

SALE NO.12 OF 22ND/23RD MARCH 2022

COMMENT

This week's tea auction (Sale # 12) was conducted on March 22 & 23, 2022 (Tue/Wed/), with a weight of 5.2 mkg, which was a marginal drop of 0.1 mkg when compared to the previous sale's offer quantity. The Low Grown Leafy, Semi Leafy, Tippy & Small Leaf/ Premium Flowery catalogues totaled 2.18 mkg, whilst Main Sale High & Medium had a weight of 0.64 mkg. The Ex Estate category had 0.8 mkg which was similar to the last sale's volume.

There was strong and improved demand for Ex Estate teas, with the market often strengthening with the progress of the sale. Select best Western BOP's and BOPF's were irregular following quality but below-best BOP's and BOPF's gained substantially. Plainer Westerns also appreciated up to Rs. 50/- per kg. Nuwara Eliya's BOP's/BOPF's were dearer up to Rs. 50/-. Uva/Uda Pussellawa BOP's and BOPF's were Rs. 40/- to 50/- per kg dearer.

CTC Teas – PF1's of High, Medium and Low elevations commenced Rs. 20/- to 40/- dearer, but, gained more by the close. BP1's – There were hardly any High Grown on offer while Mediums were irregular. Low Grown were sharply dearer. Russian bulk buyers were more active. There was sustained demand from Japan, Germany and other European markets for select liquoring teas. Below best liquoring teas met with subdued interest from Hong Kong following COVID lock-downs, whilst buyers for China were active even though amidst challenges due to lockdown in several areas with a fresh outbreak of the COVID virus. .

Strong demand prevailed for Low Grown. Select best OP1's were all-round dearer while below-best teas gained further. The better OP's and OPA's opened Rs. 20/- to 30/- dearer but appreciated more with the progress of the sale. Select best BOP1's ruled fully firm while improved below-best teas advanced up to Rs. 30/-. Pekoes/Pek1's met with stronger interest and appreciated substantially. Well-made FBOP's and FBOPF1's saw sharply dearer prices whilst below-best cleaner teas also followed a similar trend. Balance too was dearer but to a lesser extent. There was strong and widespread demand from Middle Eastern buyers' ahead of the Ramadan Fasting Season, whilst the CIS buyers bid up for the clean and stylish leafy teas. Interest from Russia too was evident for their usual requirements. Turkey was forceful on Pekoes while demand from Syria was maintained. Libya supported the secondary leafy grades. Iraq was active on bottom level teas.

This week's auction comprised of 9,664 lots with a total quantity of 5,231,017 kgs.

The catalogue wise breakdown was as follows:-

	<u>Lot</u>	<u>Qty.(Kgs)</u>
Low Grown Leafy	1,678	668,792
Low Grown Semi Leafy	1,152	494,741
Low Grown Tippy	1,906	967,205
High & Medium	1,339	642,556
Off Grade/BOP1A	2,062	1,118,679
Dust	464	456,066
Premium Flowery	327	53,581
Ex-Estate	<u>736</u>	<u>829,397</u>
Total	<u>9,664</u>	<u>5,231,017</u>

In Lighter Vein

The Brewing Argument

A man and his wife are having an argument about who should brew the coffee each morning. The wife says, "You should do it, because you get up first, and then we don't have to wait as long to get our coffee." The husband says, "You are in charge of the cooking around here so you should do it, because that is your job, and I can just wait for my coffee." The wife replies, "No, you should do it, and besides it says in the Bible that the man should do the coffee." Husband replies, "WHAT?!? I can't believe that! Show me." So she fetches the Bible, opens the New Testament and shows him at the top of several pages, that it indeed says, "HEBREWS."

LOW GROWN TEAS

There was overall improved demand for all categories of Low Grown teas and a wide cross selection of teas continued to benefit with dearer prices as the sale progressed following the recent devaluation of the Sri Lanka Rupee against the USD.

LEAFY/SEMI LEAFY

BOPI : Best on offer maintained last levels; others were fully firm to dearer.

OPI : Select best types sold firm on last levels whilst the secondary and poorer types were Rs.50-60/- per kg dearer.

OP : Select best types gained Rs.50-70/- per kg whilst the others were Rs.100-150/- per kg dearer.

OPA : Select best types marginally dearer when compared to last. Others were fully firm to dearer.

