

Challenges In County Economic Development in China: A Case Study of Huan Xian

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Abstract. County is one of the basic units of China's economy. An in-depth understanding of the county economic development situation is helpful to grasp the overall trend of China's economy, and to provide a foundation for the government to formulate policies and allocate resources more effectively. The key to the realization of rural revitalization strategy lies in the development of county economy. Through the study of county economy, local people can find out the effective ways and methods to promote rural revitalization, promote the transformation and upgrading of rural economy, and realize the sustainable development of economic and social development. Huan Xian is a representative of the counties in Northwest China. By studying the economic development strategies of Huan Xian, this paper analyzes the current advantages and challenges, and evaluates the characteristic policy "sheep +" that has been implemented by the local government. Suggestions are put forward to establish a market information sharing platform and pay attention to ecological protection, so as to make a contribution to the development of the Western China.

Keywords: Huan Xian; county economy; sheep +.

1. Introduction

Nowadays, with the rapid development of China's economy, the development and challenges of county-level economy is becoming more and more important [1]. As the fundamental unit of national economic development, county-level economy carries important tasks such as rural industrial transformation and upgrading, increasing farmers' income and prosperity, and rural revitalization [2]. However, the county economy faces many challenges and difficulties in the development process, such as a single industrial structure, insufficient technological innovation, and resource and environmental constraints, which restrict the healthy development of the county economy.

This paper aims to deeply explore the development and challenges of county-level economy and proposes corresponding countermeasures and suggestions to promote more sustainable, healthy, and sustainable development of county-level economy. Firstly, this article analyses the current situation and characteristics of county-level economic development and explores the main challenges and difficulties it faces. Secondly, through a review of relevant theories and empirical research in the world, this paper summarizes the influencing factors and key issues of county-level economic development. Then, based on specific county-level practices, targeted and actionable policy recommendations and development paths are proposed to address various challenges in the current county-level economic development.

The development conditions of the northwest and southeast counties in China are completely different [3]. This paper, taking the development of Huan Xian as an example, a county in Gansu province, China, aim to provide theoretical support and policy reference for the development of county economy in Northwest China. The discovery of this paper promotes new breakthroughs and progress in industrial transformation and upgrading, scientific and technological innovation, ecological and environmental protection and other aspects, and makes contributions to the construction of modern agriculture and the promotion of rural revitalization.

2. Background Information of Huan Xian

According to the website of the Huan Xian government, Huan Xian is located at the junction of Shaanxi, Gansu, Ningxia and other provinces, with a total area of about 9,236 square kilometers, and has jurisdiction over ten towns, ten townships and 251 administrative villages. The permanent population of Huan Xian is 364,900, and most of the agricultural population is 291,600. Huan Xian has a long history and culture. The existing brick pagoda was built in 1043 AD, which is the most complete ancient pagoda in Gansu Province. The Qin Great Wall stretches for 110 kilometers and has 186 beacon sites of Qin and the past dynasties. Huan Xian is the county with the most complete resource chain and the highest scientific and technological content in Gansu Province. In 2023, the number of sheep raised in the county reached 3.69 million. It is only one of the two sheep industry counties among the 63 typical counties of the whole agricultural industry chain in China, and also one of the 100 demonstration areas of agricultural modernization in China.

Huan Xian is also a resource-rich county. In 2023, a large oil field with reserves of more than 100 million tons was discovered in Hongde area, which opened up a new field of oil exploration and development in the western Ordos Basin. The new coal preparation plant of Tianshuibao No.2 Mine was built, with an annual output of 2.9 million tons of coal and 2.4 million tons of crude oil. The proven coal resources of 512 square kilometers are 5.7 billion tons, and the total amount is expected to reach 68.4 billion tons. Huan Xian has been invested by 13 new energy enterprises, and the total development scale will reach 10.62 million kilowatts in 2023, marking the first multi-energy complementary comprehensive energy base of the first batch of 1 million kilowatts of wind projects.

Despite its economic advantages, Huan Xian faces ecological challenges due to its location on the southern edge of the Mu Us Desert and the hilly and gully region of the Loess Plateau. Rain is scarce, with an annual average of about 400 mm in the south and less than 200 mm in the north, making it one of the 18 arid counties in the province. The region's per capita available freshwater resources are extremely scarce, equivalent to only a small part of the national, provincial and municipal average. Annual soil erosion affects a large area, and the forest coverage rate is low, only 8.08%, the lowest in the city. The desertification spreads across most of the land, accounting for about 59% of the total area, making Huan Xian listed as one of the important sandy district counties in China.

