Global Tea Consumption Remains Robust

World Tea consumption continues to grow with strong trends towards more green tea, more premium leaf and more convenience cups.

By Barbara Dufrêne

The tea market development over the past 10 years has been tremendous and it continues to expand. In 2010, global tea production has gone past the 4 million tons mark with an output of 4,126,527 [metric] tons (t) per the London based International Tea Committee (the source for all statistical data in this report unless otherwise noted). This also means that the number of cups of tea consumed in the world have now overtaken the number of cups of coffee consumed world wide, and the gap is widening.

See how the 4.1 million tons of tea compares to the International Coffee Organization's (London) data of the 2010 coffee crop, which amounts to 134,386 million bags of green coffee beans: the millions of 60kg bags convert to a global tonnage of 8,063 million. But these green coffee beans have to be roasted and ground in order to prepare the cup and during this process about than 20 percent of weight loss occurs, making it just 6,450t of ready coffee material. For a decent cup of drip filter coffee one should use around 10gr of ground coffee, whilst an average cup of tea will be prepared with two to three grams of leaf.

Figures show clearly that by now tea has taken over the major part of the throat share, which is a considerable achievement. There are some important changes in the global tea market pattern. Whilst Kenya has been the world's biggest tea exporter since 2004,

China became the world’s number one tea producer in 2006, with India now ranking second, Sri Lanka, fourth, and Vietnam, fifth.

Although climate change is a serious threat—East Africa has just come out of the worst draught since 60 years—the race for higher yields and more production is ongoing. Prices have remained firm for more than three years, which stimulates production, particularly in those countries where suitable acreage remains available, mainly in China, India and Vietnam.

This production increase of more than 36 percent during the past 10 years is unheard of, with China now marketing 35 percent of the teas in the world, followed by India, with more than 23 percent, Kenya with 10 percent, Sri Lanka with 8 percent, and Vietnam with 4 percent. Looking at the share, Asia hugely dominates with 83 percent of the world tea production, followed by Africa with almost 15 percent and then South America with 2.4 percent.

Who Is Consuming Tea?

Who drinks all these trillion cups of tea is another question. Indeed the two major producers, China and India, are also huge consumer markets, and retain more than 75 percent of their teas for home consumption. The other three major producers, however, grow tea as an export revenue crop and sell more than 90 percent of their teas to third markets.

The biggest buying markets for mainstream green and black teas, per 2010 ITC data, are: Russia with tea imports of over 174,000t; Pakistan with tea imports of 126,170t; Egypt with 81,700t; Iran with 62,000t; and Morocco with 58,000t.

The affluent and more premium-tea oriented consumer markets follow with the USA and Canada totalling imports of 144,000t, the UK with 126, 000t and the rest of the EU with a total import tonnage of 128,000t. The tea culture revival in China, Hong Kong and Singapore cannot be forgotten, as well as the affluent diaspora of overseas Chinese who are prepared to pay crazy prices for some kilograms of premium spring pickings or vintage aged pu’erh cakes. One also needs to take into account the special situation of Japan, Taiwan and Korea with traditional tea cultivation and premium teas in non-expandable acreage. These all together represent the high added-value tea markets.

Surging Green Tea Market

Looking at the trends profiling the buoyant tea market, the strongest may well be the rising demand for green tea in the West. Whilst all the traditional origin countries—China, Japan, Korea and Vietnam—are the foremost green tea drinkers, the West, for centuries, has been a black tea consumer. Green tea had a slow start in North America and Europe, because little was available before the 1990s and good quality was very expensive.

The immensely attractive health benefits associated with green tea has gradually improved supply conditions and today there is a wide choice at all price levels. Joe Simrany, president of the Tea Association of USA, based in New York, underlined the huge increase in green tea imports. In a presentation he gave in China in 2011, Simrany noted that green tea imports increased by 45.5 percent in 2010 over the prior year, and moved from just 3 percent of the tea imports in 1995, to 17 percent of the total U.S. tea imports in 2010. A similar move can be observed in France where five years ago green tea imports represented 38 percent of the total versus 51 percent in 2010, per the ITC.

This trend has also been fully acknowledged by the Rome-based FAO Intergovernmental Group on Tea at it's 20th session in February 2012, in Colombo, Sri Lanka, which projected an annual growth rate of 5.8 percent for world green tea exports to reach 516,000t in 2021, that is, in about 10 years time. This trend for green tea concerns a fundamental consumer choice, whereas the trends for premium leaf and convenient cups derive more from lifestyle.

There is the growing awareness about premium leaf teas, carefully fostered by tea education and also due to more widespread travelling. It has become a true incentive for consumers to explore the many varieties of premium leaf teas in greater depth. The high value-added niche market of premium tea is a bonus to all involved parties, from the tea producers to the traders and retailers, to the avid and knowledgeable tea consumers. Simrany said he expects the premium leaf and specialty tea market to be the fastest growing segment in the U.S. tea market in the coming years.

The request for a more convenient cup, with no measuring out and no messy used leaves to dispose of is not really new since the "tea bag" was invented a century ago. However, for most of this past century the tea bag stood for mainstream and cheap tea. Big corporations cannot sell premium tea bags because by definition these are not mass products and cannot be sourced in big quantities. Conversely, specialty tea suppliers may not always have the appropriate equipment to adjust for convenient packaging.

These crossover market demands have led to big business acquiring small, high profile specialty-tea companies such as the recent purchases of Talbott Teas by Jamba Juice, based in Emeryville, Calif., of Tea Forte by Sara Lee, based in Downers Grove, Ill., of Clipper Tea by Netherlands-based Royal Wessanen nv, and of Honest Tea by Atlanta-based Coca Cola, while India-based Tata is reported to be on the acquisition block as well.

Innovative Packaging

More elaborate packaging is being designed to comply with the brewing requirements of premium leaf tea whilst responding to the "on-the-go" pace of the Western consumers. One example may be "tea-cubed" that was presented recently in the UK by Lu Lin Teas, based in North Duffield, York, and is custom made in China.

For iced teas and RTD teas, the same demands for better and premium quality continue to grow and several of these premium brewed and bottled teas were launched at the Tea & Coffee World Cup show in Vienna in March 2012. Several of the new items included BrewT by Haelssen & Lyon, based in Hamburg, Germany, unsweetened, unflavored single tea variety tea bottles by London-based Adagio Tea, and tea extract-based tea syrups for preparing iced teas in restaurants and cafés introduced by Demmers Teehaus, based Vienna.

There are many more such convenience cum premium quality teas already on the market with others being prepared for a future launch.