

Quarterly Review on Tea: October-December FY20¹



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Quarterly Review on Tea

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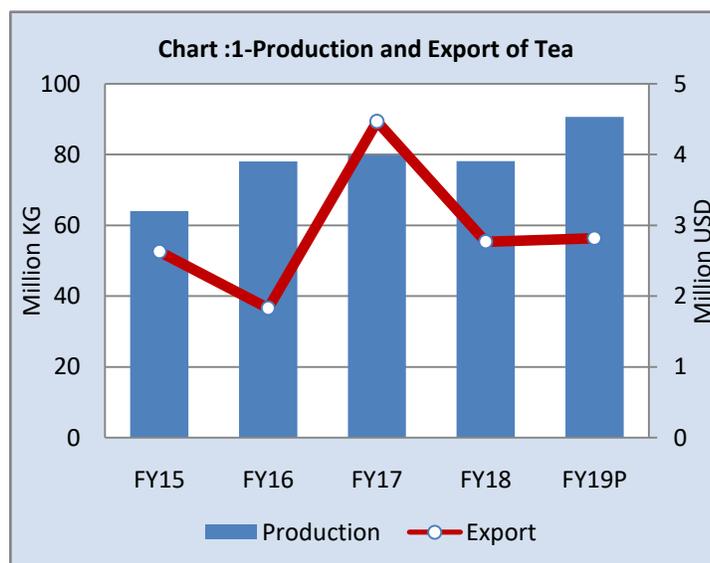
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Quarterly Review on Tea: October-December of FY20

Tea is one of the most popular beverage in the world. According to the information of Food and Agriculture Organization (FAO), world tea production has been increasing gradually. World tea export is also increasing over the year with some exceptions. A few countries of the world are producing and exporting tea among which China is the leader. In Bangladesh tea is one of the major cash crops. Tea production in Bangladesh has been increasing over the years but tea export shows a mixed trend.

In FY19, the production of tea stood at 90.68 million kg which was 16.08 percent higher than that of FY18 (Table-4) and export earnings from tea stood at USD 2.82 million, which was 1.81 percent higher than FY18 (Table-7). During the second quarter (October-December) of FY20, the production of tea stood at 30.13 million kg which was 27.27 million kg in the same quarter of the preceding year. In the same period, the export earnings from tea stood at USD 0.83 million which was 70.87 percent lower than the same quarter of preceding year (Table-7). The domestic consumption of tea also increased slightly in FY19 as compared to the preceding year (Table-4).



World-wide Production and Export of Tea

Tea consumption and production in the world has experienced a strong and steady growth in recent decades. Due to its anti-oxidant and anti-bacterial benefit, a variety of tea is being produced around the world. According to the report of Food and Agriculture Organization (FAO), global tea production and consumption may increase over the next decade due to rising demand in developing and emerging countries. In 2010, global tea production was 4622 million kg, where China held the leading position (31.75% of

world production). According to the latest data¹, the global tea production has increased and stood at 5896.64 million kg in 2018 where China played a key role (44.36 percent of world production). India is the second largest producer among the global tea producers and its production has increased gradually in the last decade. Production of tea in India has increased to 1338.63 million kg in 2018 from 991.2 million kg in 2010. In 2018, the tea production of Bangladesh has increased to 82.13 million kg (1.4 percent of world tea production) compared to 60.0 million kg in 2010. A comparative statistic on tea production for selected major tea producing countries during last nine years is illustrated in Table 1.

Table 1 Production of Tea by Selected Major Tea Producing Countries

(Million Kg)

SL	Year	2010	2011	2012	2013	2014	2015	2016	2017 [#]	2018*
1.	China	1467.5	1640.3	1804.7	1939.2	2110.8	2291.4	2326.0	2473.4	2616.0
2.	India	991.2	1095.5	1135.1	1208.8	1207.3	1233.1	1250.5	1325.1	1338.6
3.	Kenya	399.0	377.9	369.4	432.4	445.1	399.1	473.0	439.9	493.0
4.	Sri Lanka	331.4	327.5	330.0	340.2	338.0	341.7	349.6	349.7	304.0
5.	Viet Nam	198.5	206.6	211.5	217.7	228.4	236.0	240.0	260.0	163.0
6.	Turkey	235.0	221.6	225.0	212.4	226.8	239.0	243.0	234.0	152.0
7.	Indonesia	150.3	146.6	143.4	145.9	154.4	132.6	144.0	139.4	131.0
8.	Myanmar	94.5	92.5	94.6	96.3	98.6	100.2	102.4	104.7	-
9.	Iran	121.0	112.1	103.9	97.5	72.3	197.0	132.5	100.6	-
10.	Bangladesh	60.0	60.5	62.5	66.3	63.8	66.1	64.5	81.9	82.1
11.	Japan	85.0	82.1	85.9	84.8	83.6	79.5	80.2	81.1	81.5
12.	Argentina	92.4	92.9	82.8	80.4	82.9	82.5	85.0	80.6	80.0
Other Countries		396.1	383.6	393.7	406.9	398.5	411.9	423.2	430.8	455.4
World		4621.9	4839.7	5042.5	5328.7	5510.4	5810.1	5914.0	6101.1	5896.6