PEK/PEK1: Best on offer gained Rs.30-50/- per kg whilst the others were substantially dearer by Rs.50-80/- per kg.

<u>Quotations (Rs./Kg)</u>	Best		Below Best		Others	
	<u>This Week</u>	<u>Last Week</u>	<u>This Week</u>	<u>Last Week</u>	<u>This Week</u>	<u>Last Week</u>
BOPI	1500-2150	1200-2250	1200-1500	900-1200	800-1200	700-900
OPI	1500-3100	1300-3400	1100-1500	950-1300	900-1100	720-950
OP	1200-1850	950-1550	1000-1200	750-900	800-1000	650-750
OPA	1000-1350	950-1450	900-1000	800-950	800-900	600-800
PEK/PEK1	1300-1600	900 - 1400	1100-1300	800 - 900	900-1100	700 - 800

TIPPY/SMALL LEAF

BOP/BOPSP : Select Best and Best BOP's appreciated. However, cleaner Below Best and cleaner teas at the lower end were dearer substantially. Balance too appreciated to a lesser extent.

BOPF/BOPFSP : BOPF's in general were dearer.

FBOP/FBOP1 : Well-made FBOP's together with cleaner Below Best and cleaner teas at the Lower end appreciated at the commencement of the sale. However, improve further towards the closure. Balance too were dearer to a lesser extent. FBOP1's in general were dearer..

FBOPF/FBOPF1 : Best and cleaner Below Best appreciated substantially. Balance too were dearer to a lesser extent. Select Best and Best FF1's gained. However, cleaner Below Best and cleaner teas at the lower end appreciated substantially. Balance too were dearer to a lesser extent.

FBOPFSP/EXSP : Very tippy teas continued to attract good demand whilst other sort too gained further.

<u>Quotations (Rs./Kg)</u>	Best		Below Best		Others	
	<u>This Week</u>	<u>Last Week</u>	<u>This Week</u>	<u>Last Week</u>	<u>This Week</u>	<u>Last Week</u>
BOP/BOPSP	1300-1650	1100-1350	1000-1300	900-1100	800-1000	750-900
BOPF /BOPFSP	1300-1450	1100-1300	900-1300	850-1100	800-900	750-850
FBOP/FBOP1	1500-1750	1400-1700	1000-1500	950-1400	850-1000	750-950
FBOPF/FBOPF1	1400-2050	1200-1550	1000-1400	900-1200	800-1000	700-900
FBOPFSP/EXSP	3500-5600	3000-4850	2000 - 3500	2000-3000	1000 -2000	1000-2000

MEDIUM GROWN LEAFY/SEMI LEAFY TEAS

- FBOP** - The best FBOP's on offer appreciated fairly sharply whilst the below best and the poorer sorts too appreciated Rs.60/- per kg and above.
- FBOPF/FBOPF1** – The neat well-made types advanced fairly sharply. The below best teas and the lower end types too substantially dearer.
- PEK/PEK1** - The bold PEK's and the shotty PEK1 types advanced Rs.100 and more whilst the below best and the poorer types too were gained Rs.50-75/- per kg.

<u>Quotations (Rs./Kg)</u>	Best		Below Best		Others	
	<u>This Week</u>	<u>Last Week</u>	<u>This Week</u>	<u>Last Week</u>	<u>This Week</u>	<u>Last Week</u>
FBOP	900-1650	850-1300	850-900	800-850	800-850	750-800
FBOPF/FBOPF1	925-1550	875-1300	875-925	780-875	825-875	730-780
PEK/PEK1	850-1450	780-1250	800-850	700-780	700-800	575-700

HIGH GROWNS TEAS

BOP: Best Western's - Select high priced teas were irregular whilst the others gained substantially by Rs. 50 per kg and more. In the Below Best category, teas in the higher price bracket were firm and Rs. 10-20 per kg dearer, whilst the others together with teas in the Plainer category were substantially dearer. Nuwara Eliya's gained Rs. 40-50 per kg and more for select invoices. Uda Pussellawa's were Rs. 30-40 per kg dearer whilst the Uva's gained substantially particularly the coloury types.

BOPF: Best Western's - Select high priced teas were irregular following quality, whilst the others gained by Rs. 50 per kg and more. In the Below Best and Plainer categories, prices appreciated by Rs. 50-70 per kg and even more towards the close. Nuwara Eliya's gained up Rs. 50 per kg. Uda Pussellawa's were up to Rs. 40 per kg dearer, whilst the Uva's gained by Rs. 40-50 per kg.

