



T · E · A

Tea Exporters Association
Sri Lanka

NEWSLETTER

2Q 2019



Sri Lanka Tea Production- January to May 2019

Sri Lanka tea production for the month of May 2019 totalled 34.1 million kgs as against 32.5 million kgs of 2018, showing a gain of 1.6 million kgs. This is the highest production for a calendar month since May 2014 when a volume of 39.2 million kgs were recorded.

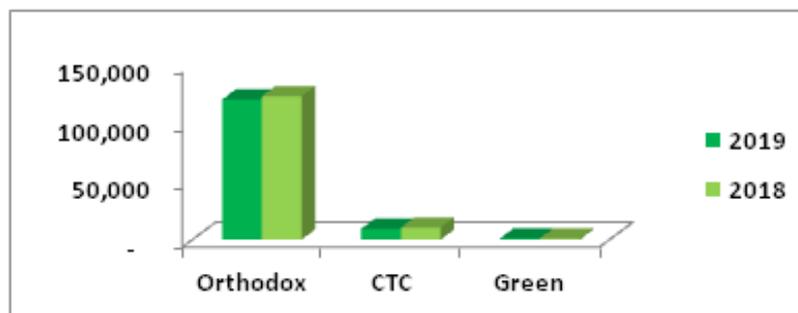
January-May 2019 production of 131.1 million kgs, however, shows a decrease of 3.7 million kgs vis-à-vis 134.8 of January - May 2018. On a cumulative basis, Medium Growns have shown a growth YOY, whilst High Growns and Low Growns show a decrease.

CTC production for the month of May 2019 of 2.4 million kgs remains static with 2018 May too recording 2.4 million kgs. On a cumulative basis, January-May 2019 CTC production totalled 9.3 million kgs compared to 10.4 million kgs of January - May 2018 showing a decrease of 1.1 million kgs. The production of green tea during the first five months of 2019 reached 1.2 million kgs showing a marginal growth of 0.08 million kgs over the volume of 1.1 million kgs registered in 2018.

The summary of tea production for the January to May 2019 with comparative figures of 2018 is appended below (in MT).

Category	2019	2018	Variance
Orthodox	120,556	123,255	(2,699)
CTC	9,358	10,455	(1,097)
Green	1,252	1,177	75
Total	131,166	134,887	(3,721)

(SLTB)



The tea crop figures of some leading tea producing countries for the period of January to May 2019 are furnished below (in million Kg).

Country	Period	2019	2018	Variance
Malawi	January to May	33.00	32.20	0.80
Bangladesh	January to May	16.28	11.76	4.52
North India	January to May	247.30	215.70	31.60
South India	January to May	75.50	87.00	(11.50)
Kenya	January to April	132.42	144.34	(11.92)

(SLTB)

(FW Report)



Sri Lanka Tea Exports - January to May 2019

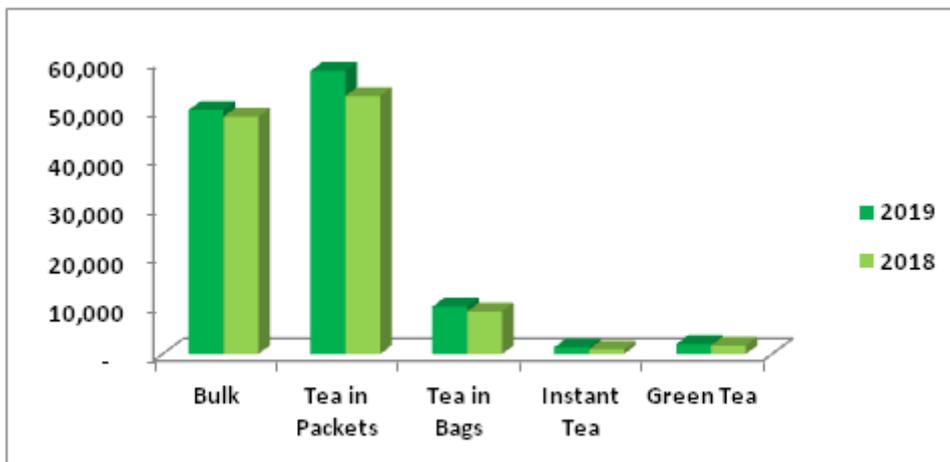
Sri Lanka tea exports for the month of May 2019 totalled 26.6 million kgs showing a gain of 3.5 million kgs vis-à-vis 23.07 million kgs of May 2018. All categories of exports (i.e. Tea bags, Packeted tea and Bulk tea) have shown a growth YOY with packets registering the highest growth.

