

*Quarterly Review on Tea: April-June FY19*¹



Bangladesh Bank
Research Department
External Economics Division

¹Comments on any aspects of the report are highly welcome and can be sent to Mr. Mohammad Masuduzzaman, Deputy General Manager, Research Department and Mr. Sheikh Md. Nurul Islam, Joint Director, Research Department, Bangladesh Bank and Mr. Samim Uddin, Assistant Director, Research Department. E-mail: mohammad.masud@bb.org.bd, sheikh.islam@bb.org.bd and samim.uddin@bb.org.bd

Quarterly Review on Tea

Preparation Team

Editor

Dr. Md. Akhtaruzzaman
Executive Director (Research)

Co-Editor

Mahfuza Akther
General Manager

Team Members

Mohammad Masuduzzaman
Deputy General Manager

Sheikh Md. Nurul Islam
Joint director

Samim Uddin
Assistant Director

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The position of Tea is next to water in terms of most consumed beverage in the world. It is a sweet scented beverage commonly prepared by pouring hot or boiling water over processed black leaves. Irrespective of different taste, more than thirty country of the world are now producing tea. Among them China, India, Kenya, Sri Lanka, Viet Nam, Turkey, Indonesia, Myanmar, Iran and Bangladesh are prominent. The demand and consumption of tea in Bangladesh has continuously increased. As a source of export earnings, tea is one of the cash crops of Bangladesh under the category of agriculture commodities. During FY19, production of tea increased by 16.43 percent compared to last fiscal year*. At the same time, domestic consumption of tea also increased slightly compared to the previous fiscal year. During April-June 2019, export earnings from tea accounted for 0.31 percent of the total export earnings from the category of agriculture commodities and 0.01 percent (same as the previous fiscal year) of the country's total export earnings (Table 1).

Table 1 Total Export Earnings From Agriculture Commodities in Bangladesh

In Million USD

Items	FY14	FY15	FY16	FY17	FY18	FY19 ^P
Agricultural products	615.1	586.05	596.06	553.17	673.70	908.96
1. Raw jute	126.40	111.57	173.17	167.84	155.68	112.48
	<i>20.55</i>	<i>19.04</i>	<i>29.05</i>	<i>30.34</i>	<i>23.11</i>	<i>12.37</i>
2. Vegetables	147.60	103.24	104.34	81.03	77.98	99.68
	<i>24.00</i>	<i>17.62</i>	<i>17.50</i>	<i>14.65</i>	<i>11.57</i>	<i>10.97</i>
3. Tobacco	58.70	68.45	54.98	46.62	56.39	63.33
	<i>9.54</i>	<i>11.68</i>	<i>9.22</i>	<i>8.43</i>	<i>8.37</i>	<i>6.97</i>
4. Cut flower	39.30	11.36	4.73	0.08	0.09	5.38
	<i>6.39</i>	<i>1.94</i>	<i>0.79</i>	<i>0.01</i>	<i>0.01</i>	<i>0.59</i>
5. Tea	3.71	2.63	1.83	4.47	2.77	2.82
	<i>0.60</i>	<i>0.45</i>	<i>0.31</i>	<i>0.81</i>	<i>0.41</i>	<i>0.31</i>
6. Fruits	61.80	38.48	20.23	2.69	2.24	0.33
	<i>10.05</i>	<i>6.57</i>	<i>3.39</i>	<i>0.49</i>	<i>0.33</i>	<i>0.04</i>
7. Others	116.51	199.60	179.90	196.20	335.07	593.73
	<i>18.94</i>	<i>34.06</i>	<i>30.18</i>	<i>35.47</i>	<i>49.74</i>	<i>65.32</i>
Country's Total Export	30186.60	31208.94	34257.18	34655.90	36668.17	40535.04

P = Provisional. Note: Figures in *Italic* indicate percentage shares of total export earnings from agricultural products.

Source: Export Promotion Bureau.

* Statistical Bulletin of Bangladesh Tea Board

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 ant-oxidant and anti-bacterial criterion, a variety of tea are being produced around the world. According to the report of Food and Agriculture Organization (FAO), global tea production and consumption may increase over 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 tea production). In 2017, the global tea production has increased and stood at 6101.1 million kg and China also played a key role (40.54% of world tea production). India, the second largest producer among the global tea producers and her production increased gradually in the last decade. Production of tea in India increased to 1325.1 million kg in 2017 from 991.2 million kg in 2010. In 2017, the tea production of Bangladesh increased to 82.0 million kg (1.3 percent of world tea production) compared to 60.0 million kg in 2010. A statistics on tea production of selected major tea producing countries for the last eight years is shown in Table 2.

