CEYLON TEA
Symbol of Quality

Tea Market Update

Volume 6 No. 1 January—March 2010

- **A 47.2 % increase in production of all elevations in comparison to first quarter 2009.**
- **Thirteen tea auctions were held in Colombo during first quarter at which 84.7 Mkgs teas were sold at an average price of 382.66/Kg.**
- **With higher unit FOB price this quarter earned foreign exchange of US$ 305.7 million more than same period earnings of US$250.3 million in 2009.**

GLOBAL TEA SCENARIO FOR THE SHORT TO MEDIUM

The black tea segment accounted for 65% of total tea production, 67% of consumption and 80% of trade during the past 05 years. After long periods of sustained growth, black tea production declined by 0.64% from 2007 to 2009 while consumption grew by 0.57% at the global level in the same period. In 2007, world tea prices began a slow but sustained increase, underpinned by strong demand globally, particularly in emerging economies. The incline in tea prices accelerated in 2008 & 2009. Accordingly, the Food & Agricultural Organization (FAO) Tea Composite Price rose from an average of USD 1.95/kg in 2007 to USD 2.39/kg in 2008 and reaching a record USD 3.18%/kg in Sept. 2009, the highest level since FAO Tea Composite Price was created in 1989. Prices retreated marginally by early 2010 but continue to remain high by historical standards. World Black tea production declined by 2% in 2009 while Green tea production increased by 3%. All major black tea manufacturing nations such as Kenya (9%), Sri Lanka (9%), Vietnam (8%), Indonesia (2%) and India (1%) reflected a drop. Growth of Green tea output by China reaching 1.31 billion kilos epitomized the expansion that has taken place over the last decade which firmly placed China as the largest tea producer in the world.

World tea exports in 2009 declined by 5% as Black tea supplies remained tight globally. Nevertheless, export earnings increased by 7% to USD 4.13 billion. A detail analysis reveals that, global Black tea exports had actually dipped by 6% to 1.53 billion kilos while Green tea exports had in fact increased by 1% to 279 million kilos. World tea import dropped by 5% to 1.62 billion kilos in 2009. Imports by Pakistan declined to 86,390 MT (16%), Germany by 12% to 44,830 MT, Japan by 7% to 40,225 MT, UK & USA by 6% each to 145,570 MT and 109,415 MT respectively while imports by Russia reveals a reduction of 5% to 173,675 MT.

World tea consumption grew 1% in 2009 reaching 3.81 billion kilos after a surge of 4% in 2008 to 3.78 billion kilos in 2008 from 3.65 billion kilos in 2007. Rapid consumption growth shown in China, India and some other emerging economies attributed to this expansion. Total tea consumption in China & India reached a historical high 1.02 billion kilos and 819 million kilos respectively by end of 2009.

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General Overview

Tea Industry

Tea production in Sri Lanka was affected marginally by weather, but an increase in production was still recorded due to a disastrous crop record in 2009 first quarter . The western season got off to a slow start because of dry periods in October to December delayed the fertilizer application but by January occasional showers began to pick up the production.

Tea smallholders in low grown and Regional Plantation Companies in high grown have benefited heavily from attractive tea prices recorded in low and high grown teas in Colombo Tea Auction , and it was helping to maintain the tea bushes pouring more attention in all aspects to obtain better productivity in coming months.

Sri Lanka teas fetched a higher price in first quarter 2010 over 2009 in all sub districts throughout the period and recorded the highest across the world..

Table 1– Highest price takers during the first quarter in 2010 Units (Rs./Kg)

Factory name	Selling Mark	Price
Pothotuwa	Pothotuwa, Pothotuwa A	484.01
Lumbini	Lumbini, Lumbiniwatte	481.08
Kalubovitiyana	BF188	478.83
Avissawella	Avissawella, Sithawaka	465.89
Etambagahawela	Etambagahawela	456.92

Western season teas and low grown met with good demand and sold at higher levels compared with the previous year. Average price of all grades of

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Tea Production

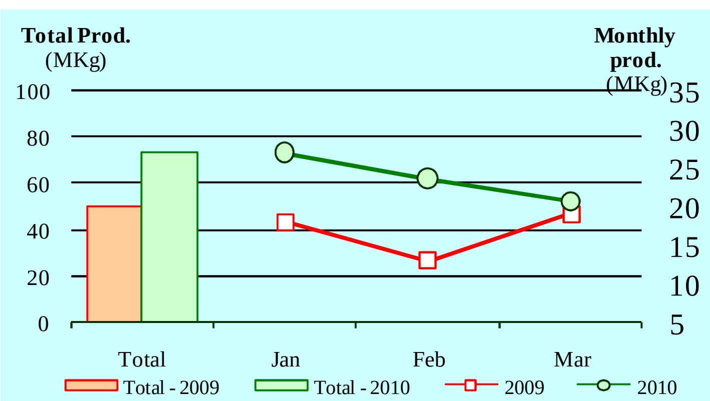
In a quarter that has seen improved production , through the resilience of farmers, supported by the efforts of the government, crop off-takes recorded a 47.2 % increase on all elevations as compared to the same quarter of 2009.Table 2 below depicts the production comparison with last year.