<u>Quotations (Rs./Kg)</u>	BOP		BOPF	
	<u>This Week</u>	<u>Last Week</u>	<u>This Week</u>	<u>Last Week</u>
Best Westerns	780-1350	740-1500	810-1120	760-960
Below Best Westerns	740-770	650-730	750-800	690-750
Plainer Westerns	710-730	570-640	700-740	600-680
Nuwara Eliyas	1020	610-900	N/A	920
Brighter UdaPussellawas	720-750	620-760	750-820	680-740
Other Uda Pussellawas	650	500-540	710-740	650-670
Best Uva's.	750-860	650-690	760-800	670-750
Other Uva's	720-740	630	710	640

(Cont'd... 4)

MEDIUM GROWN TEAS

BOP : Up to Rs.100/- per kg dearer.

BOPF : Irregularly dearer.

Quotations (Rs./Kg)	BOP		BOPF	
	<u>This Week</u>	<u>Last Week</u>	<u>This Week</u>	<u>Last Week</u>
Best Westerns	700-1450	650-1200	770-850	630-790

CTC TEAS

High Grown:

BP1 - Hardly any offerings.

PF1 - Gained by Rs.50/- per kg.

Medium Grown :

BP1 - Irregular.

PF1 - Better sorts were Rs.50-60/- per kg dearer, whilst the others appreciated further.

Low Grown :

BP1 - Gained up to Rs.50/- per kg and more for select invoices.

PF1 - Rs.30-50/- per kg dearer.

Quotations (Rs./Kg)	PF1		BP1	
	<u>This Week</u>	<u>Last Week</u>	<u>This Week</u>	<u>Last Week</u>
High	620-760	520-680	560-660	570-580
Medium	620-710	500-670	560-700	490-580
Low	600-920	400-960	640-820	460-780

(Cont'd... 5)

OFF GRADES

FGS/FGS1:

Select best Liquoring FNGS/FNGS1s firm to dearer Rs.100/- per kg whilst poorer sorts advanced Rs.75-100/- per kg. Clean Low Grown FNGS1 gained sharply by Rs.100-120/- per kg whilst others followed a similar trend.

BM:

Well-made BM's advanced Rs.75-100/-per kg. Best teas and lower end teas were dearer Rs.100-120/- per kg.

BOPIA :

Select best BOPIA's advanced by Rs.100-150/-per kg and at times more whilst best and below best appreciated by Rs.75-100/- per kg

QUOTATIONS (Rs./kg)	HIGH		MEDIUM		LOW	
	<u>This Week</u>	<u>Last Week</u>	<u>This Week</u>	<u>Last Week</u>	<u>This Week</u>	<u>Last Week</u>
Good Fannings (Orthodox)	600-720	450-660	600-710	490-630	600-720	550-630
Good Fannings (CTC)	510-620	410-520	510-620	420-520	510-620	420-520
Other Fannings (Orthodox)	520-620	450-520	520-620	450-520	520-620	450-520
Other Fannings (CTC)	N/A	N/A	N/A	N/A	N/A	N/A
Good BM's	700-770	600-660	700-780	600-660	700-800	600-680
Other BM's	650-700	550-600	650-700	550-600	650-700	550-600
Best BOPIAs	650-720	540-570	650-750	540-600	680-950	540-600
Other BOPIAs	550-650	480-530	550-650	480-540	550-650	480-540

DUST

DUST/DUST1:

Liquoring High Grown D1's appreciated by Rs.20/- per kg; others were substantially dearer as much as by Rs.60-80/- per kg. Low Grown Clean Dust/Dust1s' dearer by Rs.40/- per kg.

PD:

PD's from High & Medium elevations witnessed a sharp increase by 40-50/- per kg, whilst Low Grown PD's were substantially dearer as much as Rs.60-100/- per kg, and at times more.