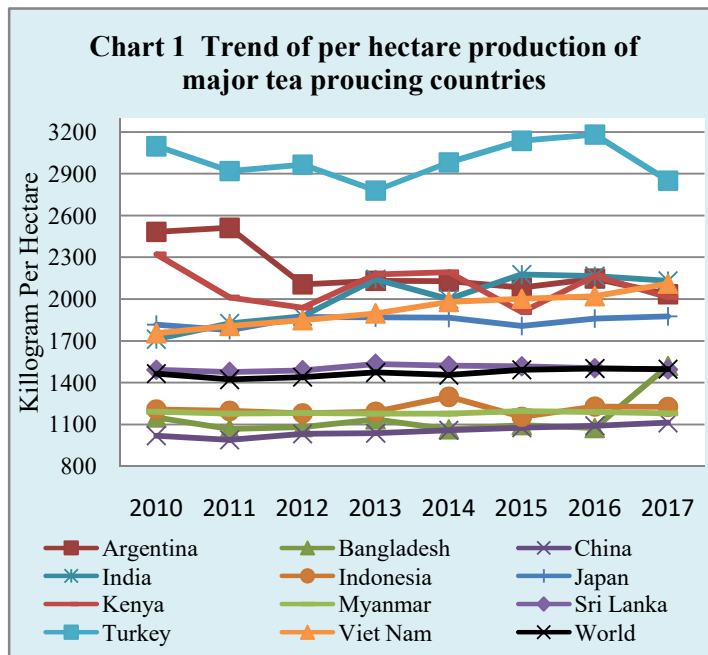
Table 2 Production of Tea by Selected Major Tea Producing Countries

(Million Kg)

Rank	Year	2010	2011	2012	2013	2014	2015	2016	2017
1.	China	1467.5	1640.3	1804.7	1939.2	2110.8	2291.4	2326.0	2473.4
2.	India	991.2	1095.5	1135.1	1208.8	1207.3	1233.1	1250.5	1325.1
3.	Kenya	399.0	377.9	369.4	432.4	445.1	399.1	473.0	439.9
4.	Sri Lanka	331.4	327.5	330.0	340.2	338.0	341.7	349.6	349.7
5.	Viet Nam	198.5	206.6	211.5	217.7	228.4	236.0	240.0	260.0
6.	Turkey	235.0	221.6	225.0	212.4	226.8	239.0	243.0	234.0
7.	Indonesia	150.3	146.6	143.4	145.9	154.4	132.6	144.0	139.4
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
11.	Japan	85.0	82.1	85.9	84.8	83.6	79.5	80.2	81.1
12.	Argentina	92.4	92.9	82.8	80.4	82.9	82.5	85.0	80.6
Other Countries		396.1	383.6	393.7	406.9	398.5	411.9	423.2	430.8
World		4621.9	4839.7	5042.5	5328.7	5510.4	5810.1	5914.0	6101.1

Source: Food and Agriculture Organization (FAO)

In 2017, per hectare yield of tea production for Turkey, India, Vietnam, Argentina, Kenya, Japan and Bangladesh was higher than the average per hectare yield of the world (1497 Kg). On the other hand, per hectare yield of Sri Lanka, Indonesia, Myanmar and China was lower than the average per hectare yield of the world. Considering the per hectare yield, Turkey is the leading country among the major tea producing countries.



Among global tea exporter countries China held the leading position just followed by Kenya, Sri Lanka, India and United Arab Emirates. According to the global tea export report in 2018, Bangladesh held the 62nd position in the world while the positions of two south Asian countries—Sri Lanka and India were 3rd and 4th respectively. In 2018, export earnings from tea for Bangladesh (as percentage of global tea export earnings) reached at the lowest position compared to India and Sri Lanka, and the position remained almost same in the previous years. Among top five world tea exporting countries, both the share and 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 previous year. The export earnings from tea of major tea exporting countries are illustrated in Table 3.