Table 2 - Tea production during the first quarter 2010 Units -Mkg

Category	Jan - Mar		Chang e	
	2010	2009	Qty	%
Elevation				
High	17.4	14.0	3.4	24.5
Medium	11.7	8.4	3.3	39.2
Low	44.2	27.4	16.8	61.3
Total	**73.3**	**49.8**	23.5	**47.2**
Processing Method				
Orthodox	68.7	46.1	22.6	49.0
CTC	4.0	3.3	0.7	20.9
Green Tea	0.6	0.4	0.2	58.2
Total	**73.3**	**49.8**	23.5	**47.2**

An analysis of the breakdown of the changes in elevation wise tea production by area, shows that all areas recorded increases in production, ranging from a 24.5 % in high grown to 61.3 % in low grown. In terms of total volume, the 68.7Mkg, 4Mkg and 0.6Mkg increases in Orthodox, CTC and Green tea respectively were the satisfactory achievement compared to the last year same period. Organic tea production in Black and Green category reported a total of 152000Kgs. Green organic tea represented 30 percent from this quantity.

Chart 1 - Cumulative and Monthly tea Production in first quarter 2010



It is evident from chart 1, that enhanced production in first two months could not be maintained in March and ended up at same level of the month of March 2009. The main reason for this fluctuation of production levels being the weather condition which transformed from a wet situation to a dry level as the quarter progressed.

Table 3– Distribution of tea production according to the ownership (Mkg)

Sector	2010		2009	
	Production	%	Production	%
Private	39.3	53.7	21.7	44.4
Plantation	31.3	42.8	25.1	51.5
Public	2.6	3.6	2.0	4.1
Total	73.3	100.0	48.8	100.0

Private sector tea production, mainly driven by small-holder sector dominates again accounting for 53.7 percent. Plantation sector maintained their production level with moderate improvement as against the same period of last year . See table 3.

Table 4– District wise tea production in first quarter 2010

DISTRICT	AS AT MAR 31(Kg)
HAMBANTOTA	36,442.00
MATALE	1,154,796.00
KEGALLE	2,120,670.00
KALUTARA	3,465,236.00
KANDY	5,890,997.40
BADULLA	7,170,306.50
MATARA	9,261,242.00
GALLE	11,632,804.50
NUWARA ELIYA	15,637,077.00
RATNAPURA	16,902,495.00
TOTAL	**73,272,066.40**

Tea Marketing

Mainly western quality teas on offer met with fair demand in this quarter, according to Colombo Tea Traders Association. Some select mid grown sub districts leaf and dust teas maintaining some quality were sold at irregularly lower rates, while the low growns maintained their prolonged price level and demand through out the quarter due to Gulf and CIS countries strong inquiries.

Increase of the overall sales price which commenced during the third quarter of 2009 continued till January this quarter . Hence most of the low grown sub districts recorded prices over Rs.400 per kilogram during this period. Apart from this areas Nanuoya / Lindula / Thalawakelle and Upcot / Maskeliya in Western high , Kotmale area for Western medium recorded highest prices in this quarter. This quarter Pundaluoya, Madulsima, Maturata, Kandy/Matale/ Kurun egala, and Nilambe/Hantana/ Galaha sub districts fetched lowest price levels compared to

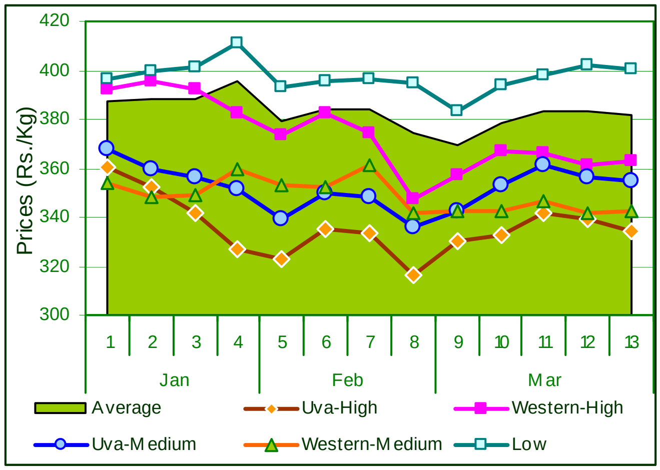
the rest of the regions , but above the last year same period**.**

