CBI Product Factsheet:
Certified tea in Europe
Introduction

The share of sustainable certified tea on the world market is increasing rapidly. In 2012, the International Institute for Sustainable Development (IISD) reported that 12% of globally produced tea was certified. In 2015, experts estimated this share at roughly 17%, predicting that it would grow even further. Mainstream international standards (especially Rainforest Alliance and, to a lesser extent, UTZ Certified), are dominant and generally demanded by the mass-market segment. Organic and Fairtrade certifications are found primarily in niche and out-of-home markets. Certification will soon become a prerequisite for entering the EU market.

Product Description

The term ‘tea’ refers to a hot beverage that is prepared by infusing or brewing the dried leaves of the Camellia sinensis plant. There are at least six different types of tea: green, white, yellow, oolong (or wulong), black (called red tea in China), and dark post-fermented tea (or black tea for the Chinese). The most commonly found on the market are black, green, oolong and white (see table 1).

Certified tea

The term ‘certified tea’ refers to teas that adhere to various combinations of social, environmental and economic standards, and that have been independently certified by an accredited third party. The collective term ‘sustainable’ is also used to describe these teas. The most relevant tea standards are Rainforest Alliance, UTZ Certified, Organic, Fairtrade and Ethical Tea Partnership (ETP).

Flavours of tea

Oxidation is the distinguishing factor that determines whether tea will become black, oolong, green or white tea. It is a chemical process that results in the browning of tea leaves and the production of flavour and aroma compounds in finished teas. During oxidation (or ‘fermentation’), the flavours and aromas of tea become fuller and deeper. Notes of tannin, malt, chocolate, earth, stone fruit, grape and/or citrus emerge. In general, black tea is fully fermented, oolong is partially fermented, green tea is not fermented (or only minimally fermented) and white tea is entirely unfermented.
Table 1: the most common teas and their flavours

<table>
<thead>
<tr>
<th>Tea</th>
<th>Description</th>
<th>Flavour</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Black tea</strong></td>
<td>Black tea is the most common type of tea in the Western world. Black tea is almost always fully fermented.</td>
<td>Black tea is noted for its full, bold flavour and its ability to pair well with many Western foods, particularly sweets and creamy foods.</td>
</tr>
<tr>
<td><strong>Green Tea</strong></td>
<td>Green tea is unfermented. Japanese green teas are typically steamed. Chinese-style teas are typically processed with dry heat.</td>
<td>Japanese-style green teas tend to have strong vegetal, grassy or oceanic/seaweed notes and a slight citrus undertone. Examples include the Sencha and Matcha varieties. Chinese teas often have a mellower, sweeter flavour profile with notes of nuts, flowers, wood and/or vanilla.</td>
</tr>
<tr>
<td><strong>Oolong tea</strong></td>
<td>Oolong tea is rolled by hand or machine and pan fired, and then heated. Many oolongs are roasted afterwards to further develop their flavours and aromas.</td>
<td>Depending on their processing, oolongs may have flavours and aromas of honey, orchids and other flowers, lychee and other fruits, wood, butter or cream, vanilla and/or coconut.</td>
</tr>
<tr>
<td><strong>White tea</strong></td>
<td>White tea is a light tea grown and harvested primarily in China (Fujian and Zhejiang provinces). The name relates to the whitish appearance of the plant. The tea is pale yellow.</td>
<td>White tea has a light, delicate, slightly sweet flavour. It has less caffeine than black or green tea.</td>
</tr>
</tbody>
</table>

Most teas are sold to consumers as blends: mixtures of teas from several different origins to achieve a certain flavour profile. Most branded teas in Europe use 20 or more origins to achieve their desired taste and price level. However, single origin teas are increasingly sold in specialised tea (and coffee) shops.

**Codes used in customs & international trade**

The statistical data in this document is based on Combined Nomenclature (CN) codes. The CN uses Harmonized System (HS) codes to classify products. The HS codes included in this study can be found below. There are no separate HS codes for oolong and white tea. These varieties fall within the categories of fermented (oolong) and unfermented (white) teas. There are also no specific HS codes for certified tea.