QUOTATIONS (Rs./kg)	HIGH		MEDIUM		LOW	
	<u>This Week</u>	<u>Last Week</u>	<u>This Week</u>	<u>Last Week</u>	<u>This Week</u>	<u>Last Week</u>
Good Primary Dust 1(Orthodox)	700-1140	650-1020	630-680	510-650	650-790	600-750
Good Primary PD (CTC)	650-780	560-680	650-740	550-640	630-700	650-740
Secondary Dust	450-500	380-420	390-480	320-400	430-500	350-400

WESTERN MEDIUM

Harangalla	BOP	1450/-
Orange field	BOP	1450/-
Windsorforest	BOPSP +++	1450/-
Craighead	BOPF/BOPFSP	860/-
Dartry Valley	BOP1	1700/-
Harangalla	FBOP/FBOP1	1650/-
*Hatale	FBOP/FBOP1	1550/-
Harangalla	FBOPF/FBOPF1 +++	1550/-
*Dartry	FBOPF/FBOPF1	1500/-
Cooroondoowatte	OP/OPA +++	1100/-
*Ingurugala	OP/OPA	980/-
Harangalla	OP1 +++	1550/-
Weralugolla	OP1 +++	1550/-
Craighead	PEK/PEK1 +++	1450/-
*Dartry Valley	PEK/PEK1	1400/-

WESTERN HIGH

Somersset	BOP	1350/-
Wattegodde	BOP	1350/-
Queensberry	BOP SP	1250/-
Tillyrie	BOPF/BOPFSP	1020/-
Bearwell	BOPF/BOPFSP	1020/-
Torrington	BOP1 +++	1450/-
Torrington	FBOP/FBOP1	1400/-
Glenloch	FBOPF/FBOPF1 +++	1400/-
Torrington	FBOPF/FBOPF1 +++	1400/-
Inverness	OP/OPA +++	1120/-
Venture`	OP/OPA +++	1120/-
Weddemulla	OP1 +++	1140/-
Torrington	PEK/PEK1 ++	1250/-

NUWARA ELIYA

Lovers Leap	BOP	1060/-
Kenmare	BOPF/BOPFSP	650/-
Court Lodge	FBOP/FBOP1	1450/-
Lovers Leap	PEK /PEK1	1350/-

CTC TEAS

HIGH GROWN

Ulugedara	PF1	760/-
Mt Vernon CTC	BP1	660/-
Dunsinane	BPS	640/-

MEDIUM GROWN

New Peacock CTC	PF1	710/-
*New Peacock CTC	PF1	700/-
Delta CTC	BP1 ++	700/-
Donside CTC	BPS	690/-

LOW GROWN

Kalubowitiyana	PF1	920/-
Ceciliyan CTC	PF1	920/-
Ceciliyan CTC	BP1 +++	820/-
Ross Field CTC	BPS	650/-

UVA MEDIUM

Dickwella	BOP	1380/-
Halpewatte Uva	BOPSP +++	1300/-
Dickwella	BOPF/BOPFSP ++	1350/-
Dickwella	BOP1 ++	1500/-
Glen Alpin	FBOP/FBOP1 +++	1550/-
Sarnia Plaiderie	FBOP/FBOP1 +++	1550/-
Aruna Keppetipola	FBOPF/FBOPF +++	1450/-
Pettiyagalla	FBOPF/FBOPF1 +++	1450/-
Tiniyoa	FBOPF/FBOPF1 +++	1450/-
Dickwella	FBOPF/FBOPF1 +++	1450/-
Tiniyoa	OP/OPA	1200/-
Tiniyoa	OP1	1650/-
Dickwella	PEK/PEK1	1350/-
Cecilton	PEK/PEK1	1350/-

UVA HIGH

Glenanore	BOP	1400/-
Ranaya	BOPSP +++	1200/-
Bandaraeliya	BOPF/BOPFSP	800/-
Mahadowa	BOPF/BOPFSP	800/-
Gonamotawa	BOP1	1300/-
Glenanore	FBOP/FBOP1 +++	1600/-
Springvalley	FBOPF/FBOPF1 +++	1450/-
Glenanore	OP/OPA +++	1180/-
Glenanore	OP1 +++	1550/-
Glenanore	PEK/PEK1 +++	1350/-

UDA PUSSELLAWA

Gonapitiya	BOP	+++1060/-
*High Forest	BOPF/BOPFSP+++	820/-
*Ragalla	BOPF/BOPFSP+++	820/-
Delmar	BOP1	+++1450/-
Blairlomond	FBOP/FBOP1	+++1450/-
Delmar	FBOPF/FBOPF1	+++ 1300/-
Blairlomond	FBOPF/FBOPF1	+++ 1300/-
Delmar	OP/OPA	940/-
*Delmar	OP/OPA	890/-
Gordons	OP1	+++1350/-
Gordons	PEK/PEK1	+++1350/-

