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# Tea sector

## 1. Background and key issues

Four countries account for over 70% of global tea production: China (35–40%), India (20–25%), Kenya (8%) and Sri Lanka (7%). The leading exporter is Kenya, followed by China, Sri Lanka and India. The leading importers are Russia (182,000 tonnes), the UK (157,000 tonnes) and the US (116,000 tonnes).

India is the largest producer and consumer of black tea, which includes both crush-tear-curl-processed (CTC) and orthodox varieties, while China is the largest producer and consumer of green tea. However, demand for green tea in India is increasing, just as consumption of black tea is increasing in China.

Kenya exports black tea and plays a leading role in auctioning tea from other East African countries. The Mombasa tea auction, however, is facing a growing challenge from the Dubai Tea Trading Centre (see Agritrade article ‘[Mombasa tea auction threatened?](#)’, 11 March 2012.)

Tea production increased significantly in 2013, especially in East Africa, the only ACP region exporting tea. This abundant supply has translated generally into more tea on both export and domestic markets, with an increasingly rapid local consumption.

*“Tea production increased significantly in 2013, especially in East Africa – but this exerted downward pressures on tea prices”*

The abundant supply has exerted downward pressures on tea prices. Although total export earnings have held up due to the increased volume of exports, it has resulted in much lower returns per kilogram to Kenyan smallholder tea producers (see Agritrade article ‘[Internal tax reform and production restraint seen as key to halting Kenyan tea price declines](#)’, 26 July 2014) after a number of years of high returns (see Agritrade article ‘[Kenyan smallholder tea farmers enjoy higher](#)

prices', 18 November 2012). Overall, 2013 was a challenging year for the Kenyan tea sector which accounts for 80% of East African tea production. Given the importance of the tea sector to GDP, this has spurred discussions of possible tea sector reforms, including to the functioning of the Mombasa tea auction.

The challenge facing East African tea producers is to increase the value of tea exported, rather than expanding the volumes of tea produced and exported. This requires penetrating new markets that offer higher returns, and improving how the East Africa tea supply chain functions, through improved packaging, branding and product differentiation. In order to develop value-added processing and market diversification strategies, ACP producers need to stay on top of:

- the changing situation in key markets (e.g. turmoil in Egypt and the economic difficulties in the UK);
- the changing culture of tea consumption;
- the need to integrate sustainability standards and certification into production and marketing efforts;
- the need to strengthen their position in niche markets such as fairtrade and organic tea.

Increasingly strict EU production standards also constitute a challenge for tea producers given the existence of duty-free, quota-free access. Meeting market standards – whether environmental, social or ethical – needs to be seen in the context of the overall increase in production costs. Climate change also poses major challenges for established East African tea producers.

## 2. Latest developments

### Global tea market developments

#### Tea production and export trends

In 2013 global black and green tea production reached a record 6 million tonnes, leading to a surplus of 100,000 tonnes, mainly in tea produced by the cut-tear-curl (CTC) process and green tea. Trends in green tea production are largely attributable to Chinese government policies aimed at rationalising farming systems, boosting output and increasing rural incomes. Over the past 10 years, China's tea production has increased by an average of 3.75% per annum, with a 3.45% growth in local consumption.

Black tea output increased by 8.5% in 2013 to 2.8 million tonnes, even though some producers' statistics are still unavailable. This reflects a 9.2% growth in India's output which reached 1.2 million tonnes following a major rehabilitation and expansion programme in the main tea producing areas. Given the rapid growth of tea consumption in India (an annual rate of 6–8% compared to annual global growth of 3–4%), this resulted in only a 4% increase in exports from 216,230 to 225,760 tonnes.

There was also a record increase of 17% in 2013 in Kenyan tea output to 432,400 tonnes, which was attributed to major improvements in yields. In Sri Lanka (Kenya's main competitor) production increased by 4.2% to a record 340,200 tonnes.

