CBI Product Factsheet:

Tea in Poland
Introduction

Poland has amongst the highest per capita tea-consumption rates in Europe. Although Polish consumers regard tea (particularly black tea) as a necessity, consumer preferences are changing. As mainstream black and green teas are losing market share, demand is increasing for new premium tea products (e.g. teas with distinctive fruit and herbal flavours and high-quality speciality teas). Poland is increasingly functioning as an export hub. The rapidly increasing export market for black tea could become another growth market for exporters.

Product Definition

The word '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 tea (see table 1).

Flavours of tea

Oxidation is the distinguishing factor that determines whether tea leaves 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’), 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 Sencha and Matcha tea. Chinese-often have a mellower, sweeter flavour profile with notes of nuts, flowers, wood and/or vanilla.</td>
</tr>
</tbody>
</table>
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. 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.

White tea is a light tea grown and harvested primarily in China (Fujian and Zhejiang province). The name relates to the whitish appearance of the plant. The tea is pale yellow. White tea has a light, delicate, slightly sweet flavour. It has less caffeine than black or green tea.

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 specialised tea (and coffee) shops are increasing selling single origin teas.

Polish flavour preferences

Polish people tend to drink tea with every meal. The average Polish consumer has less buying power than the average West European consumer. Black tea consumption is more popular than speciality tea. However, as more Polish citizens become wealthier, there is a growing interest for speciality premium teas.

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. When not differently specified, statistics include these four types of coffee beans. The HS codes included in this study can be found below. There are no separate HS codes for oolong and white tea. They fall within the categories of fermented and unfermented teas, respectively.

<table>
<thead>
<tr>
<th>HS Code</th>
<th>Description</th>
</tr>
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<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 determined primarily by the genetic properties of the tea plant/bush: China type, Assam type or hybrid.
- Environmental: the quality of tea is affected by elevation (high altitude), soil and climate (including temperature, humidity, sunshine duration and rainfall).
- Field operations: pruning, fertilising, shading and plucking also play an important role in determining the quality of tea (see e.g. 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 different leaf sizes and associated strengths. Whole-leaf and broken-leaf grades are used predominantly for loose (specialty) teas, while fannings and dust are the preferred grades for CTC and other tea bags.

The quality of tea is generally assessed by tea tasters (at auctions or from private buyers). Additional information is available in 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 is agreeing on internationally acceptable quality standards. Exemplary 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 product 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;
• Place of origin or provenance.

Packaging

Tea is packaged in food grade foil lined paper sacks, plywood chests are hardly used anymore. The tea sacks are normally packed in 20 sacks to a pallet that weighs between 700 kg to 1,500 kg. On bulk packaging 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 e.g. name of the tea factory tea (statement of identity) and the country of origin are required.

Common packaging methods

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

Poland is a member of the EU and therefore tea exported to Poland, must comply with EU food safety legislation. The EU market (which includes the Polish market) has strict demands with regard to the safety and quality of food. These demands 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 section heading What requirements should tea meet to be allowed on the Polish market?

What legal requirements must my product comply with?

‘EU compliance’ is the most important criterion that EU buyers have when purchasing tea. Only suppliers that are able to adhere to the high EU requirements with regard to the quality and safety of food safety will be allowed to enter the market in the EU (and thus in Poland). Compliance with the maximum permitted residue levels (MRLs) and legislation regarding contaminants is considered most important in this regard.

Tips:
• Direct information on the relevant legal requirements is available on the website of the EU Export Helpdesk.
• The ITC Standards Map contains additional information on voluntary standards.
• Note that sending a shipment that does not comply with EU legislation is subject to severe financial or other consequences. If incompliance is detected, shipments are sometimes sent back to the country of origin. In some cases, however, the authorities decide that the whole shipment must be destroyed. Based on the experiences of EU buyers, this situation is quite common in Poland.

What additional buyer requirements do buyers often have?

In addition to legally binding requirements, sustainability has become an increasingly important condition for market access. Mainstream certification is currently a common request in the Polish mass-market segment, due to the dominant position of large international companies. The market share of Rainforest Alliance tea has increased considerably in Poland since the leading competitor (Unilever, which controls about one third of the total tea market) adopted the label.
Niche sustainability concepts

In Poland, growth is expected for niche labels, especially with regard to organic tea. The organic food segment is the most rapidly growing segment in the Polish food market. Tea suppliers are therefore advised to follow certification trends closely.

