

*Quarterly Review on Tea: January-March FY19*¹



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Quarterly Review on Tea

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Quarterly Report on Tea: January-March 2019

Tea is next to water as the most consumed beverage in the world. The demand for tea in Bangladesh and thus its internal consumption continuously increased. As a source of export earnings, Tea is one of the important cash crops of Bangladesh in the primary commodities category. During the FY18, production of tea decreased slightly compared to the previous fiscal year but domestic consumption of tea has increased compared to the previous fiscal year. During the January-March 2019, Earnings from Tea export accounts for 0.01% (same as the previous fiscal year) of the country's total export earnings and 0.22% of the total export earnings in primary commodities' category. During this period, country's total export earnings from primary commodities stood at USD 1046.11 million which is 3.39% of total export (Table-1).

Table-1: Total Export Earnings From Primary Commodities in Bangladesh

(USD million)

Primary Commodities Export	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19*
Primary Commodities	1379.67	1265.65	1305.00	1247.46	1337.81	1046.11
a) Frozen Food	602.62	561.61	528.58	516.41	493.12	405.27
	(43.68)	(44.37)	(40.50)	(41.40)	(36.86)	(38.74)
b) Raw Jute	126.39	111.57	173.17	167.84	155.68	95.62
	(9.16)	(8.82)	(13.27)	(13.45)	(11.64)	(9.14)
c) Agricultural products	611.37	583.42	594.23	548.7	670.93	515.38
	(44.31)	(46.10)	(45.53)	(43.99)	(50.15)	(49.27)
d) Tea	3.71	2.63	1.83	4.47	2.77	2.26
	(0.27)	(0.21)	(0.14)	(0.36)	(0.21)	(0.22)
e) Others	35.58	6.42	7.19	10.04	15.31	13.73
	(2.58)	(0.51)	(0.55)	(0.80)	(1.14)	(1.31)
Total Export	30176.80	31208.94	34257.18	34655.92	36668.17	30903.02

*July-March

Note: Figures in the parentheses indicate tea export earnings as a percentage share of total export earnings from primary commodities'.

Source: Export Promotion Bureau.

In 2018, tea export of Bangladesh, as a percentage of total export earnings had reached the lowest position among some SAARC countries, which were roughly same as previous years. Moreover, tea export as percentage of total export earnings of India and Bangladesh was 0.25 and 0.01 percent respectively in 2018 (Table-2). However, the contribution of tea in total export in Sri-Lanka is much higher than India and Bangladesh.

Table 2: Comparative Scenery Of Tea Export As A Percentage Of Total Export Earnings Of Few SAARC Countries

Year	India	Sri Lanka	Bangladesh
2005	0.49	16.37	0.18
2006	0.38	16.37	0.11
2007	0.34	17.18	0.06
2008	0.32	20.64	0.11
2009	0.33	22.34	0.08
*2010	0.19	11.80	0.02
*2011	0.17	9.44	0.01
*2012	0.23	14.45	0.01
*2013	0.24	14.83	0.01
*2014	0.24	13.55	0.01
*2015	0.22 [#]	12.71	0.01 [#]
*2016	0.28 [#]	12.31	0.01 [#]
*2017	0.25 [#]	13.47	0.01 [#]
*2018	0.25 [#]	-	0.01 [#]

Note:[#] Fiscal Year.
Source: *Annual Report of Central bank & Monthly Bulletin and Website of Indian Tea board.

Demand, Production and Export of Tea

In FY18, the production of tea was at 78.13 million kg which was 2.22 percent lower than that in FY17. During the FY18, total availability of tea in the country stood at 125.85 million kg with the previous fiscal year's stock of 47.73 million kg. During FY18, quantity and value of tea export stood at 2.28 million kg and 2.92 million US dollar respectively. Total availability, domestic demand and export of tea during last five years (FY15 to FY18) have shown in Table-3.