3. Local Economic Development

3.1. Current Economy

According to Huan Xian's government report, in 2023, in terms of the aggregate economic development of Huan Xian, the annual Gross Domestic Product (GDP) is expected to reach 157.38 billion yuan, up by 6.9% year-on-year, which is 0.9 percentage points higher than the provincial target. In terms of the three industrial structures, its composition ratio is 12.2:60.5:27.3. The secondary industry made the largest contribution to GDP, reaching to 60.5%. Table 1 below describes the growth rate of various industries in Huan Xian.

Table 1. Value-added by industry

Industry	Value-added	Growth	Year-on-year Growth
Primary industry	1.917 billion yuan	5.4%	-144 million yuan
Secondary industry	9.515 billion yuan	8.1%	+445million yuan
Tertiary industry	4.306 billion yuan	5.7%	+259million yuan

The situation of each industry is that the added value of the primary industry reached 1.917 billion yuan, up by 5.4%. Mainly agriculture and animal husbandry, with an added value of 982 million yuan and 879 million yuan, respectively. Although total agricultural production declined slightly, livestock production remained stable and increased.

The added value of the secondary industry was 9.515 billion yuan, up by 8.1%, mainly in the local industry and in the construction industry. Large industries grew by 7.3%, dominated by energy companies. The added value of the tertiary industry was 4.306 billion yuan, up by 5.7%. Wholesale and retail, accommodation and catering, and finance are the main ones. In the consumption market, the total retail sales of social consumer goods increased by 3.4%, among which wholesale and retail sales were the main driving force. In terms of investment and consumption, fixed asset investment reached 10.748 billion yuan, up by 19.3%. Real estate and large projects are the main drivers.

In general, the consumer market is more active. In terms of government revenue, the revenue in the general public budget was 475 million yuan but decreased by 20.3%. Taxes have increased, but non-tax revenue decreased significantly. In terms of household income, the per capita disposable income of urban residents is 39,470.5 yuan, while that of rural residents is 12,868.44 yuan. The income gap is gradually narrowing.

3.2. Challenges in Development

In the development of county economy, although Huan Xian has made some achievements, there are still many difficulties to overcome. First of all, the transformation of industrial structure is under great pressure. Although the secondary industry accounts for a large amount of GDP, the problems of overcapacity and environmental pollution encountered by the traditional manufacturing and construction industries need to be solved. The local government can further strengthen the industrial upgrading and strive toward the goal of sustainable economic development [4].

Secondly, the slow process of agricultural modernization, such as low grain output, small scale of fruit and vegetable industry, and lack of large agricultural households, affects the overall benefits of agriculture. Environmental and resource issues are also the top priority. The energy industry has brought huge benefits, but it also needs to be alert to the possible pollution caused at present and the impact on future resource depletion [5].

In addition, the fiscal revenue is under great pressure. Despite the overall economic growth, the government revenue has decreased a lot. Financial constraints could lead to problems with the infrastructure construction and inadequate public services. The income imbalance between urban and rural residents still exists. Although it is gradually decreasing, there is still inequality, which may reduce social stability [6].

Finally, the difficulty in the adjustment of consumption structure may lead to the lag of industrial structure, and unreasonable use of resources and other consequences. The brain drain is also an important problem, that it is crucial to ensure a stable supply of human resources.

4. Policy Evaluations

"Sheep +" is a policy of Huan Xian with local characteristics. The local mutton is very famous, and sheep is an important part of the local production. Thus, the "sheep +" policy was launched to combine sheep and other industries to develop together, and to achieve the purpose of becoming prosperous. The "sheep +" industrial development policy formulated by Huan Xian aims to promote the adjustment of agricultural industrial structure, realize agricultural production increase and efficiency, and increase farmers' income. The policy mainly includes the optimization of industrial layout, industrial chain extension, leading enterprises, and the implementation of award and subsidy policies.

Innovation of industrial development mode is one of the cores of this policy. This policy advocates the adoption of the "three vertical and two horizontal" circular agricultural development mode, with the grass and livestock industry as the leading role, and centering on other advantageous industries, aiming to improve the overall efficiency of the industry and the income level of farmers.

