

THE NEEDS OF THE WORLD TEA MARKET

Mr H. Wijeratne

Gentlemen, first I would like to thank Dr Sivapalan and Dr R. L. de Silva for giving me this opportunity to address you gentlemen on the subject of "The needs of the world tea market".

The most consumed beverage in the world and possibly the least expensive is tea, and this will continue to be so for many years in the future. It is, therefore, very likely that, for this reason alone, new countries have emerged as tea producers resulting in the current world over-supply situation much to the dismay of long established and reputed quality producers such as ourselves. The international tea market as such is highly competitive but the consumer is endeavouring to demand and consume a tea that caters most to his or her palate preference. With the introduction of the tea bag the consumer does not see the actual tea itself and some of the packers and distributors of tea have over the years debased the quality of the tea that they are putting into the tea bag. It is my belief that it is for this reason that growth in world consumption did not keep pace with the increased production.

Pure Ceylon tea as it was well known and relished in the past has, in recent years lost its quality image and character in the perception of the consumer partly because

the tea purchased and consumed was not identified by its country of origin but instead referred to and sold in the market generally as tea bags and packeted teas. The world tea consumer market today appears to be changing as seen from the popularity of flavoured teas, instant teas, herb teas, carbonated teas. But many consumers continue to prefer the traditional quality and character of black tea which is what we have been producing for 115 years. Unfortunately, we, the one time producers of the finest quality orthodox tea in the world, have, for reasons surely known to yourselves allowed this renowned quality image to decline rather severely and seriously much to the surprise and astonishment of the world buyers and producers.

What is needed by the traditional world tea buyers today is to a very large extent not different to what we were producing 10 to 15 years ago except that we have not been producing such teas in recent times. They need clean and well made tea with a bright colour and pungent liquor and bright infusion. During the specific season of heightened quality it is vital that you producers place all your cropping and manufacturing expertise in the direction of maximising the inherent quality potential that is present in the leaf. In the past few seasonal quality periods it has been my observation and that of others that this very important aspect has been overlooked by you producers much to the detriment of our quality image in the world tea market. Producing quality is by no means a chance happening and never was; it requires great zeal and enthusiasm by you producers to manufacture such tea. Forward crop harvest planning and knowledgeable supervision and observation both in the field and factory is the magic to such quality production. Lack in either of these will result in disastrous consequences such as we have seen in recent times.

The International tea market can be broadly categorized into four market segments, namely, British and European market, the North American market, the Middle East and the Pakistani and Australian markets in that order. Countries such as Switzerland, West Germany, Holland, France, Italy and Scandinavian countries prefer the higher quality of Ceylon teas whereas Great Britain and the other European market segments prefer a colour, well-made, bright infused tea. The North American market prefers a slightly above average quality; while the middle east buy the low grown teas; the Pakistan and Australian market which are similar in preference look for a tea similar to that required by Great Britain.

Although the preferences of these market segments are rather specific you as producers cannot, on individual basis, cater to these preferences. Traditionally, and for climatic and elevation reasons these market segments have been catered for on the basis of the medium and high-grown teas being preferred by the British, European, North American, Pakistani and Australian markets whereas the low-growns cater to the requirements of the middle east market. Sri Lanka and Indonesia exclusively, and India partially, are the only remaining producing countries in the world that manufacture orthodox black teas.

Kenya has become the largest producer of CTC and LTP types. If one were to analyse the reasons for such differing manufacturing practices it becomes evident that the only reason why other producing countries in whole or part have deviated from orthodox manufacture is because of the inavailability of the inherent quality in the leaf produced as differing to that of Sri Lanka leaf which has this valuable asset. Purely because the flush produced by Sri Lanka plantations has this valuable quality it does not mean we will automatically have it in the infused cup, because, as you very well know, the inherent quality aspect that is present in our leaf can easily be diminished or destroyed by careless handling of the leaf and poor manufacturing

practices. This is where you gentlemen become most vital to the Sri Lanka tea industry as we know it today. I feel fully confident that you gentlemen as producers and knowledgeable tea manufacturing personnel given the time and effort would recoup the image we seem to have lost in recent times and once again become the vanguard producers of the finest quality tea in the world.

Thank you.

THE VIEW - POINT OF THE PRODUCER

Mr C. Rodrigo

The Director, TRI, Director General, Sri Lanka Tea Board, Chairman, Tea Traders Association, Chairman, Brokers Association, Brokers representatives, Engineering firm representatives and Members from the two planting corporations, the JEDB and the SLSPC and gentlemen. Initially, on behalf of each and everyone of you I must take this opportunity to thank Dr Sivapalan for organizing this Symposium. This Symposium obviously underlines the importance that the tea industry and this country attaches to western high-grown quality season.

The theme of my talk today is the view-point of the producer which is a very wide subject. The view-point of the producer is the subject on which I suppose the producer can speak for half a day. But it gets narrowed down considerably when I try to attach the theme of the symposium to the western high-grown quality season. But however I think it is necessary that I try to make this talk as brief as possible and the motive and the theme that I would really be speaking on is the constraints that shroud the ability of the producer to get the price that tea deserves. This is the biggest problem, not a question of our not making good teas, I think we make satisfactory teas, and I personally feel that the teas we make just now are as good as it ever was. But unfortunately the constraint is that we are not getting the price that the tea really deserves. Now to achieve this objective, gentlemen, I think all the factors or all the sectors interested in the tea industry or guiding the destinies of the tea industry i.e. I would say the producer, the broker, the buyer, the tea traders association and the Sri Lanka Tea Board, should all join hands together and try to isolate this problem and get us the prices that tea really deserves.

There is no point in our making a good tea if we are not going to get the price that we really deserve. I think people who have been on plantations quite well know that the three factors that evaluate performance on an estate or bring about profit are to work that estate to a low cost of production, to harvest optimum crop and finally the most important to get a high net sale average. The Superintendents of estates will know that the agents for their regional officers screen through the cost of production prior to the commencement of a season and cut it down to such an extreme and work to a cost of production which the organization can afford without cutting down on agricultural practices. Unfortunately when the year of working really commences inevitable price increases beyond the control of the estate superintendents or the Agency houses take place. Fertilizer goes up in price almost double or treble, electricity goes up in price, packing materials and so many other things increase in price, and in effect our targets go hay wire. The cost of production increases beyond any reasonable proportion.

The alternative is to harvest an optimal crop. I agree with Dr R. L. de Silva who said that there has been a slight drop in the crop harvested in Sri Lanka but