Box 1. Sustainability initiatives of individual tea packing companies operating in Poland

Large tea packing companies in Poland and their sustainability or ethical policies are:

- Lipton and Saga (Unilever Polska SA) – Sustainable Living with Rainforest Alliance certification
- Tetley (Tata Global Beverages Polska) – Ethical Tea Partnership (in Polish) and Rainforest Alliance certification
- Herbpapol Lublin SA – Social Responsibility, with some organic fruit, herbal and green teas
- Dilmah – [website](#) with a line of organic tea and infusions, along with some Rainforest Alliance and ETP certified tea gardens
- Mokate, with the brand Minutka – [Certificates](#)
- Pukala - [certificates](#) with organic certification

What is the demand for tea in Poland?

Unless stated otherwise, the import, export and consumption figures presented below are based on the selected HS codes (see the Product Description section).

1. Imports

Figure 1: Imports of tea to Poland, 2010-2014

![Imports of tea to Poland, 2010-2014](source: Eurostat, 2015)
**Most important developments**

**Stable imports**

In 2014 Polish tea imports amounted to a total volume of 36 thousand tonnes, with a value of €86 million. Poland accounts for 11% of all EU imports. Since 2010, however, imports have decreased by 6.8% per year. In comparison, EU imports overall have decreased by only 1.9% per year.
Poland relies heavily on developing countries for its supply of tea, with 70% of all tea imported in 2014 coming from developing countries. In comparison, 87% of all tea imported to the EU in 2014 came from developing countries. Polish tea imports from developing countries have decreased by only 0.6% per year since 2010. In 2014, Poland imported 30% of its tea from other EU countries. This tea was sourced from outside the EU and exported (or re-exported) to Poland. Since 2010, imports from EU countries have decreased by 16% per year.

**Strong fluctuation supplying countries**

In 2014, Germany was the largest exporter to Poland (22%), followed by Kenya (17%), India (12%), Indonesia (8.5%), Vietnam (7%), China (5.3%) and Argentina (5.2%). As indicated in Figure 2, the imports of most countries fluctuate strongly over time. Opportunities for suppliers are therefore likely to vary widely from one year to the next, depending upon the quality of the global harvest (e.g. in terms of volume and/or compliance with food-safety requirements, including pesticides), as well as according to price and consumer trends.

**Types of tea and form of packaging**

The majority (87%) of all tea imported to Poland in 2014 was black tea, with the remainder (13%) consisting of green tea. Between 2010 and 2014, green-tea imports decreased slightly more rapidly (-7.8% per year) than black-tea imports did (-6.7%). In 2014, 90% of all tea imported from developing countries consisted of black tea, with green tea accounting for the remaining 10%.

Given Poland’s status as a large trader and processor of tea, the largest share of its imports consists of bulk tea (90% in 2014). Some developing countries also supply value-added consumer-packed tea (e.g. teabags) to Poland. In 2014, 60% of the imports from Sri Lanka consisted of consumer-packed tea. India (12% of exported volume in 2014) and China (11%) supply a smaller share of consumer-packed tea. The availability of opportunities for exporters from developing countries with regard to supplying value-added teas depends heavily on the type of tea/level of processing and the country’s experience with sophisticated packaging.

**Tips:**

- When exporting teas (higher or lower value teas), look for opportunities in direct trade with Poland, hereby bypassing the auctions. Through these private sales, you may obtain a price increase of 10 to 15 cents per kg. This is quite common for speciality tea and for buyers with specific requirements.

- Keep updated about developments in the global market as they can have an impact on your competitive position. Refer to price and crop reports and talk to experts.

- Although it is not a simple endeavour, exporters in producing countries can try to sell blended or other teas in consumer packages (e.g. teabags). For example, an exporter could supply private-label products for particular supermarkets (or chains) at prices that are higher than those for bulk tea: Sri Lanka has a long history of capturing more value in the supply chain through value-added production (Ceylon tea) and high-quality tea. Note that it is necessary to be able to offer a complete variety of consumer teas, with a variety of flavours (fruit and spices) and herbal blends.