Table 5 –Teas Sold and prices fetched in the first quarter Units : Qty - MKg, Price - Rs/Kg

Elevation	2010			2009		
	Qty (MKg)	Price (SL Rs)	Price (US$)	Qty (MKg)	Price (SL Rs)	Price (US$)
High	19.2	363.40	3.18	17.4	267.67	2.35
Medium	13.4	351.14	3.07	11.6	259.38	2.28
Low	53.3	397.86	3.48	37.2	321.07	2.82
Total	**85.9**	**382.88**	**3.35**	**66.2**	**296.24**	**2.60**

The above table 5 reveals that the quantity sold through all channels in first quarter was 30 percent higher than that in 2009, similarly average sales price was up by Rs 86.84/Kg or 29 percent. A significant feature of this quarter was total of 53.3 Mkgs of tea, including CTC, was sold in low grown sales, up sharply from the 37.2Mkgs in the same period last year .

Chart 2 –Weekly price movement in sub elevations during the first quarter



As experienced past few years, the price spectrum of low grown largely contributed to keep Ceylon tea at strong price levels compared to the other regions in this quarter. (chart 2) . Weak price levels of Madulsima, Haputale, and Bandarawela / Poonagala sub districts accounted for low average prices of Uva high region.

Table 6–Auction number wise average prices comparison during the quarter (Rs/Kg**)**

Month	Auc. No.	High 2009	High 2010	Medium 2009	Medium 2010	Low 2009	Low 2010	Average 2009	Average 2010	Change
January	1	236.45	384.76	217.63	358.5	267.67	395.96	253.10	387.36	134.3
	2	256.04	382.88	244.97	352.77	287.81	399.92	274.21	388.5	114.3
	3	264.89	377.61	250.71	351.6	310.16	400.99	290.86	388.57	97.7
	4	273.08	366.08	264.53	356.97	319.86	411.33	301.11	395.55	94.4
February	5	266.17	358.98	251.37	348.53	292.49	393.04	280.00	379.02	99.0
	6	253.09	370.35	241.46	351.3	294.83	395.3	279.26	384.28	105.0
	7	256.13	364.08	252.94	356.84	311.03	396.19	290.97	383.77	92.8
	8	262.37	339.76	266.23	342.01	338.51	394.58	308.44	374.62	66.2
March	9	263.75	350.81	284.82	342.24	362.43	382.86	325.47	369.38	43.9
	10	280.77	357.98	295.92	346.39	380.86	393.94	339.75	378.53	38.8
	11	277.97	359.7	278.14	351.56	360.21	398.31	334.00	382.86	48.9
	12	269.59	354.43	272.42	347.07	350.34	401.71	315.96	383.15	67.2
	13	270.67	354.46	277.51	347.39	352.42	400.53	321.51	381.97	60.5

Thirteen tea auctions were held in Colombo during first quarter at which 84.7 Mkgs teas sold for the average price of 382.66. While prices quoted at the dust segment mostly came from high and medium regions were relatively moderate and firm, those at the leaf grades came from low grown remained firm to dearer throughout the quarter.

The buoyant average auction price of Ceylon tea during January- March 2010-largely reflecting low grown leafy grades, has gone up by a price gap between Rs13 to Rs 128 per kilogram. The increase is substantial against the average price of Rs 297.33 in first quarter 2009.

However, towards the end of the quarter , notably during March, the increasing trend of average tea prices at Colombo auction reversed and recorded a slightly diminishing trend, as showed in table 6.

Table 7-Sales in different channels during the first quarter 2010 (Qty-MKg, Price-Rs/Kg)

Different Channel	2010		2009	
	Qty	Price	Qty	Price
Public Auction	84.7	382.66	61.9	297.33
Private Sales	0.8	382.56	4.1	273.24
Direct Sales	0.4	435.68	0.3	385.40
Total	**85.9**	**382.88**	**66.2**	**296.24**

As shown in table 7, restrictions on private sales and direct sales resulted 0.8Mkg and 0.4Mkg respectively in this quarter. Direct sales mainly accounted for Green teas and manufacturer cum exporter category.

Tea Exports

Quantity exported during the first quarter 2010 has marginally increased compared to the same period in 2009, but the volume of 70.2Mkg figure was far below the export quantity of first quarter in 2008, 2007, and 2006. The crop decline was a major factor.