Table 1: World tea exports (tonnes)

	2013	2012	2011	2010
Kenya	453,869	430,210	421,270	441,020
China	332,416	321,790	322,580	302,530
Sri Lanka	319,660	304,490	301,270	296,380
India	146,970	201,080	215,420	222,020
Vietnam	NA	135,000	143,000	127,970
Indonesia	59,042	71,000	75,450	87,100
Argentina	66,745	78,000	86,200	85,350
Malawi	30,422	41,830	44,890	48,580
Uganda	51,693	48,220	46,150	53,180
Tanzania	21,101	26,300	27,110	26,130
Zimbabwe	NA	7,000	8,570	8,500
Bangladesh	543	1,510	1,450	910
Others		59,240	26,780	77,980
<b>TOTAL</b>		<b>1,725,670</b>	<b>1,750,140</b>	<b>1,777,650</b>

Source: International Tea Committee/Tea Board of India and Sri Lanka Tea Board

The dry weather in 2014 has affected the Indian and Sri Lankan tea production: Indian production down by 28% in April and May compared to the same period in 2013; and Sri Lankan production down by 5% in the first 5 months of 2014. This is creating new market opportunities for East African tea producers – in mid July it was reported that the Indian Western Tea Dealers

Association had called on the government to allow duty-free imports of 40,000 tonnes of tea from both Kenya and Sri Lanka.

#### World tea price developments

Increased world production affected prices in 2013. Mombasa tea auction prices dropped by 16% between 2012

and 2013, reaching their lowest level in 5 years. However, as Asian and African demand rises, there is a need for less expensive teas of the kind produced in Kenya, Uganda, India, China; these have therefore been increasing.

Table 2: World tea exports (tonnes)

	2013		2012		2011		Change 2013/12	
	Mt	US\$/kg	Mt	US\$/kg	Mt	US\$/kg	Mt	US\$/kg
Mombasa	384,162	2.41	321,544	2.88	333,902	2.72	62,618	-0.47
Malawi	9,594	1.82	12,472	1.7	13,252	1.61	-2,878	0.12
Colombo	335,517	3.44	325,358	3.07	323,297	3.25	10,159	0.37
Chittagong	55,339	2.87	58,085	2.41	53,874	2.14	-2,746	0.46
Kolkata	162,657	2.72	151,04	2.81	165,91	2.78	11,617	-0.09
Cochin	53,425	7.94	57,395	1.8	58,813	1.73	-3.97	0.14
Guwahati	119,14	2.26	119,257	2.47	125,784	2.33	-117	-0.21
Jakarta	33,049	1.98	31,955	1.97	32,775	1.97	1,094	0.01
<b>World</b>	<b>1,152,883</b>	<b>2.72</b>	<b>1,077,106</b>	<b>2.76</b>	<b>1,107,607</b>	<b>2.73</b>	<b>75,777</b>	<b>-0.04</b>

Mt: million tonnes, source: Sri Lanka Tea Board

#### The rise of the Dubai Tea Trading Centre

*“The DTTC’s activities are posing a major challenge to East African efforts to develop value-added tea products for export”*

Imports at the Dubai Tea Trading Centre (DTTC) reached 63,600 tonnes in 2012 according to the International Tea Committee (ITC), with 21,900 tonnes of tea coming from Kenya, 17,100 tonnes from India and 10,500 tonnes from Sri Lanka. According to Ahmad Bin Sulayem, Executive Chairman of the Dubai Multi Commodities Centre (DMCC), the volume of tea handled through the DMCC Tea Centre and

the volume that flowed through Dubai increased to 129,000 tonnes in 2013. The DTCC activities have prompted the UAE to become the world’s fourth biggest importer of tea and the largest re-exporter of tea globally. The Director of the DMCC, Sanjeev Dutta, noted how “Tea comes into Dubai in bulk, which can then be blended and packaged in loose tea form or tea bags to be re-exported.” The strategic objective is to further improve facilities and services to customers and diversify the tea product lines to include speciality teas. The activities of the DTTC are posing a major challenge both to the Mombasa tea auction and, more fundamentally, East African efforts to develop value-added tea products for export.