January-May 2019 exports totalled 121.0 million kgs against the volume of 112.8 million kgs of January-May 2018, thus showing a gain of 8.2 million kgs. Packeted tea has shown a fairly significant increase over the corresponding period of 2018.

Iraq has occupied the No. one position followed by Turkey, Russia and Iran. Other noteworthy importers of Ceylon Tea are China, Azerbaijan, Libya and UAE. The relevant export figures for first five months with comparative figures of 2018 are appended below (in MT).

Category	2019	2018	Variance
Bulk	49,966	48,555	1,411
Tea in Packets	57,965	52,804	5,161
Tea in Bags	9,717	8,733	984
Instant Tea	1,374	975	399
Green Tea	2,017	1,776	241
Total	121,039	112,843	8,196

(SL Customs)



TEA AGM 2019

The 20th Annual General Meeting of Tea Exporters Association will take place on Friday, 6th September 2019 at the Taj Samudra Hotel. The presentation of awards for the outstanding tea producers for the third consecutive year will also be held at the AGM.



Ceylon Tea value chain to go online soon

SLTB announces that government will be investing approximately Rs.250 million in computerizing the entire tea sector value chain. This would be carried out by obtaining data from the grower to the end user in a bid to ensure that the entire value chain could be monitored. In addition all transactions will also be on this system that would be created through the Rs.250 million allocated for this purpose.

SLTB has already called for bids to establish this system and ensure all information is available online. Currently the proposals are at the Technical Evaluation Committee (TEC), DG/SLTB said adding that the system is expected to cover the auction process as well. However, there is no space for online bidding at the moment. When the trade is ready, the bidding on line will be introduced. The online system is expected to bring in benefits so that information could be available and the entire value chain could be monitored.



(SLTB)

Rising global tea consumption poses challenges and opportunities for Russia: FAO expert

The global tea industry has been registering tremendous growth. The overall increase in domestic consumption has been driven by demographic growth, faster urbanization and rising incomes and standard of living in the emerging and developing economies.

Persistence Market Research (PMR) expects the global market to expand at 5 percent at average between 2016 and 2024, reaching a value of USD 21.33 Billion.

The figures were presented at a public dialogue on “Global tea consumption: emerging trends and lessons from Russia”, held in Sochi, Russia recently.

“The public dialogue assessed major trends in tea consumption, discussed factors behind the current global tea consumption renewal before underlining major characteristics of the emerging tea consumer who is more and more conscious about the history behind the sip of tea he/she enjoys,” FAO Senior Economist and Intergovernmental Group on Tea (IGG/Tea) Secretariat Member, underlined.

“The emerging consumption trends urge the tea industry to enhance transparency, value addition, product diversification and “premiumization” while fostering environmental and social sustainability,” the FAO expert noted.



New market trends are showing consumers moving away from other drinks to tea due to a wide range of innovative value added products and an increasing perception of tea as a healthy beverage. Consumption “renewal” is also driven by the increase in use of tea bags in developing and emerging markets traditionally dominated by loose leaves. Tea consumers are willing to spend more on the teas they consume with a shift towards premium products.

Young people, a major and fast growing segment of the market, are continuously searching for personal experience with a fashionable product and integrating the gourmet quality tea into their life style. The growing retail sector is innovatively catering for new preferences through a diversity of tea origins and flavours.

The modern tea consumer is more conscious than ever about making responsible choices in terms of sustainability, featuring environmental, social, economic and ethical issues in consumption choices.

Despite this trend, there is still a huge untapped potential demand in the tea market. Most countries still present low per capita consumption levels. The global tea industry needs to be proactive and understand its demand in order to aggressively develop its market.

Successful generic advertising, which shifts the demand curve outward by attracting new consumers and enticing existing consumers to increase their purchases or pay a higher price, has to be informed by strong market intelligence at global and national levels.