Table 3: Total Availability, Internal Demand and Export Related Statistics of Tea

Details	(Million Kg)				
	2014-15	2014-15	2015-16	2016-17	2017-18
1. Total Availability (2+3)	99.73	98.74	110.01	122.40	125.85
2. Previous year end stock	34.73	34.73	31.91	42.50	47.73
3. Production	65.00	64.01	78.10	79.90	78.13
4. Internal Demand	60.00	65.40	67.03	72.35	78.72
5. Export					
a) Quantity (Million Kg)	2.00	1.43	0.48	2.32	0.78
b) Value (USD Million)	2.00	2.15	1.56	4.19	2.28
c) Average Export Value (Dollar/Kg)	1.00	1.50	3.28	1.81	2.92
6. Year end stock	37.73	31.91	42.50	47.73	46.35

Year end stock was accounted from 2008-09.

Source: Bangladesh Tea Board.

Worldwide Tea Production

World tea production stood at 5463 million kg in 2016. In 2016 world tea production increased by 3.43 percent compared to that of 2015 (5282 million kg). In 2016, the share of tea production for Bangladesh's was 1.56 percent of world tea production which was 0.28 percentage point higher than that in 2015. According to the statistics on tea production of major tea producing countries of the world, China held the first position followed by India Kenya, Sri-Lanka in 2016. Statistics on tea production of major tea producing countries for the last six years is shown in Table-4.

Table 4: Production of Tea by Major Tea Producing Countries

(Million Kg)

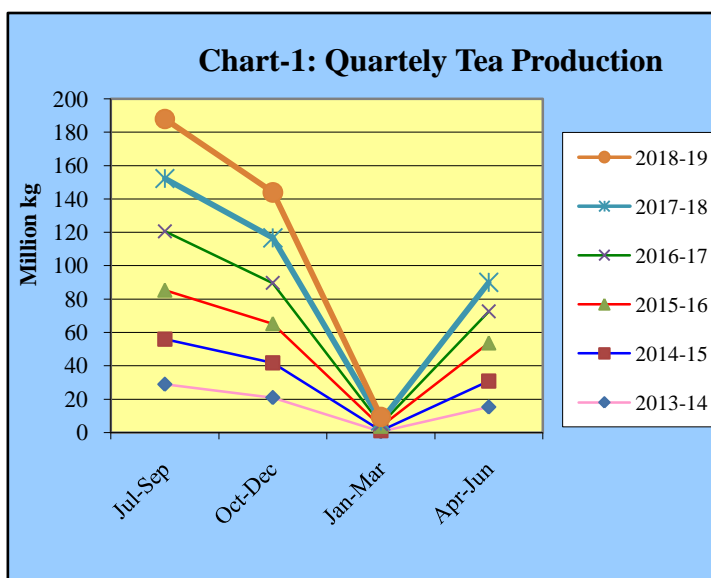
Country	2011	2012	2013*	2014*	2015**	2016 ^P
1. China	1623	1790	1924	2096	2249	2350
	36.46	38.12	38.51	40.31	42.58	43.02
2. India	1116	1126	1200	1207	1209	1239
	25.07	23.98	24.02	23.21	22.89	22.68
3. Kenya	378	370	432	445	399	475
	8.49	7.88	8.65	8.56	7.55	8.70
4. Sri Lanka	329	328	340	338	329	292
	7.39	6.99	6.81	6.50	6.23	5.35
5. Turkey	145	147	--	--	147	--
	3.26	3.13	0.00	0.00	2.78	0.00
6. Indonesia	142	138	137	136	129	126
	3.19	2.94	2.74	2.62	2.44	2.31
7. Vietnam	178	174	180	175	170	165
	4.00	3.71	3.60	3.37	3.22	3.02
8. Argentina	93	84	--	--	84	--
	2.09	1.79	0.00	0.00	1.59	0.00
9. Japan	82	86	--	--	86	--
	1.84	1.83	0.00	0.00	1.63	0.00
11. Bangladesh	59	63.85	64.48	63.88	67.38	85.05
	1.33	1.36	1.29	1.23	1.28	1.56
12. Uganda	54	58	58	61	58	--
	1.21	1.24	1.16	1.17	1.10	0.00
13. Malabi	47	42	46	46	42	--
	1.06	0.89	0.92	0.88	0.80	0.00
14. Others	206	288	614	632	312	731
	4.63	6.14	12.30	12.15	5.91	13.37
Total	4452	4695	4996	5200	5282	5463

Note: Coloring lines indicate as a percentage of total production. P=Provisional, * Annual Report, India Tea Board and Tea Market Update (Vol-10), Ceylon Tea.** Website of Bangladesh Tea Board.

