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Tea Productions, Consumptions and Exports: Bangladesh Perspective

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ABSTRACT
Bangladesh Tea Industry established at 1840 when a pioneer tea garden was established on the slopes of the hills in Chittagong where the Chittagong Club now stands. First commercial tea garden was established in 1857 at Mulnichera in Sylhet. During the India-Pakistan partition in 1947, Bangladesh (the then East Pakistan) owned 103 tea estates, covering 26,734 hectares of tea plantation with annual production of 18.36 M.Kg. with a yield of about 639 Kg. per ha. Home consumption was around 13.64 M. Kg. upto 1955. After that home consumption went up rapidly and Government imposed 3% mandatory extension of tea area per year in 1961. Ten years later by 1970, tea area was extended to 42,658 hectares and production was increased to 31.38 M.Kg. During liberation war in 1971, our tea industry suffered colossal damages which resulted in poor management, high vacancies, insufficient inputs, dilapidated factory machinery, inadequate maintenance etc. leading to lower yield and poor quality of tea. Besides that, world tea production has been showing an annual increment of 3% while in Bangladesh the production has increased by 1.84 % and contributes 1.37 in export in the word tea trade and earns near about 1775 million Taka (Taka 69 = USD 1.00) every year. The study aims to picturize the scenario of Bangladesh tea in the context of world tea, export and import scenario of tea and consumption of tea products in different countries in the world.
Key Words: *Tea, Global Scenario of Tea, Bangladesh*

INTRODUCTION

Tea is one of the most important non-alcoholic beverage drinks worldwide and has been gaining further popularity as an important 'health drink' in view of its purported medicinal value. It is served as morning drink for nearly 2/3rd of the world population daily. The Bangladesh tea industry is one of the major sources of income for the national exchequer. Presently, this industry is facing a multitude of problems. Lack of capital and modern machinery, lower market value of made tea in comparison to increasing production cost, lower yield per hectare in comparison to increasing domestic need and lack of modern techniques for measuring quality of tea constitute some of the nagging problems. There is also lack of perennial water source for irrigation during dry season or during prolonged drought. In addition, some owners of the tea gardens are not using Government. Malnutrition among the children of the labour line, security problems of the executives, deterioration of law and order situation of the tea estates (log stealing, political or outsider influence on their internal arrangements, illegal occupation of land by the outsiders), lack of medical facilities for labour and lack of infrastructure (road, quarter, water supply network etc) are some of the other constraints. For successful tea culture, the above problems facing both the manufacturing and the marketing sector need to be addressed immediately. In Bangladesh, there is thus dire need to focus attention on improvements in the manufacturing sector covering quality of tea, its productivity, cost of production as well as the marketing system (Islam, 2005). The government tried to revive the sector in the early 1980s by privatizing and rehabilitating two tea estates, which had been nationalized in the 1970s; restructuring the Tea Board; privatizing the six state tea factories; and revamping public research on tea. These policy initiatives have had some success, but much remains to be done to fully revitalize the tea sector. Infrastructure is still inadequate. The tax system is too complex, with too many taxes and rates that are too high. Despite the restructuring, the Tea Board and the Ministry of Agriculture are still too powerful. And trade policy needs to be revised to allow imports of made tea and exports of green leaf.

OBJECTIVES OF THE STUDY

(a) To focus on the world tea production.
(b) To review Bangladeshi tea production in the light of world tea producing countries.
(c) To analyse of internal or external markets of tea for Bangladeshi tea.

METHODOLOGY OF THE STUDY

The study covered world most tea producing countries in the light of production, export, internal market, contribution etc. Secondary data has been used in this study. Secondary data have collected from different published documents of the Government like Economic Survey Reports, and Statistical Yearbooks. Further, various national and international publication organizations like NGO Forums, BTRI, World Bank etc have reviewed by the researcher. In the process of analyses of collected data, various statistical tools like averages, percentages, tables, and diagrams applied in order to make the study worthier, informative, and useful for the purposes.

Global Production of Tea

World production of tea in 2006 was 3,533 million kgs with an increase of 3 % (104 million kgs) over the previous year's production. Production increased as the production of China increased by 10%. There were also noticeable increases in India, Turkey, Vietnam and Malawi during the year whilst marginal decreases in crop were recorded in Sri Lanka, Kenya and Iran. Crop in Bangladesh decreased by 11% with reports of no rain in the pick crop season and in Indonesia were down by 10% with reports of some plantations switching over to Palm Oil. The table shows that China is the number one producer of tea in 2006 followed by India, Kenya, Sri Lanka, and Turkey. The position of Bangladesh tea production in 2006 is in the tenth position as they have had 'No rain' problem.