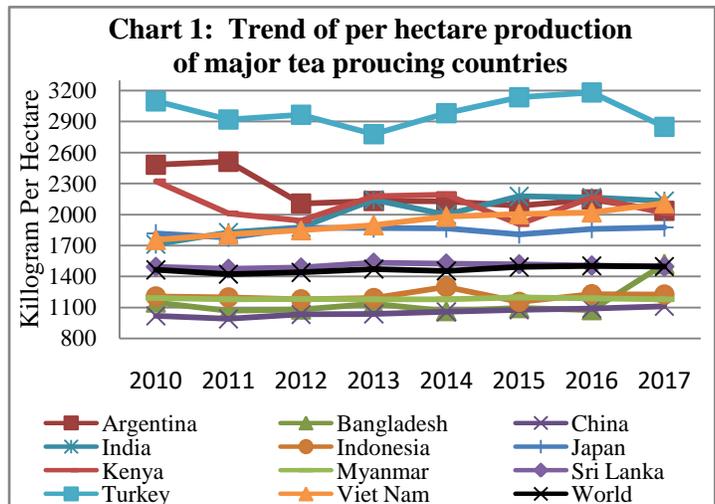
[#]Source: Food and Agriculture Organization (FAO), Database

* Source: International Tea Committee.

^{1/} Source: International Tea Committee (ITC).

Productivity of Tea of Major Tea producing countries in 2017^{2/}

In 2017, per hectare yield of tea production for Turkey, India, Vietnam, Argentina, Kenya, Japan and Bangladesh was higher than the worldwide average per hectare yield (1497 Kg). On the other hand, per hectare yield of Sri Lanka, Indonesia, Myanmar and China was lower than



the worldwide average per hectare yield. Considering the per hectare yield, Turkey is the leading country in the world.

Export Trends of Major Tea Exporting Countries

Among global tea exporter countries China holds the leading position just followed by Kenya, Sri Lanka, India and United Arab Emirates. According to the global tea export report in 2018, Bangladesh holds the 62nd position in the world while the positions of two south Asian countries-Sri Lanka and India are 3rd and 4th respectively. In 2018, export earnings from tea in Bangladesh (as percentage of global tea export earnings) reached the lowest position compared to India and Sri Lanka of south Asian countries, and the position remained similar to the preceding years. Among top five world tea exporting countries, volume of tea export of China and UAE increased during last four years. On the other hand, export earnings from tea of Kenya, Sri Lanka and India showed mixed trends and their export decreased in 2018 compared to the preceding years. The yearly and quarterly trends in export earnings from tea of major tea exporting countries are shown in Table 2 and Table 3 respectively.

^{2/}Data available in Food and Agriculture Organization database

Table 2 Major Tea Exporting Countries in the world

Million USD						
Rank	Exporters	2014	2015	2016	2017	2018*
1	China	1272.66	1381.53	1485.02	1609.96	1785.37
2	Kenya	1071.45	1248.74	1229.11	1424.43	1370.49
3	Sri Lanka	1609.34	1321.90	1251.73	1513.21	942.18
4	India	656.21	677.93	661.72	768.99	763.19
5	United Arab Emirates	312.64	116.87	117.57	188.52	295.04
6	Germany	252.09	217.13	232.73	249.53	252.02
7	Viet Nam	227.72	212.42	225.41	206.92	225.08
8	Poland	237.01	180.80	194.41	189.03	203.14
9	Japan	75.21	85.94	108.92	129.92	142.24
10	United Kingdom	153.56	147.26	134.82	137.80	140.74
11	United States of America	107.80	110.36	128.04	135.85	124.42
62	Bangladesh*	4.48	2.31	2.29	5.18	3.05
	Other countries	1823.13	1646.11	1705.67	1461.71	1514.54
World		7803.30	7349.31	7477.44	8021.03	7761.48

*Mirror Data.