Table 8 - Export Statistics for each month during the first quarter Units : Qty - MT, FOB - Rs./Kg

Category	2010		2009		Chang e	
	Qty	FOB	Qty	FOB	Qty	FOB
January	21,045	493.68	18,403	395.31	2,642	98.37
February	25,116	498.26	21,400	394.70	3,716	103.56
March	24,049	501.04	30,123	425.07	-6,075	75.97
Total	**70,210**	**497.84**	**69,926**	**407.94**	**284**	**89.90**

Sri Lanka exported tea during the first quarter 2010 at an average unit FOB price of Rs. 497.84/kg as against corresponding period of last year at an average unit price of Rs.407.94/kg. With the increased unit FOB price this quarter brought foreign exchange earnings of US$ 305.7 million more than the last year same period earnings of US$250.3 million.. This is US$55.4 billion in excess of last year's earnings during the same period.

Table 10 -Main destinations of Ceylon tea from January to March 2010 Units : Qty - MKg

Country	2010	2009	Change		Exports %	
			Qty	%	2010	2009
1.Russia	10.8	10.2	0.6	5.7	16.1	13.8
2.U.A.E	8.2	8.6	-0.4	-4.7	12.2	11.6
3.Iran	6.0	5.4	0.6	10.6	8.9	7.3
4.Syria	5.6	6.6	-3.9	-58.4	4.1	8.9
5.Turkey	4.3	3.1	1.2	38.3	6.4	4.2
6.Libya	3.2	2.0	1.2	61.5	4.8	2.7
7.Kuwait	3.0	1.8	1.3	72.4	4.5	2.4
8.Iraq	2.7	2.8	-0.1	-3.4	4.0	3.8
9.Jordan	2.7	3.6	-0.9	-25.1	4.0	4.9
10.Japan	2.2	2.1	0.1	5.3	3.3	2.8
Total	48.7	44.1	-0.4	-0.9	65.0	59.5

Russia maintained its prime position by importing 10.8Mkg of Ceylon tea worth of Rs.5.2billion. Syria reported sizeablet decrease of imports at 5.6Mkg against the volume of 6.6Mkg in 2009 first quarter. U.A.E., Jordan, Iraq marked marginal decreases, but all top ten destinations accounted for 68.2% from total export earnings during the said period.

Analyzing table 10 figures reveal Ceylon tea imports to Russia and Syria showed substantial decrease during last four years, due those two countries imported 15.9Mkg and 9.1Mkg respectively during first quarter of 2006. Similarly key Ceylon tea importers namely Saudi Arabia, Ukraine, Tunisia, Netherland, Chili, and United Kingdom reported imports below one million kilograms each, during every quarters of 2006.

Table 9 - Tea Exports during first quarter 2010 (Units : Qty - MT, FOB - Rs./Kg, Value - Million Rs

Category	2010			2009			Change			% Change		
	Qty	FOB	Value	Qty	FOB	Value	Qty	FOB	Value	Qty	FOB	Value
Bulk	38,435	443.63	17,050	40,546	354.55	14,376	-2,111	89.08	2,674	-5.2	25.12	18.6
Packets	19,331	464.95	8,988	19,769	395.40	7,817	-438	69.55	1,171	-2.2	17.59	15.0
Tea Bags	4,207	841.02	3,538	5,422	796.92	4,321	-1,215	44.10	-783	-22.4	5.53	-18.1
Instant Tea	367	795.39	292	221	754.33	167	146	41.06	126	66.2	5.44	75.3
Green Tea	1,067	875.34	934	105	544.05	57	962	331.29	877	916.3	60.89	1,535.1
Other Tea	4,669	677.19	3,162	1,087	479.22	521	3,582	197.97	2,641	329.6	41.31	507.0
Sub Total	**68,075**	**498.92**	**33,964**	**67,150**	**405.92**	**27,258**	**925**	**93.00**	**6,707**	**1.4**	**22.91**	**24.6**
Re-Exports	2,135	463.31	989	2,777	456.67	1,268	-642	6.64	-279	-23.1	1.45	-22.0
Total	**70,210**	**497.84**	**34,953**	**69,926**	**407.94**	**28,526**	**284**	**89.90**	**6,428**	**0.4**	**22.04**	**22.5**

Value added tea exports

An analysis of first quarter exports of 2010 reflects, 29.6Mkgs of value added teas which accounts for 43.5% of the total. This emulates 29.4Mkg exported in 2009 which constituted 42% value addition to the total exports of the quarter. This is the results of the improved performance in the other tea (flavor tea) category. Other tea category exports of 4.6 million kilograms was the highest figure so far achieved in a quarter. Green tea exports volume has risen by around 916%. The re-exports of imported teas also showed a sizable decrease of volume by 23% to reach 2.1million kilograms.