Source: International Tea Committee (ITC).

Tea production

In the third quarter of FY19 (January-March 2019), Bangladesh's tea production stood at 2.53 million kg which is 90.74 percent lower than that in the previous quarter and 31.22 percent higher than the same quarter of the previous fiscal year. Quarterly production of tea during the last six years is shown in Table-5 and Chart-1.



Average Auction Value of Tea:

From the observation of auction value of different grade of tea it is shown that at the quarter ended in March 2019, auction value of medium and plain tea was 170-195 Taka and 160-175 Taka per kg respectively which was 225-240 Taka and 130-145 Taka per kg respectively of the previous quarter and 185-195 Taka and 165-180 Taka per kg respectively of the same quarter of the previous year. Quarterly average auction value data of different grades of tea is shown in the table-5.

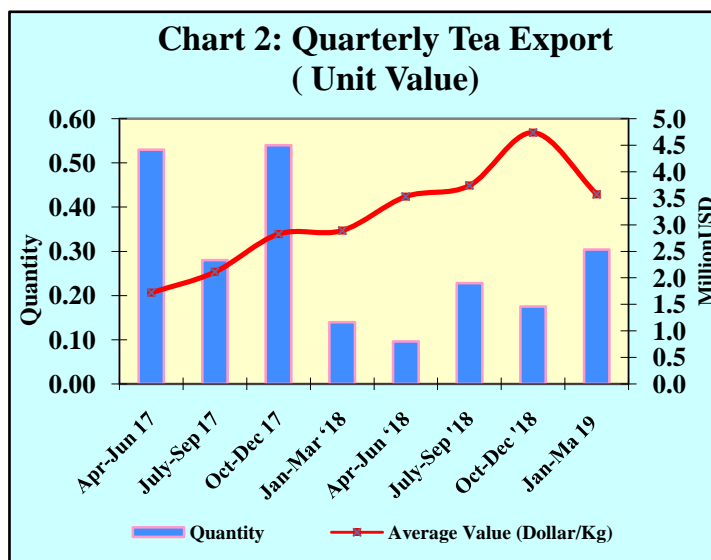
Table-5: Average Auction Value Of Different Grade Tea

Classification on Grade Based	(Taka/Per KG)				
	March 2018	June 2018	September 2018	December 2018	March 2019
1. Best	Not Quotable	246-250	315-320	265-275	Not Quotable
2. Good	Not Quotable	242-245	305-314	245-255	Not Quotable
3. Medium	185-195	232-242	298-304	225-240	170-195
4. Plain	165-180	200-215	250-280	130-145	160-175

Source: National Brokers Limited

Quarterly Tea Export

Country's export earnings from tea in terms of quantity stood at 0.30 million kg during January-March 2019 which was 73.71 percent and 111.11 percent higher than those in previous quarter and the same quarter of the previous year respectively. On the other hand value stood at 1.09 million dollar



(91.08 million taka) in same period which was 31.00 percent and 161.06 percent higher than these in the previous quarter and the same quarter of the previous year respectively. During the quarter under report, average export value of tea was 3.57 dollar per kg (Taka 299.59 per kg) which was 24.59 percent lower but 23.66 percent higher than the previous quarter and the same quarter of the previous year respectively. Quarterly export earnings from tea in terms of quantity and value are shown in Chart-2.

Table-6: Quarterly Export Earnings Of Tea In Terms Of Quantity And Value

Quarter	Export Quantity (Million Kg)	Export Value		Average Export Value	
		Million Dollar	Million Taka	Dollar/ Kg	Taka/ Kg
April-June '17	0.53	0.91	72.00	1.72	135.85
July-September '17	0.28	0.59	47.61	2.11	170.05
October-December '17	0.26	0.94	76.24	3.60	293.23
January-March '18	0.14	0.42	33.99	2.89	236.06
April-June '18	0.10	0.34	27.83	3.53	289.92
July-September '18	0.23	0.85	71.36	3.74	312.96
October-December '18	0.18	0.83	69.52	4.74	397.27
January-March '19	0.30	1.09	91.08	3.57	299.59
Percentage change*	73.71	31.00	31.00	-24.59	-24.59
Percentage change**	111.11	161.06	168.50	23.66	27.18

*Compared to previous quarter, ** Compared to the same quarter of previous year.
Source: Statistical Bulletin of Bangladesh Tea Board.