#### Capitalising on new tea trends

There are several new trends in the tea market, ranging from the creation of new dessert teas in India, which mix chocolate with rooibos and black and white teas, to Dunkin’ Donuts iced green tea, which contains 30% tea from Rainforest Alliance-certified farms and carries the Rainforest Alliance certification seal.

There are also developments in promoting the health benefits of tea as well as tea tourism, and in some instances these two aspects are combined. For example, the fifth edition of the annual Tea for Health International Marathon, organised by the Tea Board of Kenya in conjunction with Athletics Kenya

(AK), had a range of tea tourism initiatives linked to it and sought to position Kenya as a major country of origin for health-conscious consumers.

The Dutch CBI (Centre for the Promotion of Imports from developing countries) is also working on value addition in the tea sector, including developing tea tourism, in Kenya, Zambia, Madagascar and, to some extent, Tanzania. In this context, the Dutch CBI has concluded a Memorandum of Understanding with the Tea Board of Kenya, East Africa Tea Traders Association (EATTA) and Solidaridad, as well as the Kenya Tourism Federation (KTF).

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*"New marketing opportunities are being explored using e-commerce to directly process, pack and sell premium teas online"*

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New marketing opportunities are also being explored in non-ACP countries utilising e-commerce to directly process, pack and sell premium teas online to consumers, considerably shortening the supply chain. Since this requires investment in temperature- and humidity-controlled warehouses, with vacuum packing and despatching services close to producers, this could carry real rural development benefits if replicated in ACP countries.

Finally the use of geographic indications (GIs) in the tea sector is being put to the test. In November 2011, the European Commission gave a special status to Darjeeling tea as a GI-protected product. Given that some blenders in the EU commonly mix 49% of other teas with 51% of Darjeeling tea, this practice will now have to be phased out. From 2016, any tea sold as Darjeeling will need to be 100% Darjeeling. Given that Darjeeling tea has, on average, a shelf life of 3 years, EU blenders will need to start buying Dar-

jeeling tea this year to meet the requirement of the GI protection accorded to Darjeeling, which will come into effect in 2016.

### **Getting to grips with pesticide residue issues in the tea sector**

In 2013 the first European Proficiency Test for Pesticide Residues in tea (EUPT-T01) was undertaken at the request of the European Commission, Health and Consumer Protection Directorate-General (DG-SANCO). It highlighted how, in 2010 and 2011, there were only two notifications concerning tea and herbal tea in the Rapid Alert System for Food and Feed, which provides EU-wide reporting on food safety risks.

However, in 2012 this increased to 41. Of these:

- 1 was an alert coming from Lithuania;
- 37 were border rejections (the majority originating from China);
- 3 were for information and follow-up.

From the start of 2013 until August:

- there were 27 border rejections - and in 1 of these, there were 14 positive findings, with the highest residue level being 1.63 mg/kg.

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*"There are growing problems of compliance with EU pesticide residue limits in the tea sector for non-ACP suppliers"*

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This suggests that there are growing problems of compliance with EU pesticide residue limits in the tea sector, but that this is concentrated in non-ACP suppliers, largely imports from China.

## **Developments in ACP tea sectors**

### **An overview of ACP tea production and its global role**

Out of 36 tropical and semi-tropical countries producing tea, 19 are ACP countries. There are two tea auction centres in ACP countries: Mombasa and Malawi. Colombo auction (Sri Lanka) is the main traditional competitor in the black tea sector, but the recent rise of the DTTC is also challenging the Mombasa and Malawi tea auction centres.

The Mombasa tea auction every week offers teas mainly originating in Kenya, but also from Uganda, Rwanda, Tanzania and the Democratic Republic of Congo (DRC). The other auction centre in Limbe, Malawi sells teas from Malawi and occasionally from Mozambique, Zimbabwe and Zambia. It operates weekly for the 6 months of the season, between December and May, and fortnightly thereafter.