OFF GRADES

Court Lodge	BP	+++ 1300/-
Hingalgoda CTC	PF	+++ 860/-
Gunawardana	BM	+++ 980/-
Chandrika Estate	FNGS/FNGS1	810/-
Latently	FNGS/FNGS1	810/-
Golden Garden	BOPIA	+++ 1250/-
Chandrika Estate	BOPIA	1200/-
*Chandrika Estate	BOPIA	1180/-

LOW GROWN LEAFY GRADES

Pothotuwa	BOP1	2050/-
*Sithaka	BOP1	1950/-
Sithaka	OP1	3100/-
Pothotuwa	OP1	3100/-
Hidellana	OP	1850/-
Liyonta	OPA	1350/-
Liyonta	PEKOE	1600/-
Pothotuwa	PEKOE1	1550/-

LOW GROWN TIPPY GRADES

Wathurawila	BOP	+++ 1650/-
Suduwelipothahena	BOPSP +++	1650/-
Cee Tee Hills	BOPSP	1450/-
*Kehelwala	BOPSP	1300/-
Sithaka	BOPF ++	1500/-
*Hidellana	BOPF	1400/-
Kiruwanaganga	BOPFSP	1450/-
*Peak Paradise	BOPFSP	1300/-
Kiruwanaganga	BOPFSP	1300/-
Broadlands SH	BOPFSP	1300/-
Pothotuwa	FBOP	1750/-
New Vithanakanda	FBOP	1750/-
Thundola Ella	FBOP	1750/-
Gunawardana	FBOP1	1850/-
*Hidellana	FBOP1	1650/-
Gangaboda	FBOP1	1650/-
*Sithaka	FBOP1	1600/-
Fortune	FBOPF	2050/-
*KDU Super	FBOPF	1850/-
Sihara	FBOPF	1850/-
Andaradeniya	FBOPF	1800/-
*Hidellana	FBOPF1	1650/-

PREMIUM FLOWERY

New Deniyaya	FBOPFSP	5600/-
New Vithanakanda	FBOPFEXSP	5200/-
Brombil	FBOPFEXSP1	4000/-

DUST

Mattakelle	DUST1	1140/-
Ulugedara CTC	PD	770/-

COLOMBO AUCTION - GROSS SALE AVERAGES

SALE NO.11 OF 15TH MARCH, 2022

	2022			2021	
	Weekly	Month to Date	Year to Date	Weekly	Year to Date
Uva High Grown	728.88	685.79	649.63	596.52	581.34
Western High Grown	732.09	724.13	720.38	644.88	634.23
High Grown	731.17	713.82	700.91	634.12	620.92
Uva Medium	778.80	695.53	676.31	623.81	596.99
Western Medium	659.82	626.04	627.45	599.39	583.97
Medium Grown	690.91	645.35	641.18	602.02	578.51
Low Grown (Orthodox)	880.17	813.16	780.62	697.44	686.59
Combined L.G. (Orthodox + CTC)	848.89	785.05	762.15	685.02	686.59
Total	796.95	744.68	728.51	661.16	651.12

Private Sale Figures (14.03.2022 – 19.03.2022) - 91,126.00 Kgs

Cumulative - 981,743.00 Kgs

DETAILS OF TEAS AWAITING SALE

	<u>Sale of 29th/30th March'22</u>		<u>Sale of 5th/6th April'22</u>	
	<u>Lots</u>	<u>Qty. (Kgs)</u>	<u>Lots</u>	<u>Qty. (Kgs)</u>
Low Grown Leafy	1,666	635,298	1,824	736,518
Low Grown Semi Leafy	1,168	491,558	1,225	528,480
Low Grown Tippy	1,864	929,297	2,031	1,057,111
High & Medium	1,214	575,679	1,276	623,918
Off Grade/BOP1A	1,834	981,701	2,266	1,190,796
Dust	433	422,977	461	432,387
Premium Flowery	372	56,977	324	52,609
Ex-Estate	<u>690</u>	<u>786,520</u>	<u>635</u>	<u>730,660</u>
Total	<u>9,241</u>	<u>4,880,004</u>	<u>10,042</u>	<u>5,352,479</u>

(Cont'd...08)

CATALOGUES

Sale No.14 of 05th/06th April, 2022

The Main Sale & Ex-Estate Sale catalogues closed on 18th March, 2022 at 04.30 p.m.

