

TEA MARKET REPORT –MUMBAI (NOVEMBER 2006)

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Consul General

Tea production up:

India's tea production during January-September 2006 stood at 704.31 million kg as against 680.44 million kg in the corresponding period last year.

India's tea production region wise during January to September 2006 and the corresponding period in 2005 were as follows:-

	In Million kg	
	<u>Jan to Sept 2006</u>	<u>Jan to Sept 2005</u>
North India	538.9	509.3
South India	165.3	171.1

The Indian Tea Association (ITA) had forecast a shortage of 27 million kg for the year.

Tea exports show nominal rise:

India's tea exports during January-September 2006 stood at 131.55 million kg as compared to 131.13 million kg exported in the corresponding period last year.

India's tea exports by region wise during January to September 2006 and the corresponding period in 2005 were as follows:-

	In Million kg	
	<u>Jan to Sep 2006</u>	<u>Jan to Sep 2005</u>
North India	47.9	64.2
South India	83.6	66.9

Rise in tea imports:

India's tea imports during January to September 2006 registered an increase of 4.24% to 16.79 million kg as compared to 12.55 million kg imported in the corresponding period last year.

The country-wise imports with the average import price in Indian rupees for the period January to September 2006 and the corresponding period in 2005 were as follows:-

<u>Country</u>	2006		2005	
	Million kg	Rs/per kg	Million kg	Rs/per kg
Indonesia	1.13	63.73	1.64	64.64
Nepal	2.70	64.19	2.65	61.39
Sri Lanka	0.15	132.47	0.20	101.13
Vietnam	8.29	33.85	2.30	37.38
Kenya	1.77	91.83	2.47	76.82
Others	2.75	116.09	3.29	98.79

Tea sold through auctions:

The total quantity of tea sold through the auction centers in the country during January-September 2006 was 313.34 million kg fetching an average price of Rs.65.81 per kg as compared to 350.33 million kg sold at an average price of Rs.57.54 per kg in the corresponding period last year.

Indian teas auctioned through the following auction centers during January to October 2006 and the corresponding period in 2005 were as follows:

<u>Auction Centres</u>	In Million Kg	
	<u>Jan to October 2006</u>	<u>Jan to October 2005</u>
Kolkata	102.0	109.5
Siliguri	64.0	66.8
Guwahati	86.5	105.3
Jalpaiguri	0.2	0.7
Cochin	47.8	51.6
Coonoor	31.4	36.2
Coimbatore	17.6	16.9
TeaServe	11.2	11.5
Total	360.7	398.5

The average auction sale prices at the following auction centers in India during January to October 2006 and the corresponding period in 2005 were as follows:-

<u>Auction Centres</u>	In Indian rupees per kg	
	<u>Jan to Oct 2006</u>	<u>Jan to Oct 2005</u>
Kolkata	80.97	69.90
Siliguri	65.91	57.87
Guwahati	69.15	60.47
Jalpaiguri	63.73	52.73
Cochin	54.31	49.66
Coonoor	48.42	35.80
Coimbatore	49.41	40.96
Tea Serve	47.00	35.42

Tea producing countries for common logo:

The world's tea producing nations have agreed to use a common logo designed by the FAO inter-governmental group (IGG) on tea. The move is aimed at protecting authenticity of tea both in producer and consumer countries. Tea producing countries will also use the logo in promotional campaigns designed to popularize tea. The decision was taken at the 17th session of FAO inter-governmental group on tea, which met in Nairobi from November 28 to 30th. The meeting was attended by 53 nations including India and Sri Lanka.

India look for Egyptian market:

Indian tea exports to Egypt have received a boost following reduction in import duties by the Egyptian government. India exported about 1 million kg of tea to Egypt during the first half of 2006 as compared to 70,000 kg exported in 2005. Recently,, the Egyptian government slashed the import duty to five per cent.

Since India being a major CTC tea producer, which is in good demand in Egypt, the Indian exporters hope to export about 10 million kg of CTC tea in a couple of years. The crisis ridden tea industry is likely to get a boost as Egypt has shown keen interest to buy CTC tea from Assam.

Tea export to Pakistan rises by 34%:

India's tea export to Pakistan in the first six months of 2006 increased by 33.80% to 5.74 million kg from 4.29 million kg exported in the corresponding period last year. However, the value of tea exports to Pakistan from India was up only by 4.6%.

It was also reported that India tea exports to Pakistan may not cross 12 million kg in 2006 due to the favourable production scenario in Kenya.

Funds sought for tea research:

The Tea Research Association (TRA) has urged the government to set aside a corpus of at least Rs.1000 million for research activities on tea in order to ensure production of quality tea in the country. At present, the TRA spends less than Rs.100 million a year on tea research, which is insignificant.

Separate company for Tata Tea:

Tata Tea has decided to hive off its tea plantations across Assam and West Bengal into a new company allowing stakes to foreign companies and agencies in the new entity. While this would throw open the plantation sector to foreign investments, Tat Tea has, instead, decided to sharpen its focus on retailing.

Tata Tea launches new products:

Tata Tea has announced the launch of its four variants – Darjeeling, Assam, Nilgiri and Ceylon, of single origin teas under the Tata Tea Gold umbrella. Currently Tata Tea Gold has 1.6 per cent market share in the country, which is growing at 18 per cent.

Tata Tea is also evaluating the launch of tea concentrate in the Indian market in the near future. Tata Tea has liquid tea concentrate brand ‘Chaya’ in the UK, Australia and Canada. The brand would be introduced in more countries in due course. A liquid tea concentrate plant is being set up in the USA.

Kolkata Auctions:

The average weekly tea auction prices witnessed at Kolkata during November 2006 were as follows:

Varieties	First Week	In Indian rupees		
		Second Week	Third Week	Fourth Week
CTC	73.16	72.45	71.21	68.26
Orthodox	103.14	95.91	93.59	93.89
Dust	72.13	69.98	69.52	68.29

The prices of tea including CTCs, orthodox and dust varieties have declined in November. The extra offering in October 2006 was almost 90 million kg and hence 10-12 million kg was on offer almost every week. This reflected in the prices in November 2006.

The Indian Tea Association (ITA) had forecast a shortfall of 27 million kg for the year 2006. This, coupled with the over all domestic consumption of over 800 million kg in 2006, points to a buoyant tea market in the coming months.

The average tea auction prices at the following auctions centers in India during January to September 2006 and the corresponding period in 2005 were as follows:

Centre	In Indian Rupees	
	Jan-Sept 2006	Jan-Sept 2005
Kolkata	79.90	70.23
Guwahati	69.08	60.84
Cochin	53.83	49.95