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*"The share of the ACP in global tea production has fallen since 2000 from 13.5 to 12.5% in 2012"*

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The share of the ACP in global tea production has fallen since 2000 from 13.5 to 12.5% in 2012, despite an expansion of overall ACP tea production of 49%. Tea production has expanded in all but three ACP countries. Among the major ACP producers, the largest increases in production between 2000 and 2012 were in Uganda (+74%), Kenya (+56%), Rwanda (+55%), with significant increases in Mozambique (+110%), but from a much lower base. Nevertheless, by 2012 Mozambique was catching up with Rwanda in terms of its volume of tea production.



Table 3: ACP tea production (in tonnes and as a percentage of world tea production)

	2012	2011	2012/2011 %	2000	2012/2000 %
Burundi	9,140	8,817	3.60	7,134	28.10
Cameroon	4,500	4,297	4.70	4,004	12.30
DR Congo	3,200	3,129	2.20	1,879	70.30
Ethiopia	7,500	7,319	2.40	3,776	98.60
Kenya	369,400	377,912	-2.20	236,286	56.30
Madagascar	600	547	9.60	490	22.40
Malawi	53,500	52,000	2.80	42,400	26.10
Mali	145	140	3.50	66	119.60
Mauritius	1,577	1,787	-11.70	1,312	20.20
Mozambique	22,000	27,000	-18.50	10,466	110.20
PNG	4,600	4,400	4.50	6,200	-25.80
Rwanda	22,503	24,066	-6.40	14,481	55.30
Seychelles	40	38	5.20	246	-83.0
Uganda	50,915	35,194	44.60	29,236	74.10
Tanzania	32,812	32,000	2.50	23,600	39
Zambia	900	878	2.50	850	5.80
Zimbabwe	19,000	18,223	4.20	22,000	-13.60
<b>TOTAL ACP</b>	<b>602,332</b>	<b>597,747</b>	<b>0.76</b>	<b>404,426</b>	<b>49</b>
World	4,818,118	4,624,401	4.10	2,987,516	61.20
ACP as a percentage of world production	12.50%	12.90%		13.50%	

Source: FAO

There is considerable scope for increasing domestic tea consumption in ACP tea producing countries. According to EATTA figures, in countries such as Kenya, local consumption increased by a healthy 16.7% between 2012 and 2013. Indeed, domestic consumption has been growing at more than 10% per annum for the last few years. Nevertheless, local consumption in Kenya still only represents 5% of its tea exports. If local consumption is indeed tomorrow's market, then measures will need to be taken to ensure opportunities for value addition, with

packaging and marketing knowledge being consolidated in support of subsequent exports of value-added teas.

*"There is considerable scope for increasing domestic tea consumption in ACP tea producing countries"*

#### Addressing the impact of climate change in the tea sector

Climate change – involving uneven rainfalls, more destructive rainfalls, longer dry periods, increased risks of

frost damage and the emergence of new pest and diseases – is increasing both costs of production and the risks associated with tea production in all parts of the world. This is necessitating changes in farming methods.

*"Climate change is increasing both costs of production and the risks associated with tea production"*

In ACP countries such as Kenya, efforts are taking place to map in detail the impact of climate change on tea production. Research suggests that this impact could reduce the land suitable for tea production in Kenya by 40% by 2050 (see Agritrade 'Tea Executive Brief Update 2013', 18 December 2013). This is leading to the introduction of a range of public-private sector partnership initiatives to ameliorate the impacts of climate change in the tea sector, including:

- the training of more than 100,000 farmers in 10 factory zones on how to adjust farming practices to climate change (with the aim of ultimately reaching 500,000 farmers);
- the introduction of more frost- and drought-resistant tea varieties (with a programme for the distribution of 600,000 plants under way);
- the establishment of a geographical information system of remote sensors to allow prediction of frost levels and assist farmers in developing planting schedules and location plans for high-value tea crops;
- the introduction of more energy-efficient stoves for drying;
- the launching of programmes under the Sustainable Trade initiative to improve production methods and increase yields, despite the climatic changes taking place.