<table>
<thead>
<tr>
<th>HS Code</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>090240</td>
<td>Black tea (fermented) &amp; partly fermented tea in packages exceeding 3 kg</td>
</tr>
<tr>
<td>090230</td>
<td>Black tea (fermented) &amp; partly fermented tea in packages not exceeding 3 kg</td>
</tr>
<tr>
<td>090220</td>
<td>Green tea (not fermented) in packages exceeding 3 kg</td>
</tr>
<tr>
<td>090210</td>
<td>Green tea (not fermented) in packages not exceeding 3 kg</td>
</tr>
</tbody>
</table>

**Product Specification**

**Quality: grading and classification**

The factors affecting tea quality can be distinguished as follows:
- Genetic: tea quality is primarily determined by the genetic properties of the tea plant/bush: China or Assam type, or hybrid.
- Environmental: elevation (high altitude), soil and climate (including temperature, humidity, sunshine duration, and rainfall) influence the quality of tea.
- Field operations: pruning, fertilising, shading, plucking also play an important role in determining the quality of tea (see for example Tea International).
- Processing of plucked tea leaves: orthodox versus 'crush, tear and curl' (CTC) tea

There are four basic grades in orthodox tea production: whole leaf, broken leaf, fannings and dust. These categories specify and indicate the various leaf sizes and associated strengths. Whole leaf and broken leaf grades are used primarily for loose (speciality) teas, while fannings and dust are the preferred grades for (CTC) tea bags.

Tea quality assessment is generally undertaken by tea tasters (at auctions or from private buyers). For more information, see the European Tea Committee’s Compendium of Guidelines for Tea.

- There is growing international interest in the enforcement of minimum quality standards for internationally traded tea. The difficulty lies in agreeing on internationally acceptable quality standards. Sample tea grading specifications can be found on the website of Imperial Tea Garden.
Labelling

Consumer products containing tea are required to be labelled with the following characteristics:

- Name of the product;
- Physical condition or the specific treatment undergone (fermented or not, etc);
- List of ingredients, including additives (such as herbs for herbal teas);
- Nutritional values, for products containing ingredients that alter nutritional value (e.g. candied fruit pieces, coconut chips);
- Presence of substances known for their ability to spark allergic reactions and intolerances should always be indicated;
- Net quantity;
- Expiry date preceded by the words "best before";
- The name or business name and address of the manufacturer or packer, or of a seller established in the EU;
- The consumer label for the applicable certification scheme;
- Place of origin or provenance.

Packaging

Tea is packaged in paper bags, plywood chests are hardly used anymore. Bulk packaging requires the lot number (identification number), net and gross weight (quantity of content), whether the bag contains green or black tea (ingredient list), and more specific information, e.g. English breakfast tea (statement of identity) and the country of origin. China tea is also shipped in tin plate containers which are sealed with solder and additionally wrapped with bast mats.

Common packaging methods

What requirements should certified tea meet to be allowed on the European market?

The EU market has strict demands with regard to the safety and quality of food. These requirements include legislation on food safety, maximum residue levels (MRLs), contaminants, consumer labelling and extraction solvents.

A detailed analysis of the buyer requirements is provided on the CBI website, under the heading **What requirements should tea meet to be allowed on the European market?**

What legal requirements must my product comply with?

The most important requirement for EU buyers of certified tea is ‘EU compliance’. Only suppliers that are able to adhere to the high EU requirements concerning the quality and safety of food will be allowed to enter the EU market. In this regard, compliance with the maximum permitted residue levels (MRLs) and legislation regarding contaminants are considered most important.

Tips:

- Direct information on the relevant legal requirements is also available on the website of the EU Export Helpdesk.
- Refer to the ITC Standards Map for additional information on voluntary standards.
- Be aware that some countries (e.g. Germany), apply thresholds that go beyond those specified in legislation. Their requirements with regard to MRLs are likely to be stricter than the official EU limits (e.g. 30% of the EU level). Consult closely with your buyers concerning the levels that are acceptable. Be prepared to submit your tea for lab analyses before the buyers approve it for shipment.
What additional buyer requirements do buyers often have?

