

Quarterly Review on Tea: July-September FY20 ¹



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Quarterly Review on Tea

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People from different age, taste and income group from all over the world consume different types of tea for a varied range of benefits. The demand of tea has continuously increased not only for consumption purpose but also for expressing of lifestyle. Now a day, tea is the primary choice of beverage for health conscious consumers around the world. As a result, the demand pattern of tea for its demand is changing rapidly. To accommodate the diverse demand, Bangladeshi tea producers have been trying to produce different types of organic and premium quality tea. As a source of export earnings, tea is one of the cash crops of Bangladesh under the category of agriculture commodities.

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 the export earnings from tea stood at USD 2.82 million, which was 1.81 percent higher than FY18 (Table-7). Besides, the production of tea stood at 37.99 million kg during the first quarter (July September) of FY20 which was 35.74 million kg in the same quarter of the previous year. During this period, the export earnings from tea stood at USD 0.88 million which was 29.41 percent higher than the same quarter of previous year (Table-7). The domestic consumption of tea also increased slightly in FY19 as compared to the previous 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 criterion, a verity 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 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

¹ / Source: International Tea Committee (ITC).

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 statistics on tea production for selected major tea producing countries during last nine years is shown in Table 1.

Table 1 Production of Tea by Selected Major Tea Producing Countries

(Million Kg)

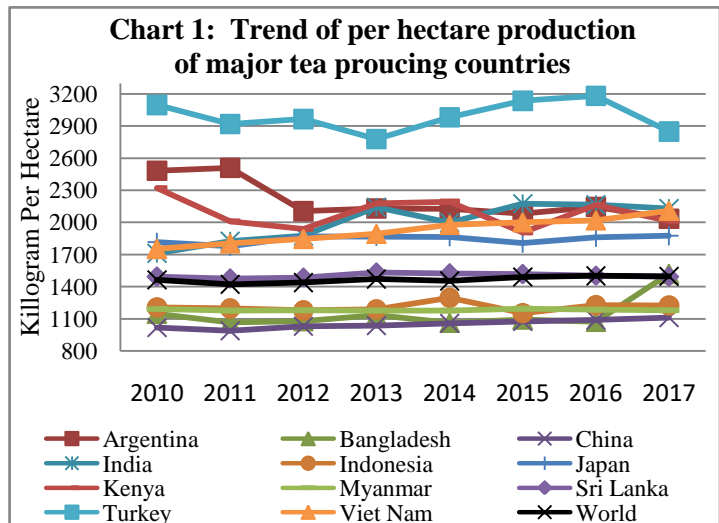
SL	Year	2010	2011	2012	2013	2014	2015	2016	2017 [#]	2018*
1.	China	1467.5	1640.3	1804.7	1939.2	2110.8	2291.4	2326.0	2473.4	2616.0
2.	India	991.2	1095.5	1135.1	1208.8	1207.3	1233.1	1250.5	1325.1	1338.6
3.	Kenya	399.0	377.9	369.4	432.4	445.1	399.1	473.0	439.9	493.0
4.	Sri Lanka	331.4	327.5	330.0	340.2	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).

* Source: International Tea Committee.

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 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.

Export Trends of Major Tea Exporting 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 yearly and quarterly trends in export earnings from tea of major tea exporting countries including Bangladesh 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	Oct-Dec '17	Jan-Mar '18	Apr-Jun '18	Jul-Sep '18	Oct-Dec '18	Jan-Mar '19	Apr-Jun '19	Jul-Sep '19
China	453.70	371.60	473.83	442.23	497.71	377.71	545.19	568.27
Kenya	382.22	393.78	336.89	324.00	315.25	311.48	247.54	248.97
Poland	55.55	57.28	46.42	46.53	52.25	65.03	56.15	62.47
Germany	70.00	69.25	61.13	57.86	70.08	69.57	59.02	52.01
Japan	34.54	32.03	33.67	35.59	40.95	34.74	33.42	33.76
UK	37.90	35.77	30.72	31.88	37.34	35.17	30.38	32.79
Taipei, Chinese	24.81	20.17	28.94	32.37	30.38	28.52	32.15	32.54
USA	35.12	32.66	30.12	29.81	31.38	31.32	25.83	27.38
Russian	28.97	24.85	21.13	22.70	29.25	22.05	23.20	22.73
Netherlands	23.36	24.43	19.67	19.93	27.63	22.89	20.50	21.77
Bangladesh [#]	1.06	0.69	0.34	0.68	1.03	0.55	0.56	0.88
Other Countries	478.82	421.04	381.21	418.16	424.39	355.37	304.04	84.83
World	1624.98	1482.86	1463.71	1461.04	1556.59	1353.85	1377.42	1187.52

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 previous 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

Details	(Million Kg)				
	FY15	FY16	FY17	FY18	FY19
1. Total Availability (2+3)	98.74	110.01	122.40	125.86	137.04
2. Previous 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 first quarter of FY20 (July September 2019), production of Bangladesh's tea stood at 37.99 million kg which was 49.4 percent higher than those of the previous quarter and 7.1 percent higher than the 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 and Table 5.