- Note that adequate packaging is extremely challenging. For example, consumer teas are increasingly being packed in pyramid-shaped tea bags.
2. Exports

Figure 5: Exports of tea from Poland, 2010–2014

Figure 6: Destination countries of tea from Poland in 2014

Most important developments

Poland increasingly functioning as exporting hub: more packing and blending in Poland

In 2014, tea exports from Poland amounted to a total volume of 22,000 tonnes, with a value of €177 million. Poland has developed into an export hub for tea. As an emerging economy, Poland has a high per capita tea consumption, relatively inexpensive labour, a well-established packaging industry and a central location near other emerging economies. Poland is increasingly packing and blending tea. Many EU tea companies have established affiliates in Poland, packing the imported bulk tea into consumer packages (e.g. teabags). From Poland, they re-export the tea to Western Europe and emerging economies in Central and Eastern Europe (e.g. the Czech Republic and the Baltic states).

European countries most important destination for (re) export

In 2014, 85% of all tea exported by Poland involved intra-European trade, with the leading destinations being France, the UK, Belgium and Sweden (see Figure 6). In the period 2010–2014, tea exports increased by an average of 20% per year. In 2014, 73% of this tea was exported in consumer packaging, due in large part to the new blending and packing facility of Twinings in Poland, which produces primarily for continental Europe (Financial Times, 2010).

Tip:
- Explore opportunities to work together with European tea packing companies. You can search this directory to find a list of Polish exporters.
3. Consumption

The consumption figures of tea are calculated by the quantity of tea imported minus exported.

**Figure 7: Consumption of tea in Poland, 2010-2014**

![Graph showing consumption of black tea and green tea in Poland from 2010 to 2014.](image)

*Source: Eurostat, 2015*

**Most important developments**

**Consumption**

Poland (38 million inhabitants) has amongst the highest per capita consumption of tea in Europe. With a total consumption of 14 thousand tonnes, it is the third-largest tea consumer in the EU, accounting for 6.5% of total EU consumption in 2014. According to the Eurostat figures, the consumption of black tea has experienced a particularly rapid decline since 2011, although the experts and traders interviewed noted that they had not noticed such a steep decline in consumption.\(^1\)

The per capita consumption is estimated at 2204 pounds (1kg) per year (Quartz, 2014). In one recent trend, tea is facing increasing competition from coffee and other beverages. In the past decade, coffee sales have surged by 80% (Source: Ministry of Treasury Republic of Poland, 2014).

In terms of overall retail tea sales, black tea still constitutes the largest segment on the Polish tea market (amounting 58.9% in 2013). Herbal tea followed with a share of 14.2%, with Earl Grey tea in third place (10.2%). Other smaller segments include green tea (8.1%) and fruit tea (7.1%) (Source: Ministry of Treasury Republic of Poland, 2014).

**Tip:**
- Consider emphasising the introduction of new, interesting flavour combinations involving fruit and herbal teas, in order to achieve further growth. In Poland, hibiscus tea and raspberry tea are very popular.

**Growth in niche markets expected**

The tea market in Poland is largely saturated. The total tea market is therefore not expected to grow in the coming five years. The worst performing products will be loose black standard tea (which is expected to drop by 4% in value per year) and black standard teabags (-2%). Poland nevertheless does offer opportunities for growth. Leading players continue to introduce novelties and innovative products. Rising incomes, stable prices and the expansion of modern retail networks is resulting in an increasing demand for premium products. Polish consumers are becoming less interested in buying inexpensive economy products, and are instead looking for premium products, especially within coffee and tea (Euromonitor, 2015).

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\(^1\) It is possible that large variations in consumption figures can be credited to the fact that consumption figures are calculated using import and export figures. This calculation does not take into consideration carry-over stocks and possible faulty registration of trade data.
What trends offer opportunities on the Polish market for tea?

Increasing interest in premium products

The tea market in Poland is characterised by maturity and saturation with regard to traditional (mainstream) black tea. The market for premium tea is growing, however, due to Better Buying Power (BBP) and changing customer demands. Consumers are becoming more interested in naturally healthy teas, with green and herbal tea (blends) being considered healthier than black tea. New flavour combinations have been successfully introduced within the segments of fruit and herbal teas. At the same time, consumers tend to look for more sophisticated, individual tea flavours and high-quality premium black teas.

