthening Administration Guidance

Regionalised branding of agricultural products is a comprehensive system that integrates the production and processing of agricultural products, resource development and cultural heritage, ecological environmental protection and rural poverty alleviation, so it takes the joint efforts of administrations, financial institutions, leading enterprises and industry organisations, agricultural research departments and farmers.

Firstly, local administrations should place increasing emphasis on the financial support for regional brand construction, and increase financial investment in agricultural products with regional characteristics or advantages. In particular, financial support for improving the regionalization and technological innovation of agricultural products should be strengthened to promote agricultural intensification and industrialization. For example, policy guidance can be provided through measures such as loan risk compensation for regional brands, incentives for rural entrepreneurship, and funds or subsidies for technology promotion. Besides, brand operators should regularly update and publish the financing needs of authorized and prospective enterprises to facilitate precise matching by financial institutions.

Secondly, make every effort to promote the restructuring and listing of leading enterprises in the agricultural and animal husbandry industry. Push forward the IPO processes of

Xing Lian Xing, Hengfeng Flour, and Runhaiyuan. Administration should proactively engage with enterprises and provide close support to help them overcome challenges in the restructuring and listing process. Policies that encourage listing and provide rewards and subsidies should be introduced promptly, supporting and guiding more enterprises to leverage the capital market for growth. This will drive the leapfrog development of the regional economy and ensure the deep advancement of the "brand-driven agricultural development" strategy.

4.2 Innovating Financial Services Mechanisms

Guide financial institutions to increase their support for the real economy, especially for small and micro enterprises, technological innovation and green development. The role of financial services is crucial to regional brand construction, which is one of the approaches to high-quality development.

Firstly, policy tools should be innovated. The development cycle of regional brands is positively correlated with the demand for funds. Since Bayannur's agro-product regional public brand "Gifted Hetao" is still in its infancy, its information construction, technical support and brand operation are inseparable from financial support. For authorized enterprises facing temporary difficulties, loan repayments should be deferred, and credit loans should be increased. In 2021, Bayannur was selected as a pilot city for the National Financial Support to Deepen the Comprehensive Reform of Financial Services for Private and Small and Micro Enterprises, receiving 50 million yuan of incentive funds from the administration, which will be used for interest subsidies for inclusive finance.

Secondly, service modes should be innovated. On the one hand, in terms of credit approval, collateral guarantees, business processes, especially special loan approval, use of refinancing, and implementation of preferential ethnic support policies, local financial institutions should be allowed to appropriately break through system barriers according to local realities. On the other hand, for the affiliated enterprises of "Gifted Hetao", the Bayannur Gifted Hetao High-Quality Agricultural Industry Association can

recommend their enterprises with financing needs and stable operations but lacking effective collateral and pledges, helping them secure financial support through joint guarantees or agreement-based guarantees.[6] Finally, the administration should support banks, guarantees, insurance, and futures companies to carry out "loan + guarantee + insurance + futures" extended industrial chain cooperation, further preventing financial credit risks.

4.3 Promoting the Integration of Finance, Agriculture, Science and Technology

"Technology-driven development" is a major strategy for Inner Mongolia Autonomous Region, and Bayannur has been approved as one of the first pilot cities of "Innovation China". Promoting the deep integration of science and technology with finance is essential for the green and high-quality development of Bayannur's modern agricultural and animal husbandry sectors and serves as a new driving force for building regional public brands.

Firstly, the administration, financial institutions, and market entities should work together to establish risk compensation and sharing mechanisms. By leveraging financial technology to enhance pre-loan risk control and post-loan supervision, the scope of financing for movable asset pledges, intellectual property rights, equity pledges, and accounts receivable should be expanded to create a new model of comprehensive financial services for the entire industrial chain[7]. In 2019, the region completed a total of 67 financing transactions based on pledges of scientific and technological achievements, supporting 50 enterprises.

Secondly, science and technology should be integrated throughout the brand building process, with a strong emphasis on agricultural science and technology research and development, the transformation rate of technological achievements, and the level of scientific research. During the green and high-quality development of modern agriculture and animal husbandry, preferential policies should be implemented for agricultural and animal husbandry science and technology projects, with increased investments in agricultural and animal husbandry technology and talent development

to ensure a focus on high-tech and high value-added products[8].

4.4 Optimising Local Financial Ecosystem

A good local financial ecosystem is an accelerator for optimizing the business environment of a region, a prime mover for activating market entities and a powerful engine for promoting high-quality development.

Firstly, establish a local financial credit system. The foundation of the financial ecosystem lies in credit. To create a robust financial ecological environment, it is necessary not only to establish a credit rating system but also to develop multi-level credit entities. Efforts should be made to cultivate creditworthiness in agriculture, rural areas, farmers, cities, counties, and enterprises, thereby continuously improving the regional financial environment. Secondly, create a conducive soft environment for financial development. It is essential to conduct ongoing financial training and on-site instruction while broadly promoting financial literacy. By combining "inviting in and going out," officials at all levels and entrepreneurs in Bayannur can benchmark against advanced standards, address shortcomings, and strive for excellence, thereby significantly enhancing their financial acumen. Actively promote financial knowledge to enter enterprises, communities and towns, enhance everyone's financial awareness, credit awareness and awareness of the rule of law, and further optimize the soft environment for financial development.

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