“With extensive experience and knowledge in the field of tea, Russian tea specialists are constantly improving and offering the world market a variety of new models of development. These models are primarily aimed at preserving the value of tea in the perceptions of consumers and creating a sustainable chain of tea promotion - from plantation to consumer - with emphasis on a fair distribution of income at each stage of the tea value chain, – the head of “Roschaykofe” noted.

The Public dialogue, organized as a side event, preceded the Inter-sessional Meeting of the Intergovernmental Group on Tea (IGG/Tea). The dialogue highlighted the challenges and opportunities for Russia’s tea market with emphasis on best practices to harness the benefits arising from the current upward consumption trends.

(Source: FAO)

Turkey tops tea drinking chart

Turkey is the world’s largest tea drinking country, with each Turk consuming an average of 1,300 cups of tea per year. Turks consume around three to five cups of tea daily while this number increases to 10 cups during winter, an Istanbul-based coffeehouse association has announced. Citing information from the International Tea Committee report, it added that Turkey was the largest tea consuming country.

A research report also showed that Turkey tops the world’s per capita consumption of tea, and ranks third in terms of the packaged tea markets.

Black tea is the most popular hot beverage in Turkey; according to last year’s Euro monitor report. The most successful manufacturer was state-owned Cay Isletmeleri Genel Müdürlüğü, continued to lead tea market in 2017, the report added. Reasons include its extensive distribution network, competitive prices, and strong consumer awareness of its Caykur brand. Other competitors include Lipton, Dogadan, and Dogus, as well as private label products.



“To target increasing consumer preference for flavour sophistication and flavour diversification, leading companies continue to launch products that combine different flavours, such as black tea with different herbal variants, and new herbal teas that feature different combinations of herbs,” said the report.

Ready-to-drink tea is also seeing support from the younger generation in Turkey, with consumers preferring RTD tea to carbonated and concentrated beverages.

In the first eight months of last year, Turkey's tea export was over US\$5.71m, according to data from the Eastern Black Sea Exporters Association (DKIB). Germany was the biggest buyer with 128 tones, contributing about US\$770k of profits. This is followed by the Turkish Republic of Northern Cyprus (TRNC), which imported US\$633k worth of tea from Turkey, and the US at US\$576k.

(Food Navigator – Asia)

ITO EN makes a Guinness record

ITO EN, the global leader of green tea and innovative beverages has been recognized by Guinness World Records as having the world's top selling natural and healthy unsweetened ready-to-drink green tea beverage, the Oi Ocha brand. Marking its 30th Anniversary this year since its launch in Japan, an official certificate of this achievement was presented to ITO EN on May 23, 2019. Oi Ocha set a record for the company with sales in 2018 to exceed 90 million cases. The Oi Ocha brand was launched in February 1989, as the world's first unsweetened green tea in a ready-to-drink (RTD) format, and today offers a variety of flavors to include an Oi Ocha Matcha Cold Brew.

Using only tea leaves that are Good Agricultural Practice certified tea farms and from ITO EN's Tea Producing Region Development Project that partners with Japanese farmers to preserve the art and craft of tea, the company is committed to its five guiding principles of producing natural, healthy, safe, well designed and delicious teas. "We are thrilled to have this recognition by Guinness World Records for Oi Ocha," said, Executive Vice President of Corporate Relations. "More consumers are appreciating the authentic taste, clean finish and health benefits of our signature green tea. It has truly become an iconic brand that continues to grow globally."



(World Tea News)

World population to hit 9.7 billion by 2050

By the year 2050, there will be some 9.7 billion people living on Earth, says a UN population report released recently. However, the overall growth rate will continue to fall, and more countries will have to adapt to the consequences of an ageing population.

"The World Population Prospects 2019", report estimates that the next 30 years will see the global population add an extra 2 billion people to today's figure of 7.7 billion, and, by the end of the century, the planet will have to sustain around 11 billion.

India is expected to show the highest population increase between now and 2050, overtaking China as the world's most populous country, by around 2027. India, along with eight other countries, will make up over half of the estimated population growth between now and 2050.

The nine countries expected to show the biggest increase are India, Nigeria and Pakistan, followed by the Democratic Republic of the Congo, Ethiopia, Tanzania, Indonesia, Egypt and the United States of America. In all, the population of sub-Saharan Africa is expected to practically double by 2050.