## Developments in tea production in Kenya

In 2013 Kenya and the wider East African region registered one of their best years for tea production. According to EATTA figures, Kenyan tea production increased by 17% in 2013, with the trend towards an increasingly dominant role for smallholder tea producers being further consolidated. Local tea consumption grew by 16.7%, while exports increased by 15% when sales from stocks were included (from were 430,200 tonnes to 494,300 tonnes).

However, the total value of tea exports rose only 1.9%, because tea prices declined. Export prices fell from an average of US\$3.09/kg in 2012 to US\$2.68/kg in 2013 in the face of the supply glut and depressed markets in some export zones.

Leading buyers for Kenya's tea are Pakistan, Egypt, Afghanistan, the United Kingdom and the United Arab Emirates, which together bought 74% of the total exports. The Pakistani market is particularly valuable for Kenya; as Kenyan tea production shot up in 2013, it was able to sell more tea to Pakistan partly because of Kenya's more competitive prices compared to Indian teas, and partly because of the special trade arrangement linked to an exchange of reciprocal preference for tea and rice respectively.

However, more broadly, some of these markets have been affected by political instability while others have been affected by the economic downturn. Efforts are under way to develop new markets, with seven being opened up including: Vietnam, Philippines, Azerbaijan, South Sudan, Myanmar, South Korea and the Czech Republic. Other markets being targeted include Angola, Taiwan and Chad. Efforts are also taking shape to promote local tea

consumption which rose to 26.5 million kg from 22.7 million kg.

The downturn in prices severely affected the profitability of Kenyan tea companies, given rising input costs. The pre-tax profits of Williamson Tea fell by 10% to 1.04 billion Kenyan shillings (KSh) (US\$11.9 million); those of Kapchorua Tea dropped 29% to KSh182 million during its financial year which ended in March 2014; and Limuru Tea reported a 72% plunge in full-year pre-tax profits. The tea and coffee producer Sasini meanwhile issued a profit warning. Williamson Tea has taken measures to rein in costs, including constructing a new solar power plant at one of its tea estates to reduce electricity bills.

It was not all bad news, however, at the corporate level. In October 2013, Unilever's CEO Paul Polman spoke of the company expanding its existing factories in the hilltop farmlands of Kericho, to increase the amount of tea processed there to 50,000 tonnes per year from the current 30,000 tonnes. Unilever, which buys as much as 30% of Kenyan tea, is also working with researchers on how to raise the tea yield on Kenyan farms by up to 40%.

The impact of the price falls experienced in 2013 has led to calls for institutional reforms in the tea sector. Under the Kenya Tea Act, small-scale growers have to deliver their tea to the Kenya Tea Development Agency (KTDA). But there is growing discontent among producers who are asking for an amendment to the Tea Act and an end to the KTDA monopoly, in order to enable them to market their produce to other dealers. They argue that liberalisation will give them more freedom to choose their purchasers and hence achieve better prices.

The Kenyan authorities are aware that excess black CTC tea is putting downward pressure on tea prices and they are studying a number of initiatives including the formulation of a Kenya National Tea Policy which will guide the future development of the tea industry. A number of recommendations are emerging touching on the development of new markets as well as investments in facilities that will encourage value addition. Consideration is also being given to the creation of a price stabilisation fund, involving a partnership between the government and the tea industry, to deal with price volatility and insulate farmers from the adverse production consequences of price fluctuations. Issues related to ongoing land division and the need for land consolidation have also been raised. Finally there have been calls for more transparency in how the Mombasa tea auction operates, with this including initiatives linked to the modernisation of the auction process through the development of an e-auction platform.