Table 3 Major Tea exporter 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: Trade Map, International Trade Centre (ITC)

Production, Consumption and Export of Tea of Bangladesh

In FY19, the production of tea stood at 90.95 million kg, which was 16.41 percent higher than that of FY18. During FY19, total availability of tea in the country stood at 137.30 million kg including the previous year's stock of 46.35 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, the quantity of tea export stood at 0.64 million kg. 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

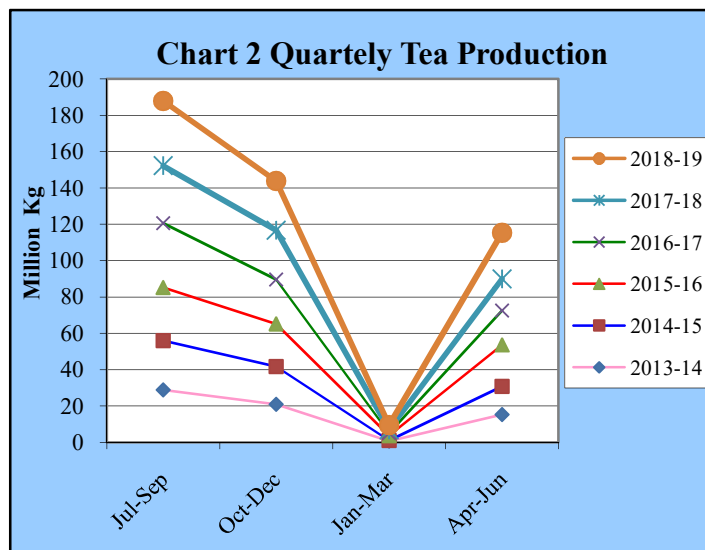
(Million Kg)					
Details	2014-15	2015-16	2016-17	2017-18	2018-19
1. Total Availability (2+3)	98.74	110.01	122.40	125.85	137.30
2. Previous year stock(end period)	34.73	31.91	42.50	47.73	46.35
3. Production	64.01	78.10	79.90	78.13	90.95
4. Domestic Consumption	65.40	67.03	72.35	78.72	79.74
5. Export	1.43	0.48	2.32	0.78	0.64
6. Year end stock[@] (1-4-5)	31.91	42.50	47.73	46.35	56.92

[@] Year end stock was accounted from 2008-09.

Source: Bangladesh Tea Board.

Quarterly production of Tea

During the last quarter of FY19 (April-June 2019), production of Bangladesh's tea stood at 25.42 million kg which was significantly higher than those of the previous quarter and corresponding quarter of the previous 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.



Average Auction Value of Tea

Data on auction value of different grades tea published by National Brokers Limited shows that the average auction value of best grade tea was varied from 210-220 Taka at the end of the quarter under report. This value was 246-250 Taka in the same quarter of preceding year. During April-June 2019, average auction value of good grade tea was varied from 190-205 Taka, which was 242-245 Taka at the same quarter of the preceding year. The average auction value of medium and plain tea was 175-190 Taka and 150-165 Taka respectively during the quarter under report, which was 170-195 Taka and 160-175 Taka during the previous quarter and 232-242 Taka and 200-215 Taka at the same quarter of the previous year. Quarterly average auction value of different grades tea is shown in the Table 5.

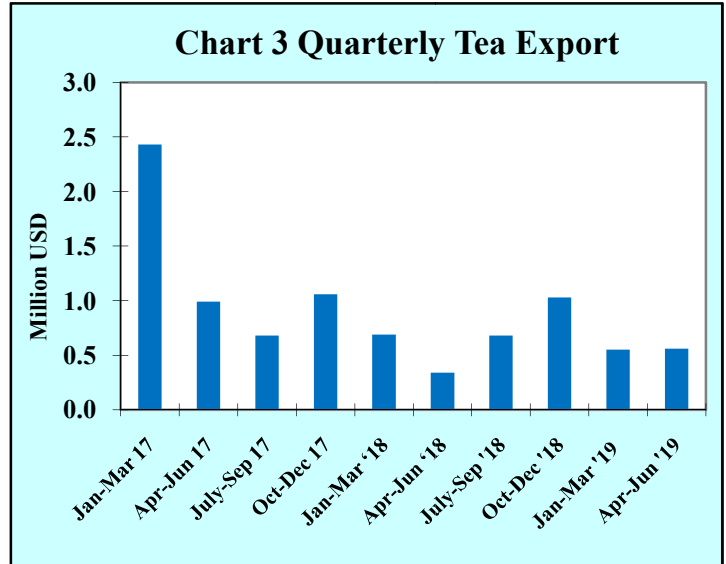
Table 5 Average Auction Value Of Different Grades Tea

Types of Grade	(Taka/Per KG)				
	June 2018	September 2018	December 2018	March 2019	June 2019
1. Best Grade	246-250	315-320	265-275	Not Quotable	210-220
2. Good Grade	242-245	305-314	245-255	Not Quotable	190-205
3. Medium Grade	232-242	298-304	225-240	170-195	175-190
4. Plain Grade	200-215	250-280	130-145	160-175	150-165

Source: National Brokers Limited.