Source: Data available in the ITC Trade Map

Table 3 Quarterly Export trend of Major Tea exporter Countries

(Million USD)								
Exporters	Jan-Mar'18	Apr-Jun'18	Jul-Sep '18	Oct-Dec '18	Jan-Mar'19	Apr-Jun'19	Jul-Sep '19	Oct-Dec '19
UK	35.77	30.72	31.88	37.34	35.24	30.45	32.84	36.71
Japan	32.03	33.67	35.59	40.95	34.74	33.42	33.76	35.16
USA	32.66	30.12	29.81	31.38	31.32	25.83	27.38	27.17
France	18.21	13.53	13.48	17.90	14.78	14.76	12.68	16.50
Canada	9.99	10.23	9.09	12.06	11.10	9.97	9.73	13.41
Switzerland	7.76	6.70	6.67	9.04	7.16	5.67	6.12	8.23
South Africa	7.22	8.63	8.77	6.33	5.40	7.14	7.07	6.47
Thailand	2.58	3.79	4.37	3.99	3.81	4.87	4.96	5.21
Turkey	2.05	2.44	3.78	4.82	2.59	2.22	5.89	4.45
Spain	4.57	3.92	3.09	3.69	3.49	3.79	2.47	3.07
Bangladesh#	0.69	0.34	0.68	1.03	0.55	0.56	0.88	0.83
Others Countries	1329.32	1319.63	1313.85	1388.07	1205.60	1239.78	1074.80	10.57
World	1482.86	1463.71	1461.06	1556.59	1355.76	1378.46	1218.57	166.93

Data Source: ITC Trade Map and #Bangladesh Tea Board and Export promotion Bureau

Production, Consumption and Export of Tea of Bangladesh

In FY19, the production of tea stood at 90.68 million kg, which was 16.08 percent higher than that of FY18. During FY19, total availability of tea in the country stood at 137.04 million kg including the preceding year's stock of 46.36 million kg. Country's domestic consumption for tea gradually increased during the last five years (FY15-FY19) due to urbanization, change in consumer taste along with population growth. In

FY19, an amount of 0.64 million kg was exported. Total availability, domestic demand and export of tea during last five years (FY15 to FY19) are shown in Table-4.

Table 4: Total Availability, Domestic Demand and Export of Tea

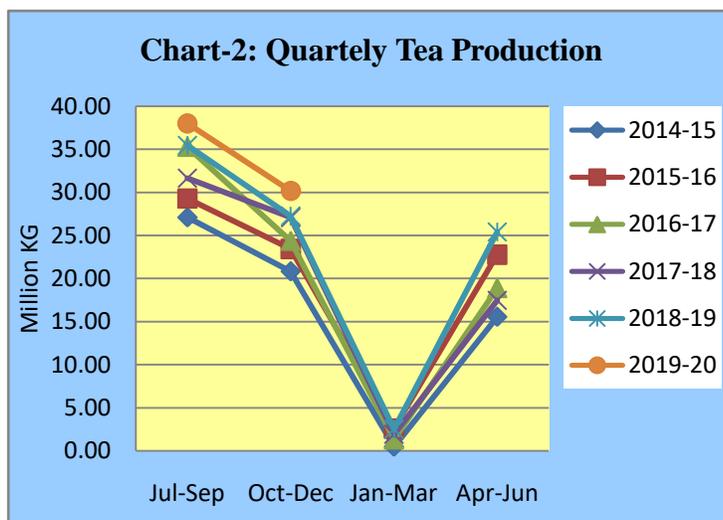
(Million Kg)					
Details	FY15	FY16	FY17	FY18	FY19
1. Total Availability (2+3)	98.74	110.01	122.40	125.86	137.04
2. Preceding year stock(end period)	34.73	31.91	42.50	47.73	46.36
3. Production	64.01	78.10	79.90	78.13	90.68
4. Domestic Consumption	65.40	67.03	72.35	78.72	79.74
5. Export	1.43	0.48	2.32	0.78	0.64
6. Year end stock[@]	31.91	42.50	47.73	46.36	56.66

@ Year end stock was accounted from 2008-09.

Source: Bangladesh Tea Board.

Quarterly production of Tea

During the second quarter of FY20 (October- December 2019), production of Bangladesh's tea stood at 30.13 million kg which was 20.7 percent lower than that of the preceding quarter but 10.5 percent higher than the corresponding quarter



of the preceding fiscal year. The quarterly production of tea showed a sharp increase in the April-June quarter on account of seasonal variation. Quarterly production of tea during the last six years is shown in Chart-2 and Table 5.