High freight charges has eased with the end of terror activities. Therefore more ships are expected to call at port of Colombo. Thus competitive freight rates are anticipated to several global destinations.

General Overview………… From page 1

tea began at Rs. 387.36/Kg in January reaching a peak of 395/Kg in late-January and with marginal fluctuations ended at level of 382/Kg in late March. Exports of Ceylon tea increased by 0.4% during the first quarter 2010. A remarkable 22.5% increase in value was achieved against same period 2009.

Economy

The UN Economic and Social Commission for Asia and the Pacific announces that Sri Lanka has recorded a significant economic development during this year. The organization expects that the country will mark 6 percent economic growth at the end of this year. The ESCAP launched report on the Economic and Social Survey of Asia and the Pacific in Colombo today, hopes that the improvement in security in Sri Lanka should also boost agricultural output in the North and East. As a result of improving security, confidence among consumers and businesses has also risen. It is expected that current stability in Sri Lanka will help to narrow trade deficit in the future.

Weather

Bright mornings followed by dry spell prevailed in January to March 2010 in all plantation districts.

Quality

Quality of teas produced during the first quarter was irregular but maintained a improving trend in western high region.

Crop Intake

Crop intake improved during the start of quarter and decline by end of the period due to drought condition.

GLOBAL TEA ……………from page 1

The FAO Tea Composite Price increased gradually year on year since 2005 from USD 1.64to USD 1.83 per kilo in 2006 to USD 1.95 per kilo in 2007 to USD 2.39/kg in 2008 and reaching a historical record of USD 3.18/kg by September 2009. This index settled at USD 2.69 per kilo by end of 2009 while rising again to USD 2.87/kg by March 2010. FAO/IGG on Tea has identified the following reasons for the strong global tea prices during the past several years.

- Firstly civil unrest in Kenya & labour disputes in Sri Lanka.
- Subsequently prolonged drought conditions in Kenya, India & Sri Lanka.
- Strong economic growth in emerging economies accelerated the demand for tea.

In the medium term up to 2019, FAO projects global Black tea production to grow at 2% annually compared to a 1% annual growth during the past decade, due to stronger world tea prices. The growth in production is expected prominently from Asia and Latin America with China, India and Argentina taking the lead. Vietnam will come to the forefront lagging close behind the major tea producers. In African, Kenyan dominance will continue unabated. World Green tea production is expected to grow at a considerably faster rate than Black tea over the next 10 years. The production growth of Green tea in China from 2000 to 2009 averages around 8% per annum. In the next 10 years, expansion of Green tea manufacture in China is projected to be a slower 5% per annum with bushes nearing optimum levels. By end of the current decade, crop in China is expected to reach 1.6 billion kilos.

World Black tea exports are projected to reach 1.49 billion kilos by 2019. The exports from Asia are projected to reach 735,000 MT. Kenya is expected to retain the leadership as the largest Black tea exporting nation with 380,000 MT followed by Sri Lanka with 320,000 MT. India, Indonesia and Vietnam will remain as the other major back-up suppliers. World Green tea exports are expected to grow around 5.5% annually to reach 476,000 MT by 2019. China is tipped to dominate with an export volume of 413,000 MT followed by Vietnam at 34,000 MT and Indonesia approx. 12,000 MT by 2019. In respect of consumption, Black tea is forecasted to grow annually by 2% to reach 3 billion kilos in 2019. Consumption in India is expected to surpass one billion kilos by 2019. As per FAO projections for 2019, Black tea consumption in UK will reach 140,000 MT, Russia 170,000 MT, USA 122,000 MT, Japan 20,400 MT and Canada 14,000 MT. Pakistan, Egypt and Iran are also anticipated to show large consumption growth patterns to surpass 120,000 MT, 115,000 MT and 100,000 MT respectively by end of this decade.

The review of World Tea Market clearly show an improvement in the fundamental over supply situation which persisted in recent years underpinning current firm prices. The price transmission at retail level to consumers averaged at around 5% in developed nations against a 12% price increase in developing countries during 2009 when the FAO Tea Composite Price grew by 13%. Export earnings from tea in Sri Lanka covered 60% of the country's food import bill while in Kenya, tea export earnings covered the country's entire food import bill. In the medium term, projections suggest global supply and demand for Black tea will be in equilibrium which would promote relatively stable prices at higher than usual averages until end of the decade (2019). Accordingly, expanding tea growing areas as an over reaction to high prices may be avoided while diversification and product segmentation to expand demand should be encouraged among tea producing countries.

Global Tea Scene

World tea crop shows an increase in year 2010 till March over 2009 same period. An analysis of the latest information published by the International Tea Committee and the producing countries shows that first quarter, tea production rose by 34.4 percent over the same period of 2009 as shown in table 8..