However, growth in these countries comes against the backdrop of a slowing global fertility rate. In 1990, the average number of births per woman was 3.2. By 2019 this had fallen to 2.5 births per woman and, by 2050, this is projected to decline further to 2.2 births: a fertility level of 2.1 births per woman is necessary to avoid national population decline over the long run (in the absence of immigration).

The population size of more and more countries is actually falling. Since 2010, 27 countries or areas have seen a drop of at least one per cent, because of persistently low fertility rates. Between now and 2050, that is expected to expand to 55 countries which will see a population decrease of one per cent or more, and almost half of these will experience a drop of at least 10 per cent.

In some cases, the falling population size is reinforced by high rates of emigration, and migration flows have become a major reason for population change in certain regions.

Bangladesh, Nepal and the Philippines are seeing the largest migratory outflows resulting from the demand for migrant workers; and Myanmar, Syria and Venezuela are the countries where the largest numbers are leaving because of violence, insecurity or armed conflict. For those countries where population is falling, immigration is expected to plug the gaps, particularly in Belarus, Estonia and Germany.

“Many of the fastest growing populations are in the poorest countries, where population growth brings additional challenges”, said United Nations Under-Secretary-General for Economic and Social Affairs (DESA). These challenges include the fight to eradicate poverty, and combat hunger and malnutrition; greater equality; and improved healthcare and education. The report, he said, offers a “roadmap” indicating where to target action and interventions.



At the same time, growth is providing opportunities in many developing economies: recent reductions in fertility mean that the working-age population (25 to 64) is growing faster than other age ranges, which could improve the possibilities for faster economic growth. The report recommends that governments make use of this “demographic dividend” to invest in education in health.

There will be one in six people over 65 by 2050, up from the current figure of one in 11. Some regions will see the share of older people double in the next 30 years, including Northern Africa, Asia and Latin America.

By 2050, a quarter of the population in European and Northern America could be 65 or over. The higher proportion and number of older people is expected to put increased financial pressure on countries in the coming decades, with the higher cost of public health, pensions and social protections systems.

Although overall life expectancy will increase (from 64.2 years in 1990 to 77.1 years in 2050), life expectancy in poorer countries will continue to lag behind. Today, the average lifespan of a baby born in one of the least developed countries will be some 7 years shorter than one born in a developed country. The main reasons are high child and maternal mortality rates, violence, and the continuing impact of the HIV epidemic.

(UN)

Iran fell deeper into recession last year than previously known

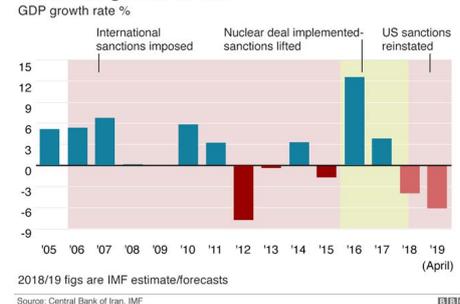
Iran says its economy fell into a worse recession last year than international organizations expected, as the United States began re-imposing tough sanctions on Tehran's vital oil industry and other financial sectors. In a report published recently, the Statistical Center of Iran said Iranian gross domestic product contracted by 4.9% in the last Persian year that ended on March 21.

The World Bank published a report earlier this month estimating that Iran's GDP shrank by 1.9% in 2018 after growth of 3.8% in 2017. The International Monetary Fund released a report in April saying it found Iranian GDP contracted by 3.9% in 2018. Both agencies also predicted Iran's recession will deepen this year, with the World Bank forecasting -4.5% growth and the IMF forecasting -6% growth.

The re-imposing of US sanctions on various sectors of the Iranian economy last August is the main reason for negative economic growth in the country. Iran's inflation and unemployment have worsened and its currency has slumped versus the dollar in tandem with the intensification of U.S. sanctions. The deteriorating economic conditions have prompted occasional street protests in various parts of the country over the past year, with demonstrators denouncing government officials and business leaders whom they accuse of oppression, mismanagement and corruption.