KTDA is also investigating the possibility of processing orthodox teas. Orthodox teas are "whole leaf teas manufactured using the traditional process", and generally fetch higher prices than those manufactured by the CTC process. KTDA's target level of production for orthodox teas is 60 million kg per annum, with at least one factory in each production zone manufacturing the product (see *Agritrade* article '[Kenya looking to introduce new tea production processes to facilitate market diversification](#)', 8 June 2014).

Currently the EATTA runs the Mombasa Tea Auction Centre, the largest black CTC tea auction centre in the world. Through the auction, tea from across the region is purchased by packers as well as blenders. This largely serves export markets given the limited level of domestic demand (despite recent

growth in local consumption). The main challenge in East Africa is not the production volumes but the capacity to absorb and export the tea produced as well as the capacity to develop new products for new markets, thereby expanding overall demand. The Mombasa tea auction has a limited capacity to handle tea, therefore expanding production has given rise to more tea being sold directly to customers (now some 30% of production).

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*"The main challenge in East Africa is to develop new products for new markets, thereby expanding overall demand"*

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#### **Developments in the wider Eastern and Southern African tea sector**

Beyond Kenya, which produces 80% of East Africa's tea, Malawi is the second biggest tea producer. However, cumulative tea sales through the Limbe auction market from January to August 2013 stood at only 6,400 tonnes, against 10,800 tonnes in the preceding year during the same period (down by some 37%).

This 37% decline in tea placed for auction was attributed to outstanding contractual sales obligations from the previous year and hence lower carry-over stocks. Cumulative average prices for tea amounted to US\$1.87/kg in 2013, an increase on prices prevailing in 2012, which averaged US\$1.68/kg. Cumulative realisations from tea sales totalled US\$12.0 million by the end of August 2013 compared to US\$18.1 million realised in the same period in 2012.

In Uganda, tea production stagnated between 1972 and 2000 but shot up by 74% between 2000 and 2010. Both national and local authorities are seeking to support this process of expansion of Ugandan tea production.

Uganda's Ministry of Agriculture wants to establish a Tea Board similar to the one in Kenya. Experts at the Economic Policy Research Centre (EPRC) point out the necessity of improving the accessibility of technology and, for the government, of putting in place a stand-alone tea policy or a regulatory authority, paralleling developments in other crop sectors such as coffee and cotton. Some 200,000 ha is potentially available for tea production.

According to the Tea Board and Central Bank statistics, tea production in Tanzania rose from 31,450 tonnes in 2011/12 (July/June) to 33,700 tonnes in 2012/13. However, in the first quarter of 2014 production fell to 10,991 tonnes from 11,606 tonnes in the corresponding period in 2013.

In February 2014, Unilever (which accounts for around one-third of Tanzanian tea production) announced its long-term plans to work in partnership with the Tanzanian government to triple its tea production. This expansion of tea production is taking place in the context of the initiatives within the Southern Agricultural Growth Corridor of Tanzania (SAGCOT) project, which encompasses some 7.5 million ha of fertile land.

In 2014 in Rwanda some 21,010 tonnes of tea were exported, down from 22,543 in 2012, with prices down to US\$2.64/kg from US\$2.69/kg in 2012. Tea export volumes were down further in the first quarter of 2014 at 5,504 tonnes compared to 5,556 tonnes in January to March 2013.

Despite huge potential and favourable climatic conditions, Mozambique is still only the 21st global tea producing country. There are 39,000 ha of old tea plantations in the country, out of which only 6,000 acres are under private ownership. Mozambique, which

has mostly a corporatised and highly export-oriented tea culture, is keen on expanding small-scale tea farming and has developed cooperation with India in order to benefit from India's experience.