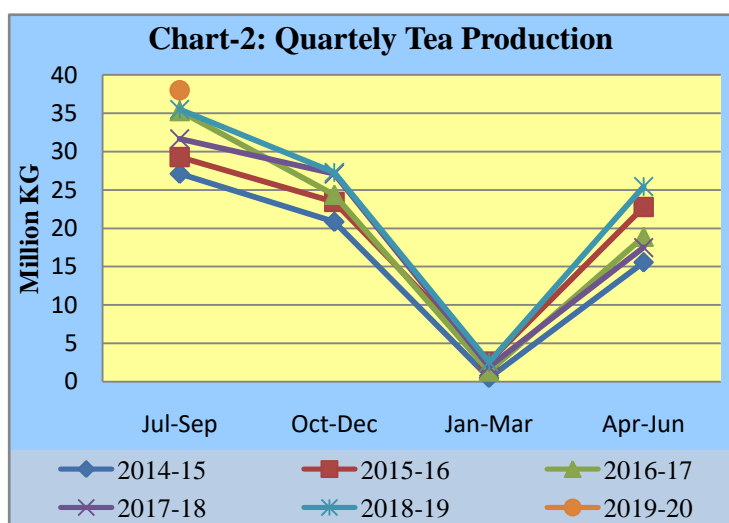


Table-5 Quarterly Statistics of Tea Production

Period	(Million Kg)					
	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	
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 tea published by National Brokers Limited shows that the average auction value of best grade tea stood lower at 200-205 BDT at the end of the quarter under report. This value was 315-320 BDT in the same quarter of preceding year. The average auction value of good grade tea also stood lower at 192-197 BDT at the end of July-September quarter of FY20, which was 305-314 BDT at the end of same quarter of the preceding year. The average auction value of medium and plain tea stood at 187-192 BDT and 140-160 BDT respectively at the end of the quarter under report, which was 175-190 BDT and 150-165 BDT at the end of previous quarter and 298-304 BDT and 250-280 BDT at the end of same quarter of the previous 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	September 2018	December 2018	March 2019	June 2019	September 2019
1. Best Grade	315-320	265-275	Not Quotable	210-220	200-205
2. Good Grade	305-314	245-255	Not Quotable	190-205	192-197
3. Medium Grade	298-304	225-240	170-195	175-190	187-192
4. Plain Grade	250-280	130-145	160-175	150-165	140-160

Source: National Brokers Limited.

Export earnings from agriculture commodities in Bangladesh

During the first quarter (July September) of FY20, country's total export earnings stood lower at USD 9648.0 million as compared to USD 9940.6 million in same quarter of previous year. Of which, export earnings from agriculture commodities stood at USD 262.6 million which was 10.03 percent lower than the same quarter of previous year. Besides, export earnings from tea accounted for 0.34 percent of the total export earnings from agriculture commodities 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

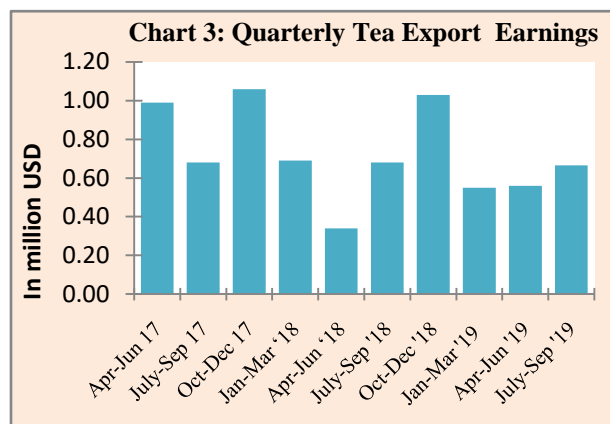
Items	FY15	FY16	FY17	FY18	FY19 ^P	FY19 ^P July-Sept.	FY20 ^P July-Sept.
Agricultural products	586.05	596.06	553.17	673.7	908.96	291.83	262.57
Raw Jute	111.57	173.17	167.84	155.68	112.48	32.59	33.29
	<i>19.04</i>	<i>29.05</i>	<i>30.34</i>	<i>23.11</i>	<i>12.37</i>	<i>11.17</i>	<i>12.68</i>
Vegetables	103.24	104.34	81.03	77.98	99.68	21.25	70.51
	<i>17.62</i>	<i>17.50</i>	<i>14.65</i>	<i>11.57</i>	<i>10.97</i>	<i>7.28</i>	<i>26.85</i>
Tobacco	68.45	54.98	46.62	56.39	63.33	29.18	29.73
	<i>11.68</i>	<i>9.22</i>	<i>8.43</i>	<i>8.37</i>	<i>6.97</i>	<i>10.00</i>	<i>11.32</i>
Cut flower	11.36	4.73	0.08	0.09	5.38	0.25	0.01
	<i>1.94</i>	<i>0.79</i>	<i>0.01</i>	<i>0.01</i>	<i>0.59</i>	<i>0.09</i>	<i>0.00</i>
Tea	2.63	1.83	4.47	2.77	2.82	0.68	0.88
	<i>0.45</i>	<i>0.31</i>	<i>0.81</i>	<i>0.41</i>	<i>0.31</i>	<i>0.23</i>	<i>0.34</i>
Fruits	38.48	20.23	2.69	2.24	0.33	0.04	0.24
	<i>6.57</i>	<i>3.39</i>	<i>0.49</i>	<i>0.33</i>	<i>0.04</i>	<i>0.01</i>	<i>0.09</i>
Others	250.32	236.78	250.44	378.55	624.94	207.84	127.91
	<i>42.71</i>	<i>39.72</i>	<i>45.27</i>	<i>56.19</i>	<i>68.75</i>	<i>71.22</i>	<i>48.71</i>
Country's Total Export	31208.94	34257.18	34655.90	36668.17	40535.04	9940.60	9647.99