In the first quarter 2010, global tea output has risen by 82.6 million kg (Mkg) to touch 322.8 Mkg. Kenya contributed to a bulk of the increase. Its production has risen by 45.9Mkg to reach 111.7Mkg. Total production in India has risen by 12.1Mkg to touch 175.9Mkg.

Table 11 -Global tea production up to February compared with 2010/2009 (Mt.)

Country	Months	2010	2009	Change
NE India	3	40056	40545	-489
South India	3	54008	41336	12672
Bangladesh	3	296	872	-576
Sri Lanka	3	73300	48800	24500
Kenya	3	111722	65802	45920
Malavi	3	21620	20916	704
Uganda	3	10639	11400	-761
Tanzania	3	11219	10512	707
Total	**3**	**322860**	**240183**	**82677**

Table 12- Average tea prices prevailed during the first quarter 2010 (US$ / Kg)

Country	Jan	Feb	Mar	Avg_Q1
Sri Lanka	3.41	3.32	3.30	3.35
Kolkata	2.41	2.21	1.70	2.23
Cochin	1.78	1.71	1.70	1.73
Chittagong	2.28	2.33	2.30	2.30
Mombasa	2.83	2.93	2.80	2.86
Jakarta	1.99	2.02	2.00	1.86
Guwahatti	2.05	1.87	1.60	1.91
Limbe/Malavi	1.63	1.74	1.70	1.70
Average	**2.72**	**2.57**	**2.71**	**2.67**

Colombo average auction price continued to remain at the top against other world tea auctions. Mombasa average price never exceeded US$ 3.00/Kg during the first quarter 2010, and projected to remain below that level due to increased supply. Cochin, Limbe, Guwahathi, and Jakarta reported poor performances fetching average prices below US$2.00/Kg.

Trade Fair Participation

PROEXPO RUSSIA –9TH TO 12TH FEBRUARY 2010

Sri Lanka Tea Board participated at the above trade event in Moscow, Russia from 9th to 12th February 2010. M/s. Skill Enterprises participated with Sri Lanka Tea Board.

GULF FOOD 2010 IN DUBAI, 21ST-24TH FEBRUARY 2010

Sri Lanka Tea Board organized Ceylon tea National Pavillion at GULF FOOD 2010. M/s Eswaran Brothers Exports (Pvt) Ltd, M/s Jafferjee Brothers , M/s Unitrades Limited, M/s Tea Tang (Pvt) Ltd, M/s Empire Teas (Pvt) Ltd, and M/s BPL teas (Pvt) Ltd participated under the Ceylon Tea National pavilion. Sri Lanka Tea Board extended necessary logistical assistance to the exhibiting companies for their participation.

FOODEX JAPAN 2010 IN TOKYO, JAPAN– 2ND TO 5TH MARCH 2010

Sri Lanka Tea Board participated at the above event in Tokya, Japan from 2nd to 5th March 2010 with seven Sri Lankan Exporters as M/s Eswaran Brothers Exports (Pvt) Ltd, M/s Unitrades Ltd, M/s Mabroc Teas (Pvt) Ltd, M/s Euro Scan Exports (Pvt) Ltd, and M/s J.V.Gokal Ceylon (Pvt) Ltd participated the event.

Special Events — Ceylon Specialty Tea in Japan

This unique project was launched for the first time by the Sri Lanka tea industry in USA during the year 2000 and continued in the States during 2002 as wells as in 2008. Thus, this is the fourth occasion that the event had been concluded and notably taken out from USA to Japan. The Tea Board is contemplating to hold the next event in the Russian Federation during 2011.

Stemming from effects of the diverse agro-climatic conditions of Sri Lanka, specialty Ceylon Tea has been synonymous with excellent quality and taste for over a century. As part of a programme to specifically promote straight line Garden Marks and Single Origin Estate teas of Sri Lanka, the “Ceylon Specialty Estate Teas of the Year” competition was launched in Japan by the Sri Lanka Tea Board and private sector tea trade, in consultation with the Japan Tea Association recently. The event was well accepted by the Japanese tea connoisseurs and the tea traders alike, which has given a tremendous momentum to Ceylon Specialty Tea in Japan.

“The Ceylon Specialty Estate Teas of the Year competition was launched with the objectives of promoting specialty tea in international markets whilst recognizing and rewarding Sri Lankan tea factories for excellence in manufacturing and to encourage them to continuously manufacture and market top quality single origin unblended teas” said Hasitha De Alwis-Director Promotions, Sri Lanka Tea Board. “The main aim of scheduling the Ceylon estate tea of the year competition in Japan was to take advantage of the tremendous popularity of the tea houses concept in that country and since both straight line Garden Marks and Single Origin Estate teas show a good potential of marketing directly to end-consumers” he further added.