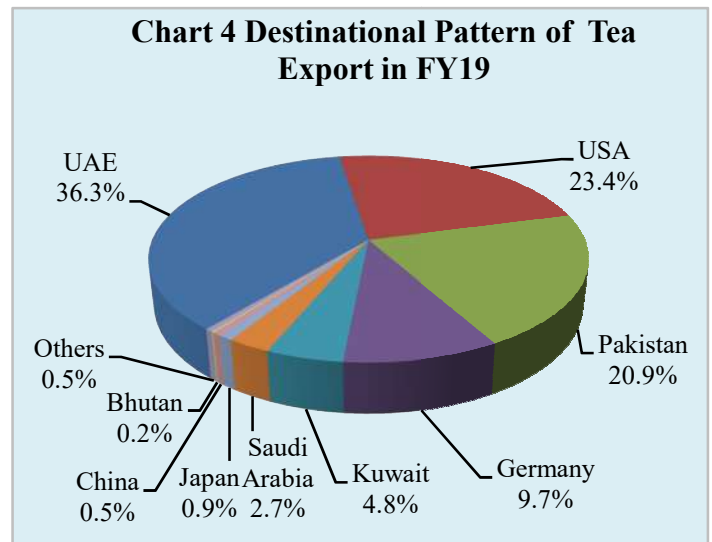
Quarterly Trends of Tea Exports

In April-June 2019, export from tea increased and stood at 0.56 million USD (45.98 million taka), which was 1.82 percent higher compared to the previous quarter but 101.1 percent lower than the same quarter of the previous year. Quarterly export of tea in terms of value is shown in Chart 3.



Destination of Bangladesh’s Tea Exports

According to data published by Bangladesh Export Promotion Bureau, the major destinations of tea from Bangladesh were UAE, USA and Pakistan in FY19. More than eighty percent of tea was exported to three countries. Other destinations of Bangladesh tea were Germany, Kuwait, Saudi Arabia, Japan, China and Bhutan.



During this period, the highest amount of export earnings from tea came from UAE (36.33 percent), followed by USA (23.45 percent), Pakistan (20.93 percent) and Germany (9.70 percent). Country-wise export of tea in terms of value during FY17, FY18 and FY19 is shown in Table 6.

Table 6 Country-wise Tea Export*Thousand USD*

Country	2016-17	2017-18	2018-19
United Arab Emirates	963.91	878.77	1025.61
United States of America	245.76	346.92	661.86
Pakistan	2690.48	1191.05	590.9
Germany	142.52	95.71	273.92
Kuwait	70.33	119.95	135.65
Saudi Arabia	316.21	104.81	75.41
Japan	14.23	9.74	25.88
China (Hong Kong)	9.98	5.09	14.97
Bhutan	7.75	5.37	4.54
Others	2.12	15.87	13.91
Total Export	4472.30	2773.27	2822.66

Source: Export Promotion Bureau.

Conclusion

Domestic demand for premium quality tea is increasing and foreign brands are being imported to meet this demand by availing the facility of globalization. On the other hand, best quality of tea produced in Bangladesh is being exported by the local companies. In these circumstances, assistance from the Government may support the local companies to meet the domestic demand so that import of foreign brands can be reduced. Hence, a local study needs to be conducted to assess the demand and size of the local market and identify whether it is feasible to serve this domestic demand by the local companies. According to latest available data, the production, consumption and export of tea of Bangladesh stood at 90.95 million kg, 79.74 million kg and 0.64 million kg respectively in FY19. Moreover, branding is a vital issue for marketing the product in the international market. Bangladeshi tea is rich in taste and flavor. In terms of quality, Bangladesh Tea Board has planned to build a Bangladeshi Brand by the name of Srimangal Tea, Sylhet Tea, Bandarban Tea, Panchagarh Tea, etc.

Though Bangladesh is not a net tea deficit country for meeting internal consumption of Tea, it started import of tea since last decade and a significant amount of tea (14.0 million kg) was imported in 2013 (International Trade Centre, Mirror data). But this trend was decreased and stood at 3.6 million kg in 2018. However, country's domestic demand has rapidly increased due to urbanization, change in consumer taste along with population growth.