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

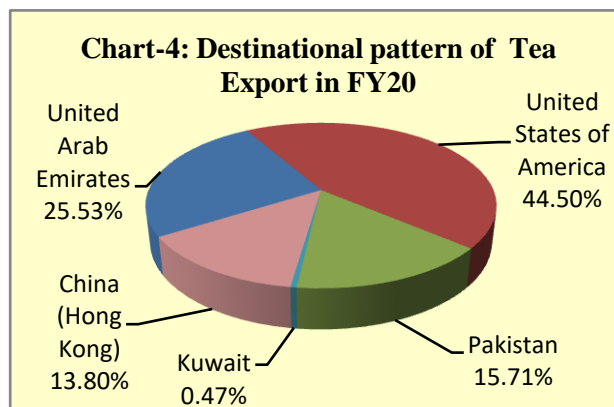
Export earnings from tea has increased and stood at 0.67 million USD (56.19 million BDT) in the first quarter (July-September) of FY20, which was 18.75 percent higher than the previous quarter and 2.21 percent lower than the same quarter of the previous year.



Quarterly export earnings from tea are shown in Chart 3.

Export Earnings of tea by Destination

According to the published data by Bangladesh Export Promotion Bureau, more than 80% of Bangladesh's tea was exported to USA, UAE and Pakistan during July-September of FY20. Other destinations of



country's tea export were China and Kuwait. During the quarter under report, the highest amount of export earnings from tea came from USA (44.50 percent), followed by UAE (25.53 percent), Pakistan (15.71 percent) and China (13.80 percent). Country-wise export earnings from tea during FY17 to FY20 (July-September) is shown in Table 8.

Table 8 Country-wise Tea Export Earnings

(Thousand USD)

Country	2016-17	2017-18	2018-19	2019-20*
United Arab Emirates	963.91	878.77	1025.61	224.69
United States of America	245.76	346.92	661.86	391.70
Pakistan	2690.48	1191.05	590.9	138.32
Germany	142.52	95.71	273.92	-
Kuwait	70.33	119.95	135.65	4.10
Saudi Arabia	316.21	104.81	75.41	-
Japan	14.23	9.74	25.88	-
China (Hong Kong)	9.98	5.09	14.97	121.46
Bhutan	7.75	5.37	4.54	-
Others	2.12	15.87	13.91	-
Total Export	4472.30	2773.27	2822.66	880.26

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

Conclusion

According to the data in FY19, 90.68 million kg of tea were produced and 79.74 million kg was consumed and 0.64 million kg was exported. Branding is a vital factor for marketing the product in the international market. Bangladeshi tea is rich in taste and flavor. To improve the quality of tea, Bangladesh Tea Board has planned to build a Bangladeshi Brand. Country's domestic demand has rapidly increasing due to urbanization, change in consumer taste along with population growth. In this regard, tea production per hectare can be increased by ensuring long term loan facility for tea industry, implementing modern production technique, quality plantation and expansion of cultivable land. The challenges of Bangladeshi tea industries are high production cost, prolonged investment period, low customer interest on high quality tea, labor crisis except tribal labor, and high demand of fertilizer in older tea gardens for which many producers have withdrawn and diverted their business from tea production. To overcome these challenges and limitations Bangladesh needs to increase long term financial assistance to the producers and exporters. In this regards, government can

facilitate artificial irrigation scheme and modernization of the factory and equipment to produce high quality black tea along with the other value added tea. Considering environmental sustainability issues, initiatives must be taken to convert the low yielding lands to high yielding ones by using modern technologies rather than giving up tea growing. Moreover, tea may be produced in intercropping production method with other tree crops, such as rubber. If incentives such as increased grace period, special fund for soft lending are successfully implemented, Bangladesh's tea industry can make remarkable contribution in global tea export market.
