



OPPORTUNITIES IN THE SOUTH AFRICAN MARKET FOR SRI LANKAN TEA

Prepared by:
Export Development Board (EDB), Sri Lanka
December, 2012

CONTENT

	Page
1. MARKET OVERVIEW	2
2. TREND IN THE SOUTH AFRICA FOR TEA	5
3. OPPORTUNITIES IN SOUTH AFRICAN MARKET	6
4. SOURCE	6

1. MARKET OVERVIEW

a. Sri Lanka's position in the Global Market

i. Global market size and trend (Tea)

World Imports

(Value US\$ '000)

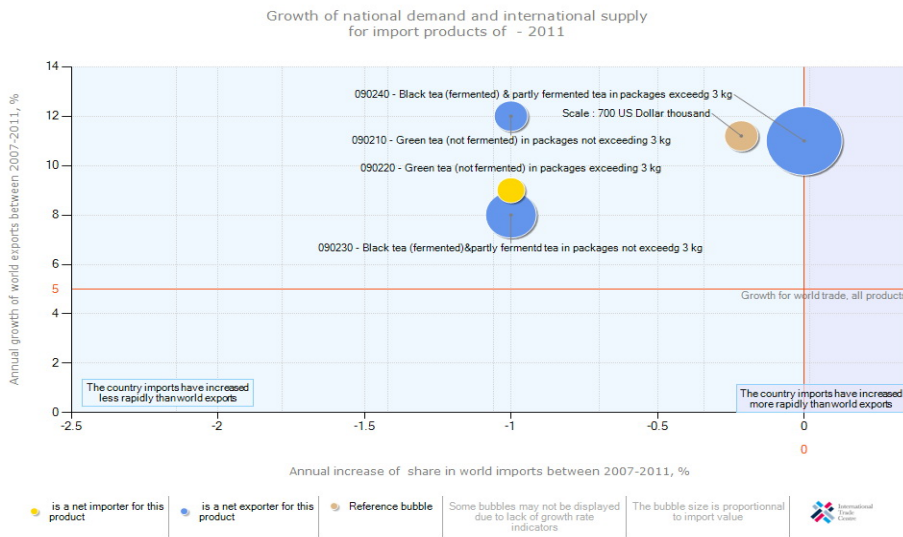
Year	2007	2008	2009	2010	2011
Value	4,496,804	5,339,974	4,906,157	5,674,761	6,418,333

Currently there is an increasing demand for Sri Lankan tea.

ii. Main World importers

(Value US\$ '000)

Main Importers	2006	2007	2008	2009	2010
Russian Federation	432,342	510,872	500,454	563,107	625,188
United Kingdom	307,536	367,083	367,643	421,005	461,421
United States of America	309906	341,057	327,364	400,729	440207
Pakistan	198,268	231,963	223,916	303050	350,697
Egypt	--	229,457	227,816	221,616	291,191



iii. Sri Lanka's position, export value and trend

Sri Lanka's Exports to the World (US\$ '000)

Year	2007	2008	2009	2010	2011
Value	1,017,027	1,258,556	1,175,677	1,366,816	1,475,038

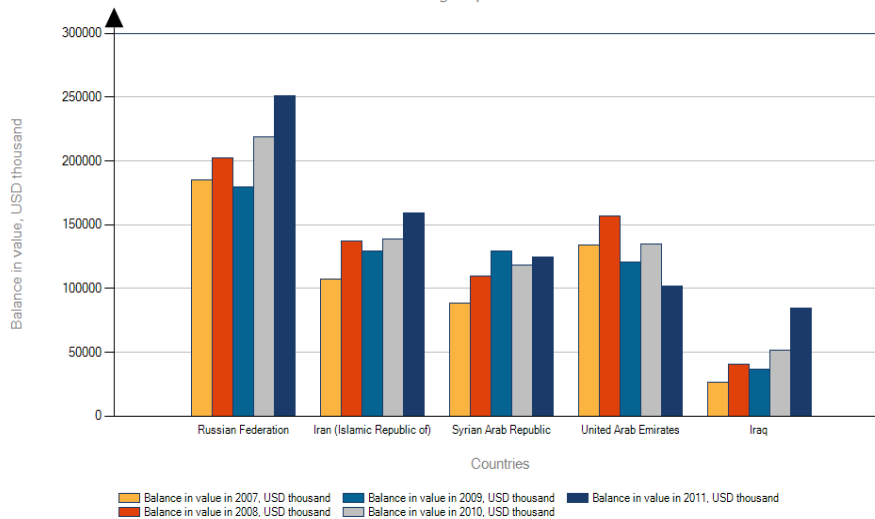
iv. Main Destinations of Sri Lankan Tea

Russia, Iran, Syria, UAE and Iraq are the top 5 importing markets for Sri Lankan tea (Tea in packets & bags, tea in bulk, instant tea and green tea).

(Value US\$ '000)

Importers	2007	2008	2009	2010	2011	Growth % 2010-2011
Russian Federation	185,181	202,140	179,312	220,392	251,041	6.95
Iran	107,053	136,980	129,463	151,975	159,508	9.01
Syrian Arab Republic	88,197	109,909	129,165	123,322	125,060	8.14
United Arab Emirates	133,396	157,095	120,365	141,852	102,169	-6.35
Iraq	26,223	40,677	37,034	51,419	84,461	25.74

List of partners markets for a product group commercialized by Sri Lanka
Product group: Tea



b. Sri Lanka's position in the South African market

i. South African market size and trend in last 5 years (value in US\$ '000).