The improvement of policy support measures is also one of the key contents. The policy includes a number of specific measures, such as providing financial support for industrial development, standard certification and reward, publicity and promotion, etc. These measures provide strong

support for industrial development and are conducive to stimulating the enthusiasm of enterprises and farmers. In addition, the clarity of the organizational coordination mechanism is crucial to the implementation of policies. The policy has clearly set up a special class of "sheep +" industrial development, and established a working mechanism of unified leadership, departmental cooperation and specific implementation in rural areas, which is conducive to the orderly implementation and promotion of the policy.

However, local governments should also face up to their disadvantages. Market risk is one of them, especially for the developing emerging industries. Market demand and price fluctuations and other risks need attention. At the same time, the difficulty of policy implementation and supervision cannot be ignored, and there are some challenges in strictly implementing the incentive and subsidy policies and strengthening the supervision of funds.

Although there are challenges, on the whole, this policy is feasible in promoting the adjustment of industrial structure and increasing farmers' income [7]. However, in order to ensure the smooth implementation of the policy, it is necessary to strengthen risk control and supervision, establish a sound risk prevention mechanism and supervision mechanism, and focus on strengthening the support and service for the upstream and downstream enterprises and farmers of the industrial chain, so as to promote a virtuous cycle of industrial development.

5. Suggestions

Through research, this paper suggests establishing a market information sharing platform to provide market information and early warning for farmers and enterprises, so as to ensure the close connection between industrial development and market demand. Including market research and demand forecasting as a key component of policy implementation will help farmers and enterprises adjust their industrial structure, optimize product supply, and enhance market competitiveness.

Local government needs to strengthen technological innovation. This means increasing support for technological progress and promoting cooperation between enterprises and research institutions to develop new varieties and technologies to meet market demand [8]. By enhancing the added value and competitiveness of the industry, the sustainable and healthy development of the industry can be promoted.

The county also needs to expand the industrial chain. This includes extending the industrial chain, promoting the cooperation between upstream and downstream enterprises, promoting the processing and deep processing of agricultural products, and increasing the added value. For example, it can promote the deep processing projects of grass sheepskin and Chinese herbal medicine, expand the product market, and realize the comprehensive upgrading of the industrial chain.

County governments need to emphasize the importance of ecological environment protection. In the process of industrial development, it is crucial to give priority to ecological restoration and protection. The government should strengthen environmental monitoring and governance to ensure the coordination between industrial development and ecological protection and achieve green production and sustainable development [9].

In addition, this study recommends developing flexible and diverse financial support policies to encourage banks and financial institutions to increase the supply of credit to the agricultural industry and to strengthen international cooperation [10]. By reducing financial costs, the problem of insufficient development funds for enterprises and farmers can be solved, so as to promote the sustainable and healthy development of the industry. Huan Xian enterprises can draw lessons from foreign advanced technology and management experience, expand the international market, and improve the international competitiveness of the industry. Actively participating in international cooperation projects and exploring overseas markets will promote the global development of the industry.

Finally, it is necessary to strengthen training and employment support to provide farmers with more employment opportunities and ways to increase their income. By improving the skills and

employability of farmers, the transfer of rural labor force and the transformation and upgrading of agricultural industry can be promoted, and finally the goal of increasing farmers' income and prosperity can be achieved.

6. Conclusion

First of all, this paper introduces the local background of Huan Xian, analyzes the composition and proportion of each part of Huan Xian's GDP in 2023, and finds that there are some problems in the overall economic structure of Huan Xian. Although the GDP of Huan Xian ranks the second among the affiliated cities, it still faces the decline of the primary industry and the rapid growth of the secondary industry. This paper conducts detailed analysis on the primary, second and tertiary industry, and finds that the fixed assets investment growing rapidly, and residents' income gap is narrowing year by year. Based on the analysis, it is necessary to further optimize the industrial structure, attract investment and increase government income, in order to boost economic development and promote the stable and sustained economic growth.

Huan Xian belongs to the Northwest inland of China and is an agriculture-led county with industrial priority, which is different from the development model of Southeast China counties that mainly focuses on light industry and services. Therefore, the experience cannot be applied to counties in the Eastern China. It is necessary to evaluate the local advantages and disadvantages in economic development and select a pathway that gives full play to the local characteristics. In future studies, research can go deep into the local area and track local farmers for a long time to see whether their living standards have improved.

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