(Voice of America)

Economic growth in Iran



FDA Warns Dietary Supplement Producers

From flat-tummy tea to insomnia-treating melatonin, the FDA is launching its largest crackdown on the dietary supplement market in 25 years. The crackdown started in February, when the FDA sent 12 warning letters and five online advisory letters to foreign and domestic companies that are illegally selling dietary supplements that are unapproved new and/or misbranded drugs that claim to prevent, treat, or cure Alzheimer's disease and a number of other serious diseases and health conditions.

Some of the claims specifically called out in the FDA letters sent to companies were associated with Green Tea and Green Coffee extract:



“Green Tea Extract ... Green Tea's polyphenols are scientifically proven to ... reduce a woman's risk for heart disease.”

“Green Tea Extract ... possesses a wide range of therapeutic properties that are used in the treatment and prevention of some forms of cancer, Parkinson's disease, human papilloma virus, and kidney stones.”

“Green Coffee Beans ... The extract has also shown positive effects in the regulation of high blood pressure and as an anti-diabetic supplement.”

“Green Coffee Beans ... use of chlorogenic acid from green coffee bean extracts as an important inhibitor of diet-related obesity and obesity-related metabolic syndrome ... [and] promote significant weight loss in individuals who suffer from morbid obesity. The extract has also shown positive effects in the regulation of high blood pressure and as an anti-diabetic supplement.”

“One of my top goals is ensuring that we achieve the right balance between preserving consumers’ access to lawful supplements, while still upholding our solemn obligation to protect the public from unsafe and unlawful products,” says FDA Commissioner Scott Gottlieb, M.D., in a news release published by the agency, “and holding accountable those actors who are unable or unwilling to comply with the requirements of the law.”

Gottlieb also points out, “Such claims can harm patients by discouraging them from seeking FDA-approved medical products that have been demonstrated to be safe and effective for these medical conditions.”

The FDA will continue to monitor the supplement industry and take action against companies making similar claims for the treatment of serious conditions such as cancer and opioid addiction.

“[Global Tea Initiative] recommends that the tea industry members should make sure that all claims are substantiated. Whenever claims are not substantiated, then it would be best to note that the claims are anecdotal only. This doesn’t help the public much, but it is fair, and people appreciate fair and honest. Researchers around the world and at UC Davis are working hard to back up many of these claims—or prove they are baseless.”

(Fresh Cup Magazine)

mjunction to set up new e-marketplace for tea in Assam

The new e-marketplace for tea to be set up at Jorhat in Assam by India’s leading B2B e-commerce company, mjunction services limited, using an innovative e-platform in consultation with the Tea Board, and is expected to score heavily in terms of turnaround time and cost effectiveness.

mjunction has been appointed as the system integrator to design, develop, implement and maintain this e-auction platform. The e-auction system will aid fair and market-driven price discovery. Though Assam provides the highest quantity of the tea in India, it has only one auction centre and thus the whole process of ‘production to payment’ takes more than a month. mjunction plans to shorten this cycle time with features like automated catalogue management.

As per Tea Board officials, “We are introducing the new platform through mjunction to push the price discovery part. The new system will be in place in three months. It would be handling up to 200 million kg of tea per year.”

The inclusive e-marketplace model is expected to bring on board secondary and tertiary buyers from all over the country, giving them access to the freshest tea, easy to use automated catalogue and faster movement of material.



For the sellers, apart from shorter turnaround time and fair price discovery, this model would provide cost savings through focused sampling, and would ensure proper data analysis for setting the reserve price of tea.

(Economic Times)

Tariff Truce Eases but Does Not Eliminate US Tea Trade Worries

On Saturday (29/6) President of USA put a hold on placing tariffs on the most recent list of Chinese imports, which includes tea. Chinese President announced negotiations would resume.

In response, the US tea industry drew a collective breath of relief, yet remains wary of the outcome of talks.

Last week the U.S. Trade Representative (USTR) heard testimony from two prominent tea industry leaders, Peter Goggi, president of the Tea Association of the USA and Jason Walker, marketing director at Firsd Tea, the New Jersey-based division of the world's largest Chinese green tea exporter, Zhejiang Tea Group.

"There are very small territories or micro climate areas in China that produce very, very high quality teas and very unique teas that you cannot get anywhere else in the world," said Goggi, adding "If the tariffs go through, ultimately the consumer will pay the price. It's the consumer that gets hurt."