In addition to legally binding requirements, sustainability has become an increasingly important condition for market access. Rainforest Alliance, UTZ Certified and/or Ethical Tea Partnership certification are almost considered a ‘must’ for certified-tea exporters aiming to serve the mainstream market in the EU.

Relevant mainstream consumer labels on the European tea market include Rainforest Alliance and UTZ Certified. Rainforest Alliance and, to a lesser extent, UTZ Certified, are particularly active in increasing their shares in the mass-market (retail) segment for standard teabag grades.

The Ethical Tea Partnership (ETP) is another mainstream initiative that works to improve the sustainability of tea, the lives of tea workers and the environments in which tea is produced. All tea companies, regardless of size, can join the ETP. Because ETP is not a consumer label, it is not recognised by consumers on the packaging.

Tip:
- Consult with your buyers to determine their requirements with regard to certification. Be aware that certification in no way constitutes a guarantee of EU compliance in terms of pesticide residues, heavy metals and/or contaminants. Be sure to submit your certified tea for the necessary laboratory tests.

Niche sustainability concepts

Organic and Fairtrade certifications are prevalent in the niche market.

Organic
Organic tea is produced using natural techniques (e.g. crop rotation, biological crop protection, green manuring and composting) instead of chemical sprays and fertilisers. The main reasons that buyers have for buying organic tea is that it is considered healthier than conventional products, as it contains fewer residues and reduces environmental impact of tea production. Organic certification is generally preferred in the higher-quality segment (i.e. the ‘speciality’ tea market). In addition, organic stores sell a wide variety of organic teas (of standard quality).

Fairtrade Certification
Obtaining Fairtrade certification for your tea according to the Standard of the Fairtrade Labelling Organisation (FLO Standard) is one way to demonstrate that your business is in line with sound social conditions. Fairtrade teas are generally sold in ethical and organic shops. The UK is the world leader in Fairtrade certification. In the UK, Fairtrade tea is sold both in niche markets and in the mass-market segment.

Tips:
- Be aware that Fairtrade has different standards: one for tea grown by small producer organisations and one for tea produced on plantations.
- In some cases, double or triple certification (e.g. Fairtrade and organic combined with UTZ Certified or Rainforest Alliance) could be worthwhile, as it could allow you to serve a larger market. Be aware that this might increase your certification costs. Combined auditing offers a solution to this problem. UTZ Certified and Fairtrade have recently launched a collaboration to combine audits.

Box 1. Sustainability initiatives of individual tea-packing companies operating in the Europe Union

Large EU tea companies (producers and packers) and their sustainability strategies include:

- Unilever - Sustainable Living, with Rainforest Alliance certification
- Jacobs Douwe Egberts - Sustainability - working from crop to cup, with UTZ Certified certification
- Tata Global Beverages - Sustainable Sourcing, with Rainforest Alliance certification and ETP membership
- Twinings - Corporate social responsibility, with ETP membership and Rainforest Alliance and Fairtrade teas

Examples of specific sustainable small-scale tea brands include international brands such as PUKKA, Clipper and Piramide (in Dutch), with organic certification.
What is the demand for certified tea in Europe?

1. Production

The overall tea figures presented below are based on the selected HS codes (see Product Description). No specific HS codes are available for certified tea. Unless stated otherwise, the figures for certified tea are based on a publication by the International Institute for Sustainable Development (IISD): The State of Sustainability Initiatives Review 2014.

Figure 1: Global tea production, in 1,000 tonnes, 2010-2013

Source: FAOSTAT, 2015

Figure 2. Production of certified tea worldwide per continent (not corrected for multiple certifications), in 1,000 tonnes, per standard, 2011/2012

Source: IISD, 2014
Most important developments

Africa is leading in the production of certified tea

As shown in Figures 2 and 3, most of the global production of certified tea in 2011/2012 took place in Africa, with Kenya as the leader: 41% of all certified tea was produced in Kenya, most with certification from the Rainforest Alliance and, to a lesser extent, Fairtrade. Other countries with substantial production of certified tea in 2011/12 included India (18%), Indonesia (8%) and Malawi (8%). Kenya and India are also the main suppliers of overall tea to the EU. In contrast, China, which is the world’s largest producer of tea, accounts for only 6% of all certified tea production. Africa is leading in the production of certified tea. According to experts, it maintained this position in 2015 as well. Asia is the leader in terms of overall tea production (Figure 1).