Destination of the Bangladeshi Tea Export

The primary importers of tea from Bangladesh were UAE, Pakistan, USA, KSA, Kuwait, Bahrain, Japan and China during January-March of 2019. During this period, the highest portion of export earnings from tea came from UAE (37.25 percent), followed by Pakistan (27.88 percent), United States of America (26.47 percent), KSA (4.29 percent). The export value of tea from UAE, Pakistan, United State of America, KSA, Kuwait, Bahrain, Japan and China stood at about 60198 thousand USD, 44809 thousand USD, 42549 thousand USD, 6889 thousand USD, 5527 thousand USD, and 322 thousand USD, 317 thousand USD, and 124 thousand USD respectively. Country-wise export of tea (Unit and Value) during upto FY18 and FY19 upto January-March is shown in the Table-8.

Table-7: Country-wise Tea Export

Country's Name	Fiscal Year 2017-18 (Upto March)		Fiscal Year 2018-19 (Upto March)	
	Quantity of Export	Value of Export	Quantity of Export	Value of Export
	(Thousand Kg)	(Thousand USD)	(Thousand Kg)	(Thousand USD)
Bahrain			0.48	317
China	0	0	0	124
Japan	0.75	257	1	322
K.S.A	19	8211	16	6889
Kuwait	18	4354	21	5527
Pakistan	390	91355	77	44809
UAE	228	47070	238	60198
USA	28	7820	126	42549
Grand Total	684	159067	479	160735

Source: Statistical Bulletin of Bangladesh Tea Board

Potentiality of Tea Industry*

By improving the quality of tea production and value of tea export, Bangladesh's tea industry can reach significant development. At present, country's production of tea stood on an average of 1320 kg per hectare by using 50 percent of the land. Recently, a survey organized by Bangladesh Tea Board has observed that the land and the weather of Panchagarh, Thakurgaon and three hilly areas of Bangladesh are very suitable for tea cultivation. Cultivation of quality tea with the efficient management, an increase in

* Publication on Tea, Bangladesh Tea Board.

the quantity of land for tea production by 55 percent, and average production of 1500 kg tea per hectare can lead to an increase of tea production to 100 million kg in Bangladesh within 2025. Bangladesh Tea Board has observed that the primary reason of deceleration of tea industry is the lack of investment. Lower interest rate and favorable conditions are prerequisite to increase the long term investment in the tea sector which is also essential for the development of tea garden and tea factories. It is mentioned that it takes 5-7 years of investment in tea cultivation before the production starts. Therefore, the interest rate policy of this sector can be made easier for the first year of loan. Furthermore, Bangladesh Krishi Bank can play an important role for promoting investment in this sector.

Branding is a vital factor for marketing the product in the international market. Bangladeshi tea is rich in taste and flavor. With the right way of marketing it is possible to create greater demand for Bangladeshi branded tea in international market. Hence, Bangladesh Tea Board has planned to build Bangladeshi brands by the name of Srimangal Tea, Sylhet Tea, Bandarban Tea, Panchagarh Tea, etc.

Conclusion:

According to the Bangladeshi data on tea in FY19 upto March, 65.53 million kg of tea were produced and 70.03 million kg of tea consumed and 0.48 million kg of tea was exported. Country's domestic demand is rapidly increasing due to urbanization, change in consumer taste along with population growth. Market diversification is necessary to increase the tea production and to increase the contribution of tea in national export earnings. In this regard, tea production per hector may be increased by ensuring long term loan facility for tea industry, implementing modern production technique, quality plantation and increasing the size of land. BUILD (Business Initiative Leading Development) has expected that tea industry can ensure 19000 employment opportunities by 2019 and increase the tea production by additional 16 million kg by using the uncultivable land with the aid of financing from different stakeholders.

To develop the tea industry in Bangladesh long term investment, implementation of modern production technique, enhancement of production capacity through utilization of unused land, increased access to credit, market diversification, focused R&D on the quality of tea, institutional development for tea board and others stakeholders in global context should be ensured.