Table-5 Quarterly Statistics of Tea Production

(Million Kg)						
Period	FY15	FY16	FY17	FY18	FY19 ^R	FY20
July-September	27.12	29.28	35.29	31.64	35.47	37.99
October-December	20.85	23.44	24.38	27.09	27.27	30.13
January-March	0.48	2.61	1.33	1.93	2.53	
April-June	15.56	22.77	18.9	17.47	25.42	
Grand Total	64.01	78.10	79.90	78.12	90.68	

Source: Bangladesh Tea Board. R=Revised

Average Auction Value of Tea

Data on auction value of different grades of tea published by National Brokers Limited showed that the average auction value of best grade tea in Bangladesh stood as low as 200-210 BDT at the end of the quarter under report. This value was 265-275 BDT in the same quarter of preceding year. The average auction value of good grade tea stood at 180-195 BDT at the end of October-December quarter of FY20, which was 245-255 BDT at the end of the same quarter of the preceding year. The average auction value of medium and plain tea stood at 160-175 BDT and 110-135 BDT respectively at the end of the quarter under report, which was 187-192 BDT and 140-160 BDT at the end of preceding quarter and 225-240 BDT and 130-145 BDT at the end of same quarter of the preceding year. The average auction value of different grades tea at the end of the quarter is shown in the Table-6.

Table 6 Average Auction Value of Different Grades Tea
(BDT/Per KG)

Types of Grade (Fanning)	December 2018	March 2019	June 2019	September 2019	December 2019
1. Best Grade	265-275	Not Quotable	210-220	200-205	200-210
2. Good Grade	245-255	Not Quotable	190-205	192-197	180-195
3. Medium Grade	225-240	170-195	175-190	187-192	160-175
4. Plain Grade	130-145	160-175	150-165	140-160	110-135

Source: National Brokers Limited.

Export earnings from agriculture commodities in Bangladesh

During the second quarter (October-December) of FY20, country's total export earnings stood slightly higher at USD 9654.17 million compared to USD 9648.00 million in preceding quarter. Of which, export earnings from agriculture commodities including raw jute stood at USD 375.81 million which was 28.04 percent higher than the preceding quarter. Besides, export earnings from tea accounted for 0.26 percent of the total export earnings from agriculture commodities (Including Raw Jute) and 0.01 percent of the country's total export earnings during the quarter under report.

Table 7: Trend of Export Earnings from Agriculture Commodities in Bangladesh

In Million USD

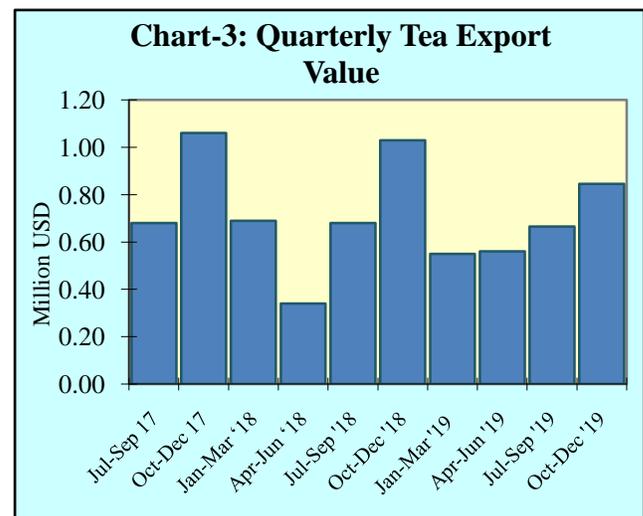
Items	FY16	FY17	FY18	FY19 ^P	FY20 ^P July-Sep	FY20 ^P Oct-Dec.
Agricultural products (Including Raw Jute)	759.22	753.89	741.73	698.53	295.86	316.66
Raw Jute	173.17	167.84	155.68	112.48	33.29	55.33
	<i>22.8</i>	<i>22.3</i>	<i>21.0</i>	<i>16.1</i>	<i>11.3</i>	<i>17.47</i>
Vegetables	104.34	81.03	77.98	99.68	70.51	58.28
	<i>13.7</i>	<i>10.7</i>	<i>10.5</i>	<i>14.3</i>	<i>23.8</i>	<i>18.40</i>
Tobacco	54.98	46.62	56.39	63.33	29.73	26.10
	<i>7.2</i>	<i>6.2</i>	<i>7.6</i>	<i>9.1</i>	<i>10.0</i>	<i>8.24</i>
Dry Food	96.04	109.61	201.37	227.09	42.12	56.20
	<i>12.6</i>	<i>14.5</i>	<i>27.1</i>	<i>32.5</i>	<i>14.2</i>	<i>17.75</i>
Tea	1.83	4.47	2.77	2.82	0.88	0.83
	<i>0.2</i>	<i>0.6</i>	<i>0.4</i>	<i>0.4</i>	<i>0.3</i>	<i>0.26</i>
Spices	29.06	34.95	42.92	41.31	8.59	9.31
	<i>3.8</i>	<i>4.6</i>	<i>5.8</i>	<i>5.9</i>	<i>2.9</i>	<i>2.94</i>
Others	424.9	453.93	448.91	151.82	262.57	110.11
	<i>56.0</i>	<i>60.2</i>	<i>60.5</i>	<i>21.7</i>	<i>88.7</i>	<i>34.77</i>
Country's Total Export	34257.18	34655.9	36668.17	40535.04	9647.99	9654.17