Tips:
- Be aware that certification, even organic, does not constitute a guarantee of MRL compliance or contaminant-free tea. Be sure to submit your certified tea for the necessary laboratory tests.
- Criteria for Good Agricultural Practices (GAPs) are often incorporated in sustainability labels such as UTZ Certified and Rainforest Alliance. If you are not involved in a large-scale programme by your government or importer, sustainability certification may be an opportunity for you to receive support on GAP. The application of GAPs is another way to control pests while using fewer pesticides, thus facilitating compliance with MRL legislation.
- The development of resistant and more productive tea varieties is an important tool to sustain production and reduce the use of agrochemicals for example. An example of a tea research and development programme can be found here.
Considerable growth, especially for mainstream certified tea

From 2009 to 2012, the global production of certified tea increased rapidly, at an average rate of 33% per year (Figure 4). In comparison, between 2010 and 2013, the global volume of tea production increased by only 5% per year (Figure 1). According to the IISD, 12% of all tea produced globally in 2012 was certified: Rainforest Alliance (RA), UTZ Certified, Fairtrade, organic, or a combination of these schemes. The IISD predicts that more than 80% of global tea exports will be standard compliant by 2020, due to the implementation of sustainability commitments on the part of large multinationals. These agreements are primarily targeted at the mainstream sustainability standards (Rainforest Alliance, UTZ and ETP).

With the exception of Fairtrade, all standards reported growth in the period 2012–2014/2015. The leading standard is that of the Rainforest Alliance (RA), which had a certified tea production of 900 thousand tonnes in 2015. It expects to reach a production of around 930 thousand tonnes in 2016, thus accounting for 17.5% of the world’s tea production.1 UTZ Certified also reported further growth in production: from roughly 49 thousand tonnes in 2011 to 71 thousand tonnes in 2014 (source: UTZ Certified, personal communication 2015). The production of organic tea in India and Sri Lanka has increased. In 2013, certifiable volumes of Fairtrade tea remained unchanged at 188 thousand tonnes (Fairtrade, 2014).

Tips:
- Mainstream certification (Rainforest Alliance and/or UTZ Certified) has become a marketing tool. You need to have a certification in order to enter the mainstream market in the EU. This is especially true if you would like to supply relatively large volumes to major packers. Certification is not a prerequisite for some other markets outside the EU (e.g. Russia).
- Consider organic certified tea for your higher quality teas as the organic market is a growth market in the EU. Look at the BioFach fair for more organic market data and consult the EU legislation for organic produce.

Geographic differentiation and new origins of certified tea

In 2012, the Rainforest Alliance accounted for more than half of all certified tea production in Kenya, India, Indonesia, Malawi and Argentina. In 2012, Kenya, Malawi and Indonesia were also key producers of UTZ Certified tea. India doubled its volumes between 2013 and 2014, thus becoming the second-largest producer of UTZ Certified tea in 2014. Since 2014, China has also been producing a small amount of UTZ Certified tea, and Japan was added as a new supplier in 2015 (source: UTZ Certified, personal communication 2015).

China is the leading supplier of organic certified tea (IISD, 2014). New origins that have begun to produce organic-Fairtrade (double certified) tea include Uganda and Rwanda. Kenya, India and Sri Lanka continued to produce the highest volumes of Fairtrade certified tea in 2012–2013. In terms of sales, Kenya, India and Malawi remained the leading origins for Fairtrade tea in 2013. New Fairtrade origins have been added. In 2013, Nepal and Indonesia also produced Fairtrade certified tea (Fairtrade, 2014).

Tip:
- When exporting single origin tea look for opportunities in Direct trade, thus bypassing the auctions. Through these private sales, you may obtain a price increase of 10 to 15 cents per kg. This is also true for other (higher and lower value) teas and/or buyers with specific requirements.