Sale No.15 of 19th/20th April 2022

The Main Sale & Ex-Estate Sale catalogues are scheduled to be closed on 24th March, 2022 at 04.30 p.m.

Sale No.16 of 26th/27th April, 2022

The Main Sale & Ex-Estate Sale catalogues are scheduled to be closed on 31st March, 2022 at 04.30 p.m.

BROKER'S SELLING ORDER

SALE NO.13

Auction of 29th/30th March, 2022

Leafy/Tippy/BOP1A/ Premium Flower

1. John Keells PLC
2. Asia Siyaka Commodities PLC
3. Ceylon Tea Brokers PLC
4. Bartleet Produce Marketing (Pvt) Ltd
5. Mercantile Produce Brokers (Pvt) Ltd
6. Eastern Brokers Ltd
7. Forbes & Walker Tea Brokers (Pvt) Ltd
- 8. Lanka Commodity Brokers Ltd**

High & Medium/Off Grades/Dust

- 1. Lanka Commodity Brokers Ltd**
2. Bartleet Produce Marketing (Pvt) Ltd
3. Forbes & Walker Tea Brokers (Pvt) Ltd
4. Mercantile Produce Brokers (Pvt) Ltd
5. Asia Siyaka Commodities PLC
6. John Keells PLC
7. Eastern Brokers PLC
8. Ceylon Tea Brokers PLC

Ex-Estate

1. Ceylon Tea Brokers PLC
2. Eastern Brokers PLC
3. Forbes & Walker Tea Brokers (Pvt) Ltd
4. Bartleet Produce Marketing (Pvt) Ltd
5. Asia Siyaka Commodities PLC
6. Mercantile Produce Brokers (Pvt) Ltd
7. John Keells PLC
- 8. Lanka Commodity Brokers Ltd**

Crop & Weather

For the period of 14th March to 20th March, 2022

Western/Nuwara Eliya Regions

Both regions reported bright weather throughout the week. Light showers are expected in both regions in the week ahead according to the Department of Meteorology.

Uva/Udapussellawa Region

Clear weather was reported in both regions throughout the week. The Department of Meteorology expects isolated evening showers in the Uva Region in the week ahead.

Low Grown

The Low Grown Region reported sunny weather throughout the week. According to the Department of Meteorology light showers are expected in the Ruhuna and Sabaragamuwa regions in the week ahead.

Crop Intake

The Western and Low Grown regions maintained the crop intake, whilst the Nuwara Eliya Region reported a slight decrease. The Uva and Udapussellawa regions reported an increase in crop intake.

WORLD CROP STATISTICS (MKGS)

<i>Country</i>	<i>Month</i>	<i>2021</i>	<i>2022</i>	<i>Difference +/-</i>	<i>To-date 2021</i>	<i>To-date 2022</i>	<i>Difference +/-</i>
SRI LANKA	Feb	22.52	18.16	-4.36	45.70	40.98	-4.72
BANGLADESH	Jan.	0.28	0.50	0.22	0.28	0.57	0.29

<i>Country</i>	<i>Month</i>	<i>2020</i>	<i>2021</i>	<i>Difference +/-</i>	<i>To-date 2020</i>	<i>To-date 2021</i>	<i>Difference +/-</i>
KENYA	Dec.	54.10	52.50	-1.60	569.50	537.80	-31.7
SOUTH INDIA	Dec.	20.50	14.80	-5.7	222.00	235.70	13.70
NORTH INDIA	Dec.	53.60	49.7	-3.90	1035.50	1093.30	57.80
MALAWI	Dec.	5.30	3.80	-1.50	45.20	50.60	5.4
TANZANIA	Sep.	1.68	1.60	-0.08	21.17	20.10	-1.1
UGANDA	June	5.77	3.57	-2.2	33.94	25.74	-8.20

- O T H E R M A R K E T S -

**BANGLADESH, SOUTH INDIAN AND
MOMBASA MARKET REPORTS WERE
NOT AVAILABLE AT THE TIME OF
COMPILING.**

23rd March, 2022.

-/tp.