The June hearings spanned seven days and were attended by a broad range of industry leaders concerned that import taxes of up to 25% on Chinese made goods and agricultural products would harm consumers. Conducting the hearing were representatives of the State Department, the Commerce Department, the Treasury Department, the Labor Department and the U.S. Department of Agriculture.



Opposition was near unanimous for the proposed tariffs on \$300 billion worth of goods. Tea was not included on the previous lists but is named among the 3,805 subheadings on List 4. Approval would have increased tariffs by up to 25% on tea and coffee from China. It was a busy week for USTR which also listed procedures for exclusion from tariffs on List 2 and List 3 goods.

Goggi formally requested that green and black teas, instant tea, and extracts be excluded. Seventy percent of the green tea consumed in the U.S. originates in China. "There isn't one section of the tea market that is not touched by Chinese tea," he said.

U.S. consumption amounts to less than 1% of China's total tea production, Goggi explained. Commercial tea growers in America do not need to be protected by tariffs. "Tea has been tax free for many, many, many years and it should remain that way," he said.

Walker explained that individuals providing testimony were organized into panels of five. "The panel that included Firsd Tea also heard testimony from the leader of an international business council and a university-level economics instructor. All members of our panel opposed the tariffs," said Walker.

"Speaking with others who had attended hearings from the previous day(s), the overwhelming majority of witnesses opposed the tariffs," he said. Once hearings are concluded, there will be a period ending this week in which the Committee will await written materials related to witness testimony and deliberate before announcing their recommendations.

"Firsd Tea continues to monitor the situation carefully, and has provided a voice to the government on behalf of our customers and the U.S. tea-drinking public," said Walker, who said that he attended the hearings optimistic "these two great nations can reach a satisfactory trade agreement that will benefit both sides."

(Source: USTR, Xinhua, World Tea News)

India Tea exports to Iran jump 150 per cent by April

Between January and April this year, tea exports to Iran went up to 22.49 million kg against 9 million kg during the same period last year. In the first four months of this year, the country already exported 72.5 per cent of the total exports of last year. In 2018, the country had shipped a total of 31 million kg of tea.

"Iran is the second-largest importer of Indian tea after Russia. After the US imposed sanctions on Iran, there is a lot of uncertainty among both Iranian importers and Indian exporters. Hence, most of them are preponing their bookings and shipments. Till April there has been a growth of 150 per cent and in the past two months also we are seeing huge demand for tea from merchants who buy on behalf of Iranian importers," said Vice President, International Operations, MK Group.

Iran imports Assam orthodox tea and the price of this variety has gone up by Rs 30 to 35 per kg in recent auctions in Kolkata. Another factor that is supporting Indian exports is the higher price quoted by Sri Lankan orthodox tea. Due to higher labour charges Sri Lankan tea is currently priced \$1.25 to \$1.5 higher than Assam orthodox. Sri Lanka too is an exporter of tea to Iran.

Fearing a stoppage of exports to Iran in the near future, exporters are also exploring new channels. Even if they fail to discover new channels, the tea exports to Iran will be higher this year compared to last year due to early shipments. However, in that scenario, the exports could fall next year.

(Indian tea association)



Tea-most popular drink in Poland

During cold Polish winter there is no beverage more popular than hot tea. In fact, any time of the year is good for tea in Poland, not only winter. Also, at a typical Polish family reunion/party you would drink black tea with sugar and lemon before, during, after or between the meals. For Poles no time is bad time for a cup of tea!

Nowadays, tea (herbata) is the most popular, non – alcoholic drink in Poland. It's automatically served with breakfast, with lunch, with dessert after lunch, in the afternoon and with the dinner...and with the dessert after dinner!!! Yes! And a lot of times it will be served in a tea cup made out of glass!

Although the tea market in Poland remains highly traditional and black tea is the most popular option for consumers, there are signs of a shift in consumption habits. As a result, black tea is slowly losing its leading position as green, herbal and fruit teas continue to develop with consumers keen to try new tastes, types and blends.



With as many as three quarters of Polish consumers enjoying different tea flavours, sales of herbal and specialty tea are moving out from specialized health shops and drugstores and into mass retailers. Indeed, over three in five consumers use herbal teas for their functional benefits. Tea is also seen as a good alternative to having alcohol on a night in by a majority of consumers, reflecting its status as a national drink.

(Transparent blog)