Table 1: Global Production of Tea 2006 (Million KG)

Countries	Production (In M. kg)
1. China	1,028
2. India	956
3. Kenya	311
4. Sri Lanka	311
5. Turkey	142
6. Indonesia	140
7. Vietnam	132
8. Japan	100
9. Argentina	80
10.Bangladesh	53

Total World Production 3533 Million KG. Source: http://www.teaboard.gov.bd

Global Consumption of Tea

World consumption of tea is estimated to be 3,437 million Kgs in 2006. This estimate is based on the assumption that all teas retained in the producer countries and all teas imported for consumption in the importing countries have been consumed during a year. Among the countries India has become the highest total consumer of tea consuming 771 M. kgs followed by China consuming 745 M.Kgs and Russian Federation consuming 167 M.Kgs. Bangladesh ranks 14th in terms of single country total consumption of tea in 2005 consuming 45 M.Kgs internally. In this table the position of Bangladesh is in sixteenth which is significant in terms of country size and its population. This means Bangladesh has its significant demand of tea in his internal market as well.

Table 2: Global Consumption of Tea 2006 (Million KG)

Country	Consumption (M.Kgs)
1. India	771
2. China	745
3. Russian Fed	167
4. Rest of CIS	69
5. Japan	146

6. United Kingdom	135
7. Turkey	133
8. Pakistan	117
9. U.S.A.	108
10.Egypt	79
11.Iraq	66
12.Iran	64
13.Morocco	50
14.Indonesia	44
15.Taiwan	42
16.Bangladesh	39
17.Afghanistan	34
18.Other Countries	405

Total World Consumption- 3,437 million Kgs. Source: http://www.teaboard.gov.bd

Global Export of Tea

Total global export of tea in 2006 was 1572 million kgs of which Bangladesh exported only 4.97 million kgs.

Table 3: World Export of Tea in 2006 (Million KG)

Country	Export
1. Sri Lanka	315
2. Kenya	314
3. China	287
4. India	201
5. Vietnam	106
6. Indonesia	95
7. Argentina	71
8. Malawi	42
9. Uganda	33
10.Tanzania	24
11.Zimbabwe	11
12.Turkey	6
13.Bangladesh	5
14.Taiwan	2
15.Other Countries	39

Total World Export of Tea- 1,572 million Kgs. Source: http://www.teaboard.gov.bd

World export volumes hardly increased during the year under review. India, Sri Lanka, Vietnam and Argentina ended the year with higher exports whilst exports from Indonesia, Kenya and Bangladesh dropped. Export from Bangladesh declined about 88% from 9.01 M.kg in 2005 to 4.79 M.kg. in 2006 mainly due to increase of internal demand that pushes the local auction prices up. Interestingly, Sri Lanka is in top as their internal consumption is less followed by Kenya, China, India, Vietnam.

Country wise Production of Tea

More or less twenty five countries are producing significant amount of tea in the world tea market.

Table 4: Country wise Productivity of Tea (kg/ha)

Country	Kenya	India	Japan	Turkey	Sri Lanka	Bangladesh	China	Indonesia	Argentina
Productivity	1934	1743	1745	1494	1450	1102	627	1006	1538

Source: Islam, 2005, ITC

Bangladesh Perspective of Tea

Bangladesh Tea Research Institute (BTRI) produces interesting information regarding tea production in Bangladesh at different stage since 1947. It shows that the great success come to this industry in 1970. After that, Bangladesh failed to achieve its targeted figure due to bureaucracy, policy, financing and marketing problems, failed to adapt the new technology etc.

Table 5: Tea production in Bangladesh at different periods

Year	Total Area (ha)	Increased/ Decreased	Total Production '000 Kg	Increased/ Decreased	Yield Kg/ha	
1947	30353	-	18884	-	62	-
1957	31287	+ 934	25549	+ 6665	817	+ 195
1970	42688	+ 11401	31381	+ 5832	735	– 82
1980	43732	+ 1044	40038	+ 8657	916	+ 181
1992	47781	+ 4049	48930	+ 8892	1040	+ 124
2000	48735	+954	55834	+ 6894	1145	+ 105

Source: BTRI [5]; * Difference from previous total denoted by (+) or (-) sign. ** calculated on the basis of production/total tea area/ha

Table 6: Tea Area and Yield since 1947

Year	No.of Tea Estates	Area Under Tea (ha)	Pluckable Area (ha)	Production (In m.kg)	Yield (Kg/ha)
1947	103	28,734	28,734	18.36	639
1960	127	31,418	30,744	19.01	618
1970	153	42,685	39,308	31.38	798
1980	153	43,528	43,201	40.04	927
1990	158	47,385	44,759	46.16	1,031
2000	160	50,470	46,344	53.15	1,147
2005	163	52,317	45,366	60.14	1,326
2006	163	52,407	45,505	53.41	1,174

Source: http://www.teaboard.gov.bd

Table 7: Land use Pattern for tea Industries in Bangladesh

Total Area (in ha)		Non Tea Area (in ha)	
a. Total grant area	1,15,629.76	1. Paddy land	12,893.67
b. Total tea area	52,407.22	2.Other crops	1,027.72
c. Total non-tea area	63,222.54	3.Forest	15,462.39
d. Area suitable for tea	61,289.81	4.Infrastructure	7,299.96
		5.Fallow/waste	4,867.32
		6.Others	3,099.68

Source: Bangladesh Bureau of Statistical Year Book (BBS, 2006)