**Tips:**
- Premium teas may be an additional unique selling point over mainstream black teas. It is important to have a good understanding of what ingredients are used for speciality teas when considering entering this market. In some cases you will have to acquire new ingredients, such as hibiscus and raspberry, and therefore use different supply chains.
- Premium teas are generally not sold by retailers, but rather in speciality stores or the out-of-home market. If you want to enter the premium market, look for a small packer specialised in this market segment.

More certified tea

Sustainability has become a major focus of the EU food industry. In mainstream markets with such labels as UTZ Certified and Rainforest Alliance, certification is increasingly being used as a marketing tool. For example, Unilever sells Rainforest Alliance certified tea products on the Polish market under its Lipton and Saga brands. Growth is also expected in niche labels. For example, the organic-food segment is the most rapidly growing food segment on the Polish food market. The growth rate throughout the industry has remained steady at 20-25% per year since 2011 (Economic News, 2013). Suppliers of tea are therefore advised to follow certification trends closely.

**Tips:**
- Talk to your buyer to identify the preferred label(s) for the Polish market and your segment.
- Consider certification, as certified tea will become more popular in Poland. For more insights in the differences between certification labels, see CBI’s [Labels and Standards: Sustainability in Coffee, Tea and Cocoa](https://www.cbi.org.uk).

New materials and shapes for tea bags

The well-known traditional filter paper sachets are now often replaced by bags made of nylon, non-woven commercially compostable or certified biodegradable materials. In addition, pyramid-shaped tea bags have become more popular, leaving more room for whole leaf tea to expand and to give a better, more flavourful brew.

**Tip:**
- Exporters of speciality teas in consumer packaging should consider using these innovative bags, see also [here](https://www.cbi.org.uk).

For more information on trends in the tea market, refer to [CBI’s Trends in Tea](https://www.cbi.org.uk).
What do the trade channels and interesting market segments look like in Poland for 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.

Additional information is provided in the CBI publication on Market Channels and Segments.

Analysis and interpretation

In 2014, Unilever Polska (with the brands Saga Tea and Lipton), was the largest tea company in Poland. It recorded a 33% share of retail sales value in 2014. The second strongest player was Tata Global Beverages, with a value share of 9% (Source: Euromonitor, 2015). Both companies have enormous marketing budgets, and they invest heavily in promotion. In 2014, tea remained one of the most important hot beverages in Poland. It is an essential everyday product. In Poland, tea is consumed primarily in the home. The retail channel is therefore the most dominant force in the Polish tea market.

Tips:

- As retail sales are highly concentrated the demand for bulk tea is high. Therefore the top processors and buyers control most of this market segment.
- Large buyers are in a good position to help you with access to finance. Also look for other forms of finance such as grants and funds. A large contributor to tea projects in developing countries is the Common Fund for Commodities.

Poland imports mainly bulk tea: 90% of Poland’s imports are packaged in volumes larger than 3kg. Most exporters or traders sell bulk tea in paper sacks to Poland. In Poland, tea is packed (in tea bags) for sale in retail and other consumer outlets.

Tips:

- Smaller (sustainable) brands often strive for long-term relationships with their suppliers, outside of the auction system.
- For Polish buyers, especially larger ones, good supply chain management is important. Smallholder tea suppliers are advised to integrate information technology and share and offer flexibility in their supply chain management. Read more about these practices in a case study for Kenya (Source: Journal of Management and Sustainability, 2012).

The Polish retail channel consists of multinational supermarket chains, smaller supermarket chains and independent grocery stores and specialist tea (and coffee) sellers who may also sell online. Multinational companies are likely to continue to dominate the tea market over the next years.

Tip:

- An overview of the Polish retail sector is available here.
- The Polish are formal in their professional communication. Trust is very important when they choose an exporting partner. Be prepared to invest in a trustworthy relationship.

Useful sources

- International Tea Committee - http://inttea.com - Non-profit provider of global tea statistics (based in UK)
- Tea 2030 - http://tea2030.tumblr.com – global collaboration from leading stakeholders across the tea value chain
- Fairtrade Labelling Organisations International (FLO) - http://www.fairtrade.net
- UTZ Certified - http://www.utzcertified.org
- Rainforest Alliance - http://www.rainforest-alliance.org
- Ethical Tea Partnership - http://www.ethicalteapartnership.org
- The Sustainable Trade Initiative - 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