This event was considered extremely important to rekindle the popularity of Ceylon tea amongst the Japanese consumers especially since Japan is considered as the most sophisticated tea market in the world with great opportunities for expansion with expensive garden fresh speciality teas. It was intentionally scheduled just prior to the **Foodex** exhibition in order to effectively utilize it as a platform to promote the winning teas, as well as to advertise the sales propositions.

The Japan **Foodex** Exhibition is undisputedly considered as the largest food and trade exposition in the entire Pacific Rim where approximately 100,000 business visitors gather once a year. The competition was advertised to the trade through the tea brokering community last year. A total of 441 entries were received for the 7 agro-climatic tea categories as well as the newly introduced innovative specialty tea category - which added a new dimension to this year's competition. The entries selected for final judging were of a very high standard and it was a tough task for the expert panel of independent tea-tasters from the private sector - jointly with the Sri Lanka Tea Board – to go through the samples in December 2009 and short-list the entries which were then dispatched to Japan for the final competition. 40 entries obtained eligibility to participate in the final contest in Japan.

All the winning specialty teas were displayed at the Sri Lanka Tea Board booth within the Sri Lanka pavilion at FoodEx 2010. The winning teas were canvassed to Japanese buyers and customers during the entire exhibition period from 2nd to 5th March 2010. The project itself had also been publicized to members of the Japanese tea trade several weeks before the competition. An eminent panel of specialized tea-tasters from Japan supported by a couple of members from Sri Lanka evaluated the finalists to select the winners of the competition during March 2010 in Tokyo, Japan. Each of the 7 agro-climatic regions as well as the innovative category had a Gold winner (1st place), Silver winner (2nd place) and Bronze winner (3rd place).

All the winning teas and runners-up of the 40 entries which were sent to Japan were included in the sales offer that was allocated to the highest bidders. Due to the tireless dedication of the Sri Lanka team, the majority of the winning teas were sold at record prices. The highest bid went to Lovers' Leap, OP at Japanese yen 24,000 (Sri Lankan Rupees 30,000) per kilo purchased by Musica Tea House in Osaka. The gold winner of the Innovative category, "Jayachakra" of Lumbini Tea Gardens also received a record price of Japanese Yen 20,000 (Sri Lankan Rupees 26,250) per kilo from F.T.I. Corporation in Kobe. The sales bids of the Japanese buyers for the winning teas in each of the categories were opened on 5th March, and the proceeds amounting to 3.55 Million Yen (Rs. 4.6 Million) will be utilized for charitable projects involving the welfare of families in the tea sector.

The winners of the competition were presented with Gold, Silver and Bronze awards at the Awards Ceremony graced by his Excellency Kunio Takahashi - the Ambassador of Japan on 5th of May 2010 at the Hotel Ceylon Continental in Colombo amidst a gathering of eminent personalities from the tea industry.

The competition provided immense promotional mileage for Ceylon tea in Japan whilst helping the popularization of winning garden marks among tea connoisseurs who patronize specialty tea houses/tea shops in "the land of the cherry blossoms". While the project re-emphasized the power of close partnership between the public & private sector, it is hailed as a model case study of sustainability for a Corporate Social Responsibility programme in the tea industry …... since the proceed go towards the welfare of tea plantations/estate workers.

NEWS in brief

Sri Lanka Unilever unit to increase branded tea sales

May 04, 2010 (LBO) – Unilever Sri Lanka (USL) has launched a new brand of tea in the island aiming to increase the multinational's market share of branded teas that carry higher margins, officials said.

The new brand, Brooke Bond Ceylonta, is expected to increase local market share for Unilever branded teas by 1.0 to 1.5 percent in the first year, while sales in the former north-east was zone are seen picking up, they told a news conference.

Sri Lanka's branded tea market has a value of 9.0 billion rupees with over 400 players fighting for market share, Azam Hamdoon, brand manager at Ceylonta said.

Unbranded tea, which makes up 36 percent of the market, is often sold in loose form mainly in rural Sri Lanka.

"We are actually looking at 100 to 150 basis points growth in market share," Asanga Ranasinghe, marketing director, homecare and foods at Unilever Sri Lanka said.

"More than share the aim is to make the branded tea market bigger."

Unilever has a 50 percent market share in Sri Lanka, Samari Ihalagedara, category manager, USL said.

"Branded teas carry a 10 to 15 percent premium over unbranded teas," Ihalagedara said.

