

# A MARKET OVERVIEW OF SRI LANKA'S TEA

## Market Insights

- Sri Lanka produces tea year-round, with an annual production of approximately 300 million kilograms.
- The total tea cultivation area spans over 202,985 hectares, with major growing regions located in Kandy and Nuwara Eliya in Central Province, Badulla, Bandarawela, and Haputale in Uva Province, Galle, Matara, and MulKirigala in Southern Province, and Ratnapura and Kegalle in Sabaragamuwa Province.
- Tea is cultivated at various elevations: high-grown above 1,200 meters, medium-grown between 600 and 1,200 meters, and low-grown from sea level to 600 meters.
- To promote exports, the Ministry provides annual recommendations for the TIEP facility and implements quality assurance programs such as ISO, HACCP, and GMP. Trade promotion programs are also in place to enhance the recognition of Sri Lankan tea locally and internationally.

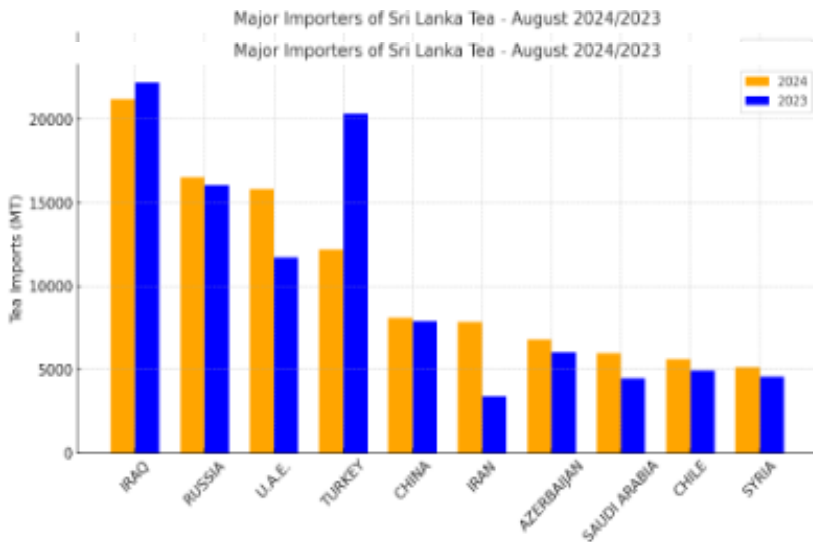


The Lion Logo, owned by the Sri Lanka Tea Board and globally trademarked, guarantees that the tea is 100% Pure Ceylon Tea, packed in Sri Lanka.



Sri Lanka primarily produces orthodox teas, but it also manufactures tea using the Cut Tear and Curl (C.T.C) method. Additionally, the country produces green tea, instant tea, bio tea, and flavored tea.

# Tea in Numbers



- Sri Lanka is renowned for its **premium-quality tea** and ranks as the **fourth-largest tea producer globally**, contributing 10% to global production.
- As one of the top exporters, Sri Lanka meets around **19% of the world's tea demand**.
- The country exports more than 50% of its tea in value-added forms, including green tea, flavoured tea, organic tea, instant tea, and iced tea.
- Iraq is at No.1 amongst major importers of Ceylon Tea with a total of 32.75 million kgs. Turkey has emerged in 2nd place with 30.41 million kgs, growing by 95% year-on-year, surpassing Russia (3rd position) and the U.A.E. (4th position), where exports have declined by 8% and 18% respectively.
- The **fastest growing export markets** for Tea of Sri Lanka between 2021 and 2022 were **Azerbaijan** (USD 17.5M), **United Arab Emirates** (USD 11.9M), and **Russia** (USD 9.69M).
- The global market value of tea is estimated at USD 66.74 billion.

## Challenges

- The industry suffers from a lack of diversification and insufficient promotion of tea-related innovations.
- Production is further hindered by limited land availability and unfavorable weather conditions.
- Inefficiencies are compounded by impurities in bulk tea during processing and inadequate infrastructure, particularly in plantations.
- High production costs - covering labor, packaging, transport, freight, and electricity - along with the substantial investment needed for new technology, present additional challenges.
- These are further aggravated by insufficient research, high interest rates, and labor shortages, especially the shortage of tea pluckers.

## Opportunities

- Ceylon Tea can be positioned as a premium product, in high-end markets across Europe, North America, and Asia.
- With rising consumer demand for organic and ethically sourced products, there is a great opportunity to promote certified organic, sustainable, and fair trade Ceylon tea in eco-conscious markets like the EU and the U.S.
- Sri Lanka's rich tea heritage can be leveraged through agro-tourism, offering tea plantation tours, tasting sessions, and experiences that attract international tourists and create lasting connections to Ceylon tea.



(Source: EDB)