Certified tea mainly for exports

Certified tea production generally shows the strongest presence in countries with significant tea exports. Countries like Kenya, Indonesia and Sri Lanka exported more than 60% abroad in 2013 (Figure 7). These countries also have a high penetration level of certified produced tea. Countries that produce more for their domestic markets such as China, Turkey and Japan have a significantly lower penetration level of certified tea production. For example, China produced only 0.3% of all certified tea in 2011/12. India is an exception in this regard. Although it produces primarily for the domestic market, it is the second-largest producer of certified tea, after Kenya.

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1 In the calculation of the total global production of certified tea, about 0.5% is added for Fairtrade and UTZ Certified, given a considerable amount of overlap due to double/triple certification (source: Rainforest Alliance, personal communication 2015).
2. Consumption of certified tea in Europe

The consumption figures for tea are calculated by the quantity of tea produced (in case of a producing country) plus imported quantities and minus exported quantities. Certified tea is not specified in these consumption figures, due to lack of data.

Figure 5: Tea consumption in EU member states in 2014

Source: Eurostat, 2015

Figure 6. Leading global consumers of tea in 2013

Source: FAO, 2015

Tip:
- Cooperate with supply chain actors to increase collaboration and gain or increase shared values such as increased yields and qualities of tea production. Consult the local Tea Board, Tea Research Institute or Tea Planters Association in your country: they might have programmes on this.
Most important developments

Increasing interest in the consumption of sustainable tea in countries of origin

The producing countries by far consume the highest share of all global tea production, led by China (33%) and India (21%) in 2013 (Figure 6). The EU only consumes a very small proportion (5% in 2013). Within the EU, the United Kingdom is the leader, with a 51% share in 2014, followed by Germany, Poland and France. Demand for tea is growing globally, especially in large producing countries. Global demand for sustainable tea is also increasing, with interest growing in producing countries.

Tip:
- Even though domestic markets for certified tea are still very small, they may offer new opportunities. The safety and sustainability of food safety is becoming increasingly important in domestic markets (e.g. China and Vietnam). Evidence includes the rapidly growing Trustea initiative in India, the Lestari Tea Standard in Indonesia and the launch of Fairtrade Eastern Africa in Kenya. To learn more about domestic opportunities, contact the individual standards/initiatives.

Sales of certified tea lags behind

Sales of certified tea increased by an average of almost 50% per year on average from 2009 to 2012 (Figure 4), due to new partnerships and corporate commitments. For example, the ‘Tea 2030’ coalition has persuaded the tea industry to address problems related to climate change, water use, energy, land, labour conditions and poverty. Nevertheless, sales of
Certified tea have not kept pace with production (Figure 4 and 8). In 2012, only 30% of all certified tea was actually purchased as such, and sales continued to lag behind in the period 2013–2015. For example, on average, Fairtrade tea producers sold less than 10% of their production as Fairtrade in 2013 (Fairtrade, 2014).

The low supply/demand can be attributed to several factors. First, mainstream certified tea is often sold to markets in which there is little demand for sustainable tea (e.g. Eastern Europe, Asia and Middle East). Second, the statistics are blurred by multiple certifications, so actual certified production volumes may be lower. Third, the types and qualities of tea produced do not always match those demanded by the markets (UTZ, 2015). Finally, the supply of certified tea has been boosted by recent international cooperation programmes.

The tea industry and its certifications

The main European players Unilever (whose brands include world leader Lipton), Associated British Foods (Twinings), Tata Global Beverages (Tetley) and Teekanne committed to Rainforest Alliance certification. In addition all Twinings brands are committed to purchasing through ETP programme. D.E. Master Blenders claims to be the first UTZ Certified tea purchaser. About 40% of its tea is sourced from UTZ Certified producers. Finlays presents itself as the largest global trader of Fairtrade tea.