The branded tea market had been growing at 25 percent a year but last year growth had slid 50 to 60 percent due to a weak economy, although it was recovering, she said.

Lipton Laojee, another Unilever brand, accounts for 33 percent of total branded tea sales in Sri Lanka.

Sri Lankans consume 25 to 28 million kilograms of tea a year.

Ranasinghe said he expects sales of branded teas in the relatively unexploited north-eastern market would bring rich dividends.

The region is recovering from the effects of a 30-year ethnic war that ended last May.

He said most of the water available in the northern peninsula consists of 'hard' water, which makes high quality tea taste better.

"During the last few years in the northern market only bulk tea was available, either smuggled in from the south or India," Ranasinghe said.

The north-east region would account for about 10 to 15 percent of sales of consumer products firms like Unilever.

Research Update

Green tea extract reduce the Huntington's Disease

German scientists reported that green tea extract (Epigallocatechin Gallate) can slow the accumulation of proteins and prevent the occurrence of Huntington's disease.

A growing number of scientists believe that green tea beneficial to humans. Green tea drinking habits of people, have a lower risk of cancer. Green tea weight loss can play an effective role in preventing Alzheimer's disease.

Huntington's disease, Alzheimer's and Parkinson's disease, belong to the neurological disease, is caused by mutations in the protein. This incurable disease is hereditary. Of these, some 15,000 people suffering from this disease one. Germany there are about 8000 patients are currently known. The United Kingdom is the number of patients is about 5000, the United States to 3 million people.

The disease is characterized by bumps walking, balancing and poor, the pace of instability. Commonly known as the Huntington night blindness.

In 1993, scientists discovered the gene encodes the mutant protein, called huntingtin protein.. Mutation in this protein, it will lengthen the protein chain, so that the entire huntingtin protein to lose its normal structure. These mutant proteins can not handle the body and accumulate in the patient's brain, eventually leading to brain cell toxicity.

The new study by the Center for Molecular Medicine Berlin, Max Delbrück Center for the Commission, Professor Erich Wanker initiated. Based on green tea extract (epigallocatechin gallate) a comprehensive analysis found that green tea extract would affect the protein's surface early activities. The study was published in September's "Human Molecular Genetics" (Part 15, from 2743 to 2751). By Dagmar Ehrnhoefer this week named "neurodegenerative diseases, the molecular mechanism of functional genes framework", International Conference on.

"We prove that green tea extract to effectively stop the mutant huntingtin protein to produce," Dagmar Ehrnhoefer said. Professor Wanker experimental group of experiments show that green tea extract can inhibit huntingtin protein to the surface activity and the use of fruit flies genetically modified to contain the mutant protein. The follow-up experiments, also found that the fruit fly photoreceptor and improved.
Ehrnhoefer concluded: "The results show that green tea extract can reduce the toxic intermediaries." If the active agent required for the protection of green tea supplements can get, then further research it appears that very necessary. Growing body of research reports mention the benefits of green tea and its extracts.
The concentration of oxidant in green tea is said to four times more than black tea (black tea is oxidized, fermented greentea). Consumer awareness of the benefits of green tea and its extracts, relevant research papers have also been the emergence of a research paper on the report of catechins, from 2000 to 430 in 1500 to 2003.

The nutritional value of tea tree pollen

Tea Tree Pollen is a newly developed in recent years, a special pollen, because pollen tea taste good, mellow flavor, deeply the general consumers. However, the nutritional value of tea tree pollen, our understanding is still relatively vague. At this point, may as well give us to make some profile.
Tea Tree Pollen amino acids as high as 23.57%, which is a common amino acid content of the first pollen. In which the amino acid content of rape pollen 19.34%, 18.81% sunflower pollen, corn pollen is 18.57%, 11.05% buckwheat pollen, pine pollen is 9.473%.

In addition, the high content of tea tree pollen, trace elements, including manganese 90mg/100g, an ordinary pollen 20 to 30 times; zinc content was 5.97mg / 100g, is 10 times the normal pollen; chromium content of 0.597mg/100g It is 10 times the normal pollen.

In recent years, medical evidence to substantiate the lack of chromium and atherosclerosis and cancer, and therefore, tea pollen prevention and treatment of atherosclerosis and cancer of the preferred pollen. Manganese, cobalt, chromium and the occurrence of cancer and human aging closely related to the relationship between zinc and human intelligence are also very close, so tea is a great start value of pollen.

Pollen in order to become a rare trace element content of a comprehensive natural health products, while the tea pollen is comprehensive and rich in trace elements.
In addition, nicotinic acid content of tea tree pollen up 11.7mg/100g, niacin in maintaining skin health and normal function of the nervous system is very important.

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