INTERNATIONAL TEA NEWS



[Home Tea Report](#)

Special Breaking Report: Tea Crisis Looms in Russia and Ukraine

By [Dan Bolton](#)

March 14, 2022

Leading tea exporters and exports to Russia (2020).

	Total Production	Total Exports	Exports to Russia	%age of total exports going to Russia
China	2,986,016	348,815	15,300	4.39
Georgia	5,000	1,800	200	11.11
India	1,257,530	203,565	39,200	19.26
Indonesia	126,000	45,265	8,500	18.78
Iran	19,000	7,000	600	8.57
Kenya	569,536	518,921	25,100	4.84
Sri Lanka	278,493	262,726	30,400	11.57
Vietnam	186,000	130,000	13,000	10.00

Overcoming the combination of sanctions, boycotts, pandemic-impeded logistics, and the suspension of business by beverage multinationals – a virtual economic blackout – is all but insurmountable for Russia’s major tea brands.

Blenders and grocery brands are scrambling to land tea in transit while exploring risky workarounds. Blenders are trucking paper through Latvia to make teabags. FUSO nylon is nowhere to be found. Tea suppliers usually stock two months inventory in their warehouses, possibly a little more to hedge against delays in delivery times due to the pandemic.

Right now, there is no tea en route to replenish supplies. Brand owners estimate that stocks will be exhausted before July.

An even more significant challenge for domestic brands, including Orimi Trade and May Foods, is overcoming hurdles like financing shipments upfront. Russia no longer permits the exchange of rubles for US dollars. The ruble’s 40% devaluation (rubles are now trading at less than one US cent) makes paying for insurance and newly imposed fuel surcharges much more difficult. According to Nielsen, in 2020, Orimi and May accounted for 62% of the RUB50 billion spent on tea in grocery and department stores last year. In Russia, open markets account for 15% of sales, 20% of the tea is sold in convenience outlets. Two weeks ago, groceries earned \$1 billion selling tea; after devaluation that billion in sales is worth only \$460 million.

Sanctions Bite

Tea is listed as an essential foodstuff, exempt from sanctions. Demand globally remains strong. Nonetheless, the price of tea at the major auctions declined the past two weeks mainly due to uncertainty regarding payments. Seven Russian banks are currently blocked from using SWIFT for clearances which means that tea traders with accounts at these banks can no longer transact sales in dollars.

Last week several of the world’s largest containers carriers, with combined bookings of more than half the entire world’s capacity, refused to land or receive goods at Russian ports. Uncertainty led most tea-producing nations and international tea brands to turn to more promising markets than Russia.

“In my view, demand will be there, and I believe the government of Russia will be keen to make sure that people get their tea,” said Ian Gibbs, chairman of the International Tea Committee. “Reduced demand in one market will have knock-on effects elsewhere,” he said.

Gibbs said that “unlike other occasions when sanctions have been applied, I think that the feeling of the majority of people worldwide — at the government level, commercial companies, and as individuals — is they want to see these sanctions effective as a result of what they are seeing on the television and the internet. So, it’s going to be quite a challenging task, I think, for exporters.”

India, Indonesia, and Sri Lanka exporters rely so much on Russia that they are determined to discover a route of safe economic passage. Russian buyers at auction account for 20% of India’s tea exports and nearly the same percentage from Indonesia. In 2020 Sri Lanka exported 30,400 metric tons of tea to Russia, about 10% of Sri Lanka’s tea exports. Bartering grain and fertilizer is promising. India has a history of bartering wheat with the Soviet Union, but any country aiding Russia can suffer a backlash.

Origins willing to ship cheap tea without concern for foreign exchange dollars hold an advantage. Low-priced tea from Tanzania, Burundi, and Uganda may find Russian buyers in Mombasa, but transport remains an issue.

Neither China nor Vietnam recognizes sanctions. China is actively thwarting efforts to cripple Russia's economy by processing payments and making available reserves held in yuan. China is also participating in Russia's ruble-based payment system. The Belt and Road rail network is practical for transporting green tea arriving from Vietnam and China, but 85% of Russia's tea market is leafy and lower-grade black teas. Railroads are not economical when hauling goods in only one direction. Chinese trains that arrive loaded with goods essential to Russia will return empty due to sanctions.