Tips:

- Due to the current (2015) oversupply in certified tea, a price premium is no longer guaranteed, with the exception of teas with organic and Fairtrade certification. Prices for certified tea are agreed upon by market parties. Potential premiums will also depend upon your reputation. Work with your supply chain partners to make your story credible.
- Develop long-term relationships throughout the supply chain, both with your growers and your buyer(s). Be reliable and communicate directly. The number of tea gardens is limited especially with regard to certain (combinations of) labels. For example, there are only a few organic–Fairtrade (double) certified gardens, making the supply vulnerable to the impact of unfavourable weather conditions, for example.

What trends offer opportunities on the European market for certified tea?

Growing domestic markets for sustainable tea

The emergence of local initiatives (e.g. the Trustea initiative in India and the Lestari Tea Standard in Indonesia) reflect a growing interest in sustainable tea on domestic markets. Rather than embracing the mainstream standards that are prevalent on the EU markets, these markets are developing their own local standards.

For example, the Indian Trustea initiative, which was developed in partnership with IDH, focuses on the development of an India-specific sustainability code for tea. The programme seeks to ensure that the production of around 500 thousand tonnes of black tea meets sustainability standards by 2016. The current verified volume stands at 167 thousand tonnes, which translates to 40% of all Indian tea production (source: IDH, personal communication 2015). This single, verified volume is added in full (no overlap in certification) to the existing volumes of Rainforest Alliance, UTZ Certified, Fairtrade and organic.
**Increased focus on the impact of certification may flatten growth**

The rapidly increasing demand for tea with mainstream certification (i.e. Rainforest Alliance and UTZ Certified) is driven primarily by large-scale commitments of major tea packers and retailers. These companies often use these certification schemes as a marketing tool to demonstrate their efforts in the area of corporate social responsibility (CSR). Certification schemes are said to improve the livelihood of smallholder farmers.

At the same time, increasing attention is being paid to the actual impact of certification. Questions concerning the expected income increases, improvements in terms of access to education, health care, credit and social benefits, improved/additional opportunities for women farmers and similar issues have become more relevant. As a result, the focus on impact may eventually pose a threat to certification. This is illustrated by the 2015 scandal involving certified tea estates in Assam (India), where the BBC revealed poor living conditions. In the short term, such situations might even lead to the decertification of certain estates.

**Tips:**
- Instead of focusing on the labels oriented towards the EU, explore the existing local standards or initiatives for sustainable tea. Contact your national Tea Board to find out about the latest developments in this regard.
- Be sure that you understand how the complex system of pricing currently works. It is important to realise that domestic prices are sometimes higher than those offered in Europe.

**Certification as a form of climate change adaptation**

To secure long-term supply several climate mitigation and adaptation activities can be introduced on farms. Native trees, for example, can be planted along farm boundaries to store carbon, increase soil fertility and stabilize the tea microclimate; this also reduces vulnerability to landslides, heavy rains and prolonged droughts. Climate change may also increase the production costs of tea. Certification is being used as a way to control climate change. International tea buyers have committed to address climate change by buying tea from sustainable farms. Fairtrade for example has recently launched its new Fairtrade Climate Standard to fight climate change.

**Tips:**
- Globally, tea producers are increasingly preparing for climate change. For example, the Tocklai Tea Research Institute in India is actively involved in studying the impact of climate change on tea production. Identify measures that you and your producers can take to become more resilient to climate change.
- Other initiatives to diminish the environmental footprint of the tea sector are bio-degradable packaging material such as tea bag paper.

For more information on trends in the tea market, refer to [CBI’s Trends in Tea](#).

**What do the trade channels and interesting market segments look like in Europe for certified tea?**

Tea is either traded through auctions or through private sales. Producers such as China, Vietnam and Argentina sell their teas via private sales. Other producing countries such as Kenya, Sri Lanka, Indonesia and India have an auction system in place. Understanding the total tea value chain may help exporters to estimate their risks and opportunities and adapt their marketing strategy accordingly. Certified tea generally follows the same mainstream routing as non-certified tea does. Exceptions include higher-quality (speciality) teas with organic certification. These varieties are generally traded through private sales. In such cases, it is important to communicate directly with the supplier with regard to specific quality requirements and price. The quantities sold within this market are much smaller than in the case of bulk (mainstream) teas.