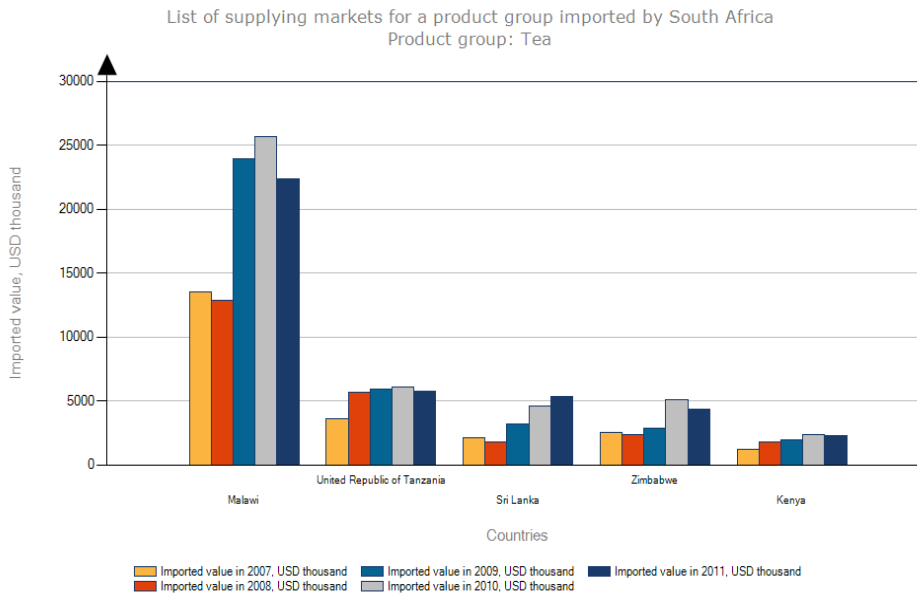
Year	2007	2008	2009	2010	2011
Value	2,453	2,160	3,485	4,483	5,697

ii. Main destinations of Sri Lanka's exports in the African Region in last 5 years (Value in US\$ '000)

Description	2007	2008	2009	2010	2011
Libyan Arab Jamahiriya	22,597	21,312	24,079	36,103	23,319
Egypt	4,782	4,564	5,206	7,226	10,317
Tunisia	9,582	10,461	7,524	2,354	6,823
South Africa	2,445	2,161	3,488	4,835	5,706
Ghana	2,012	3,449	3,237	4,697	5,648
Nigeria	1,325	1,064	1,500	2,158	3,242

iii. Main importers in South Africa, top 5. (Value in US\$ '000)

Country	2007	2008	2009	2010	2011	Share (%)
Malawi	13,558	12,859	23,968	25,690	22,409	50
United Republic of Tanzania	3,595	5,643	5,916	6,078	5,798	13
Sri Lanka	2,109	1,827	3,199	4,572	5,354	12
Zimbabwe	2,535	2,412	2,839	5,123	4,363	10
Kenya	1,261	1,811	1,997	2,350	2,297	5



As per the above analysis, there is a steady market for Sri Lankan tea. Sri Lanka has become the only Asian country to be within the top 5 exporters possessing the 3rd position with market share of 12%. The export values indicate that there is a gradual increase from US\$ 2,109,000 in 2007 to US\$ 5,354,000 in 2011. Compared to Tanzania with export values of US\$ 5,798,000 in 2011, Sri Lanka would easily pick up the market to be the 2nd largest exporter.

Main Competitors

The main competitors are Malawi, Tanzania. The tea market in South Africa is dominated by Malawi possessing a 50% of the total market share. Above analysis indicates that Sri Lanka is gradually picking up the market share.

2. TRENDS IN SOUTH AFRICAN MARKET FOR TEA

Consumer trends

The consumers of tea in South Africa seek the products which gives value for money when making purchases. They are concerned about health and wellness and prefer to purchase their national brands to other foreign brands. 'Five Roses' is the most popular national brand which dominates the market. 82% of the total market for tea in South Africa comprised of blended tea. While middle –aged and senior citizens look for green tea, consumption of iced-tea is more among youth.

'Ceylon tea' is popular in South Africa. Consumers prefer the taste and aroma of Sri Lankan tea and more demand is for green tea. They prefer to drink the flavored tea such as vanilla tea, ginger tea etc.

Distribution

As the consumers are convenient oriented, supermarkets are the main source of distribution. Agents, wholesalers and retailers are also in the distribution process.

3. OPPORTUNITIES IN THE SOUTH AFRICAN MARKET

Teas which are naturally rich in antioxidant and which are caffeine-free, are attracted by consumers. Herbal tea with functional benefits and digestion is also accepted by health-conscious consumers.

There is a potential for Sri Lankan green tea.

4. SOURCE

<http://www.trademap.org>

<http://www.euromonitor.com/tea-in-south-africa>

Prepared by: Chandani Ratnayake, Assistant Director/ Market Development Division

Disclaimer:

The Sri Lanka Export Development Board, (EDB), has taken every care in the preparation of the content of this report, but the EDB cannot be held responsible for any errors, defects, lost profits, or other consequential damages arising from the use of any information obtained either directly or indirectly from this report. The EDB accepts no liability whatsoever.