China's \$17.7 trillion economy is ten times greater than Russia's \$1.7 trillion gross domestic product. Cynics observe that running up an enormous debt buying from the Chinese in devalued rubles will make Russia into nothing more than a conveniently adjacent "cornfield and discount gas station" for China.

Unlike the West, where households spend less than 15% of their earnings on food, a 2021 consumer survey of Russian households found that 60% spend half their monthly income on food. Market researchers estimate that 98% of the country's 144 million people drink tea, but they are likely to trade down to lesser grades of tea. According to World Bank statistics, Russians are not wealthy, earning a per capita average of \$11,700 US last year, down from the pre-pandemic average of \$12,100 a year.

During the 2008-9 financial crisis Rosstat, the Russian statistics agency reported that 40% of Russians adopted austerity budgets for everyday household items. Grocery sales fell 15-25% in the premium and "mid-grade plus" segments and rose 15-20% in the "mid-grade minus" and economy segments. At that time, inexpensive private label brands accounted for more than 65% of the retail chains' sales, goods in the average price bracket accounted for 30% of sales, and premium-priced goods for less than 1%, according to RBC.

Flight of the Multinationals

Each with billion-dollar tea brands, Coca-Cola, PepsiCo, and Starbucks announced that they would no longer do business in Russia.

Unilever, the world's third-largest tea company, halted all Russian imports and exports and stopped advertising its entire portfolio but will continue to sell food products manufactured at five Russian facilities. Nestle ([Nestle](#)) announced closing three factories that make powdered and liquid beverages and employing 5,000 workers. UK-based Ahmad Tea and Unilever/Ekaterra have about 6% market share (down from 10% in 2010). Yorkshire Tea in England and the Hamburg- and Amsterdam-based tea wholesalers will no longer ship to Russia. Sri Lanka-based Akbar is typical of well-established niche brands with a single-digit market share that faces supply chain disruption.

The Russian sanctions are the first modern instance of tea companies independently retaliating with their economic might to affect political change. However, market share is tiny, and while loyal customers will miss European teas, the masses will not notice.

Ahmad Tea, one of Russia's top five tea brands, is blended and packed in Russia and will continue operations, according to SDS Foods, the brand's exclusive distributor. Ahmad was founded in 1986 and has been available in Russia since 2008. Packaged goods manufacturer and distributor Avalon Group operates a tea-packing factory (including Golden Cup and Tea Valley). Facilities like the company's 50,000 square meter distribution center in Khabarovsk are part of a network of 15 product distribution centers serving 25 cities in Russia and the CIS. Azurcay, a fast-growth brand founded in 1996 in Azerbaijan, is allied with Russia. The crisis will likely grow the brand's 5% market share in specialty retail and grocery. Local brands like Krasdonar [Krasnodarskiy] are popular in Sochi will also benefit.

Increases in retail prices for essential goods in supermarkets must keep within government guidelines. Grocers, for example, were advised to limit price increases to 5% for dairy, bread, and sugar. Tea is considered an essential foodstuff and therefore not subject to sanctions, but food inflation at 40% in some categories limits sales. The average Russian family in 2020 spent half of its earnings on food.

Thomas L. Friedman writing in the *New York Times* explains that Russia “completely underestimated the ability of companies and individuals all over the world to participate in and amplify economic sanctions on Russia — far beyond anything governments initiated or mandated.”

Removing European and US tea brands from the market will not significantly reduce consumption. The impact of withdrawing even well-known brands like Lipton is minimal as foreign packaged tea is now priced too high for facing 40% food inflation.

Winding Down the War

“I think that the trade in foodstuffs, including tea, should be restored to normal fairly quickly once hostilities end,” said ITC’s Gibbs. But a cease-fire in Ukraine is uncertain. A long-term insurrection means sanctions could remain in place for years.

Like bread and milk, tea is viewed as an essential. [Brand owners say government directives](#) discourage grocers from increasing prices. “It’s not a fast process,” explained one brand owner who was astounded to see price adjustments within a week after sanctions were announced. Rules controlling prices and limiting purchases to prevent hoarding did not list tea. Retailers agreed to limit markups to 5% on dairy, baked goods, and sugar.

Tea is not alone; other commodities are contending with the same problems, observes Gibbs. Gibbs said, “I personally believe that it’s a blip – it’s going to take time to sort things out, but new opportunities are invariably out there waiting to be explored – and we have to find them.”