Additional information is available in the [CBI Market Channels and Segments](#).
Analysis and interpretation

High level of vertical integration

The tea value chain is characterised by a high level of vertical integration meaning that major companies control various production stages upstream and downstream, including the ownership of plantations and manufacturing operations. Large segments of the value chain are controlled by a handful of multinationals: Unilever, van Rees, Finlays and Tata Tea (source: Tea Barometer 2010). Tea is generally exported with minimal processing to importing consumer countries, where it is blended and packaged.

Auctions are key to trade

Roughly 70% of global tea production is traded at auctions (source: Sector Overview Tea by IDH 2011). Mostly small companies, selling their own brand, process the rest of the tea through private sales.

Tips:
- Even if you don’t sell your tea through e-auctions, these selling systems can be a useful source of pricing information. Use them to your advantage.
- For tips on finding potential buyers refer to the CBI document on finding buyers on the European market for tea.

Processing is highly concentrated

The top three tea packers control 60% of the tea market in the UK, 67% in Germany and 66% in Italy (Fairtrade Labelling Organisation 2010).

Tip:
- The EU tea market is highly concentrated. Be aware that the tea packing industry is also the main seller to the retail segment. Take this into consideration when developing your market strategy.

Also for certified products the main segment is the retail channel

The EU retail channel consists of hyper and supermarket chains, smaller chains, independent grocery stores and specialist tea (and coffee) sellers who may also sell online. Retail consumption accounts for 91% of tea consumption, whereas out-of-home consumption (coffee/tea bars, restaurants, work place) accounts for around 9% (source: Tetley UK personal communication 2014).

Tips:
- Look for smaller (sustainable) brands that more often strive for long-term relationships with their suppliers, outside of the auction system.
- Selling pre-packed (certified) speciality tea that is ready for retail, bypasses the auctions. For tea companies who are able to comply with the, usually very high, quality requirements this is the most profitable option.

Increased transparency in the supply chain

There is an increasing demand for transparency, both from consumers and the industry. Consumer safety and health concerns are drivers here, as well as the fact that prices are under pressure. Transparency is quite easily managed in the tea sector, as the sector is relatively well organised with not too many players. In addition, the supply chain is relatively short: tea packers increasingly source directly from tea gardens, thus bypassing the auctions. In this way, producers/exporters may achieve price increases of up to 10 to 15 cents a kilogram.

Tip:
- Direct trade shortens the supply chain. If this is the case, make sure that the price increase stays with you (and the farmers) and is not to the benefit of your buyer who may still pay the same low price. It is expected that farmers and exporters (providing related services) will be able to negotiate better incomes due to increased efficiency and insights into their position in the supply chain.
Useful sources

- International Tea Committee - [http://inttea.com](http://inttea.com) - Non-profit provider of global tea statistics (based in UK)
- Tea 2030 - [http://tea2030.tumblr.com](http://tea2030.tumblr.com) – global collaboration from leading stakeholders across the tea value chain
- Fairtrade Labelling Organisations International (FLO) - [http://www.fairtrade.net](http://www.fairtrade.net);
- UTZ certified - [http://www.utzcertified.org](http://www.utzcertified.org)
- Rainforest Alliance - [http://www.rainforest-alliance.org](http://www.rainforest-alliance.org)
- Ethical Tea Partnership - [http://www.ethicalteapartnership.org](http://www.ethicalteapartnership.org) - NGO supports farmers in sustainable farming and trade
- The Sustainable Trade Initiative - [www.idhsustainabletrade.com/tea](http://www.idhsustainabletrade.com/tea) - Major tea brands and packers join forces for sustainable tea sourcing & trade
- Information on packaging can be found at the website of ITC on export packaging: [http://www.intracen.org/itc/exporters/packaging](http://www.intracen.org/itc/exporters/packaging)
CBI Market Intelligence

P.O. Box 93144
2509 AC The Hague
The Netherlands

www.cbi.eu/market-information
marketintel@cbi.eu

This survey was compiled for CBI by CREM B.V
in collaboration with CBI sector expert Joost Pierrot

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