Note: Figures in *Italic* indicate tea export earnings as percent of total export earnings from agriculture commodities'.

P = Provisional. Source: Export Promotion Bureau.

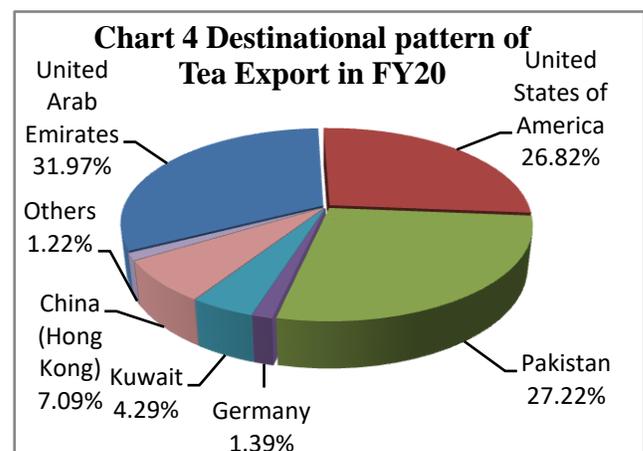
Trends of Quarterly Tea Exports

Export earnings from tea has increased and stood at 0.85 million USD (71.64 million BDT) in the second quarter (October-December) of FY20, which was 27.07 percent higher than the preceding quarter and 17.96 percent lower than the same quarter of the preceding year. Quarterly export earnings from tea are shown in Chart 3.



Export Earnings of tea by Destination

According to Bangladesh Export Promotion Bureau, more than 80% of Bangladesh's tea was exported to USA, UAE and Pakistan during October-December of FY20. Other



destinations of country's tea export were China, Kuwait and Germany. During the quarter under report, the highest amount of export earnings from tea came from UAE (31.97 percent), followed by Pakistan (27.22 percent), USA (26.82 percent), and China (7.09 percent). Country-wise export earnings from tea during FY17 to FY20 (July-December) is shown in Table-8.

Table 8 Country-wise Tea Export Earnings

(Thousand USD)

Country	FY17	FY18	FY19	FY20 (Jul-Sep)	FY20 (Oct-Dec)
United Arab Emirates	963.91	878.77	1025.61	546.82	322.13
United States of America	245.76	346.92	661.86	458.75	67.05
Pakistan	2690.48	1191.05	590.9	465.62	327.30
Germany	142.52	95.71	273.92	23.71	23.71
Kuwait	70.33	119.95	135.65	73.41	69.31
Saudi Arabia	316.21	104.81	75.41	0.00	0.00
Japan	14.23	9.74	25.88	0.00	0.00
China (Hong Kong)	9.98	5.09	14.97	121.26	0.00
Bhutan	7.75	5.37	4.54	0.00	0.00
Others	2.12	15.87	13.91	20.94	20.94
Total Export	4472.30	2773.27	2822.66	1710.51	830.25

*July-December of FY20 Source: Export Promotion Bureau.

Conclusion

During October-December 2019, tea production in Bangladesh was 30.13 million kg earning USD 1.71 million from export. Bangladesh's position in terms of both tea production and export is behind India and Sri Lanka among South Asian countries. However, Bangladesh has significant scope of increasing tea production as per hectare production is nearly same as that of India and higher than that of Sri Lanka. Since domestic consumption of tea in Bangladesh is gradually increasing over the years, tea production can be increased by expanding cultivable land and ensuring long term loan facilities to support usage of modern production technology.