Different Categories of Tea management

One sixty three (163) tea estates are managed by five different categories of managements in Bangladesh which is as follows:-

(i)Sterling Companies
(ii) National Tea Company
(iii) Bangladesh Tea Board
(iv) Bangladeshi Private Limited Companies
(v) Bangladeshi Proprietors

Table 8: Management wise Land use & production (2006)

Category of Management	No. of Tea Estates	Grant Area (ha.)	Tea Area (ha.)	Land Use (%)	Production (2006)	Yield (Kg./ha.)
Sterling co.	28	39,386.02(34%)	20,219.16	51%	24,027,525(45%)	1,188
BTB	3	2,559.39(2%)	1,445.55	57%	1,536,480(3%)	1,063
NTC	13	11,279.95(10%)	5,583.66	50%	4,760,300(9%)	852
Deshi co.	61	40,652.05(35%)	15,716.65	39%	15,815,700(30%)	1,006
Propriety	58	21,656.00(19%)	9,345.85	43%	7,205,119(13%)	771
Total	163	115,553.41(100%)	52,310.87	45%	53,345,124	1,020
Small Holdings		96.35	96.35	100	62,615	650
Grand Total	163	115,629.76 (100%)	52,407.22	45%	53,407,739(100%)	1,019

Source: Bangladesh Bureau of Statistical Year Book (BBS, 2006)

Table 9: District wise Tea Land and Tea Production (2006)

District	No. of Tea Estates	Grant Area (ha.)	Tea Area (ha.)	Land Use (%)	Production (2006)	Yield (Kg./ha.)
Moulvibazar	90	64,624.34(56%)	30,995.93	48%	31,684,507(60%)	1,022
Habiganj	23	22,034.00(19%)	11,606.51	53%	13,178,834(25%)	1,135
Sylhet	19	11,514.73(10%)	4,968.33	43%	4,970,834(9%)	1,000
Chittagong	22	15,152.38(13%)	4,048.77	27%	3,265,651(6%)	807
Rangamati	1	307.00(-%)	146.00	48%	24,566(-%)	168
Brahmanbaria	1	62.52(-%)	29.95	48%	-(-%)	-
Panchagarh	7	1,838.44(2%)	515.38	28%	220,732(-%)	428
Total	163	115,553.41(100%)	52,310.87	45%	53,345,124	1,020
Small Holdings		96.35	96.35	100	62,615	650
Grand Total		163 115,629.76 (100%)	52,407.22	45%	53,407,739(100%)	1,019

Source: Bangladesh Bureau of Statistical Year Book (BBS, 2006)

Export Market

Tea has been one of the major exportable items of Bangladesh since 1971. We had a captive export market in some countries to export tea. The scenario has been changed in recent years because of open market economy, emergence of new entrants in the world market with low priced tea and rapid increase of internal demand. Export of Bangladesh tea in the year 2005 was 9.09 million kg which was 30.66% less than the previous year export of 13.11 million kg. Export earning was 742.62 million taka against 934.04 million taka the previous year. Of the exported quantity 6.57 million kg was sold to Pakistan alone. The Govt. of Pakistan allowed duty free entry of 10.00 million kg of tea per year from Bangladesh since October 2002 and offered to increase the quota up to 15.00 million kg. but Bangladesh could not utilize that quota fully as increasing internal demand pushes the price levels up in the local auction and discourages exports. Other tea producing countries like India, Srilanka, Indonesia, Vietnam, Kenya and some other African countries have relative advantages to supply better quality teas at lower prices that makes export market extremely competitive for Bangladesh Tea.

Internal Market-Internal consumption

Internal Market: Tea is supplied in the internal market in three ways (i) buying tea from the auction paying 15% VAT on the auction value known as internal account buying, (ii) buying tea from the auction for export at nil VAT known as external account buying and subsequently transferring to the internal account and (iii) tea supplied directly from the tea estates with prior permission of the Tea Board.

Table 10: Internal Tea Consumption

Year	Quantity (in Kg.)
1997	22.20
2000	38.79
2003	37.44
2006	40.51

Source: Bangladesh Bureau of Statistical Year Book (BBS, 2006)

Table 11: Export last 10 years

Year	Total Export (M.kg)	Value	
		M.taka	M.dollars
1997	25.15	1,775.39	38.21
2000	18.10	1,205.20	20.76
2003	12.18	915.07	15.64
2006	4.79	469.59	6.69

Source: Bangladesh Bureau of Statistical Year Book (BBS, 2006)

CONCLUSION

Tea is one of the most popular drinks in the world population. Now, different companies are trying to increase its value added products like cold tea, ice tea, lemon tea etc. so that tea can be a supplements as like cold drinks. Most of the effort have been successful those who attempt to for this. But most of the countries like Bangladesh, Kenya, and Zimbabwe failed to adapt with the new adaptation or technologies. For this reason, they failed to generate optimum quantity of tea to compete with the other global tea producing forces. The way this drink getting popularity, the production of such item failed to meet the requirements. Finally, these analyses are helping us to depict the real pictures of world tea demands, productions, exports and imports.

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