Burundi tea revenues dropped by 21% in 2013 to US\$20.8 million from US\$26.3 million in 2012, with exports of 8,741 tonnes compared to 8,771 tonnes in 2012. This has had a significant impact on the country's economy, because tea is the second biggest hard currency earner after coffee and employs some 300,000 smallholder growers in a nation of nearly 10 million people. Burundi exports 80% of its tea through the regional weekly Mombasa tea auction. Reports from the Office de thé du Burundi (OTB) showed that the average export price per kilo for Burundian tea fell to US\$2.38 in 2013 from US\$3 in 2012. This was attributed to the lower prices arising from the expansion of global tea production, in which Kenyan producers played a not insignificant role. As for the first quarter of 2014, Burundi's tea export earnings fell by 8% compared to the first quarter of the previous year.

For tea producers in Eastern and Southern Africa in general, challenges arise from the stagnation of demand on traditional markets, the major of these being the need to identify and effectively exploit new markets.

### 3. Implications for the ACP

#### Establishing a supportive policy framework for moving up the value chain

The challenge facing East African tea producers is to increase the value of tea exported, rather than expanding the volumes of tea produced and exported. This will require a close monitoring of emerging market trends and strategic investments in responding to these trends.

*“The challenge facing East African tea producers is to increase the value of tea exported, rather than expanding volumes”*

In order to share the costs of such monitoring and investment strategies, there would appear to be scope for joint collective initiatives at the regional level. Potentially this could draw on the experience of similar private-sector-led programmes of market repositioning developed for other products across the ACP (most pertinently the Caribbean rum programme).

Promoting value-added processing may also require a review of government taxation and market regulation policies, to reduce the costs for companies seeking to move into value-added processing (see [Agritrade article ‘Internal tax reform and production restraint seen as key to halting Kenyan tea price declines’](#), 26 July 2014).

Any movement up the value chain should also look at the innovative ways being developed for marketing tea in some non-ACP countries. Most notable in this regard is the Indian experience of storing processing, packaging

and marketing premium tea through e-commerce mechanisms. Given the extent to which this requires localised investment, it could provide a major rural development stimulus in tea producing regions where the organisational and infrastructural capacity exists to undertake such investments.

#### Monitoring the utility of GI protection in securing price premiums

With the recognition of Darjeeling tea as a protected GI coming into effect in the near future, ACP governments could usefully monitor the impact of the introduction of GI protection on the prices obtained for Darjeeling tea to find out how much GI protection could enhance the market position of speciality teas produced in the ACP.

#### Establishing full traceability for tea production and exports

Given the detection of increased levels of pesticide residues in non-ACP teas imported into the EU, the establishment of schemes providing full traceability for ACP-produced teas could assist in ensuring that ACP suppliers avoid being caught up in any public concern. This may arise over pesticide residues in teas or any strengthened control measures which the EU may deem necessary to introduce in the face of increased interceptions of consignments that do not comply with EU pesticide residue requirements.

The establishment of full traceability along tea supply chains could also lay the basis for the development of product differentiation strategies designed to plug into new trends in tea consumption. This could build on existing certification schemes (e.g. Rainforest Alliance or fairtrade certification). In this context, benefits could potentially be

gained from promoting mutual recognition of compliance evaluations across different certification schemes (see [Agritrade article ‘Efforts under way to reduce costs of certification through harmonised audits’](#), 11 August 2014)

#### Sharing knowledge on responding to the challenge of climate change

Given the advanced state of climate change preparations in Kenya, there would appear to be a case for sharing knowledge with other ACP tea producing countries on the experience of:

- assessing the effects of climate change on the tea sector;
- developing operational programmes designed to ameliorate the effects of climate change on tea production.



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## About this update

This brief was updated in December 2014 to reflect developments since October 2013. Other publications in this series and additional resources on ACP–EU agriculture and fisheries trade issues can be found online at <http://agritrade.cta.int/>



The Technical Centre for Agricultural and Rural Cooperation (CTA) is a joint international institution of the African, Caribbean and Pacific (ACP) Group of States and the European Union (EU). Its mission is to advance food and nutritional security, increase prosperity and encourage sound natural resource management in ACP countries. It provides access to information and knowledge, facilitates policy dialogue and strengthens the capacity of agricultural and rural development institutions and communities.

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