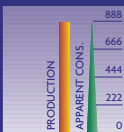
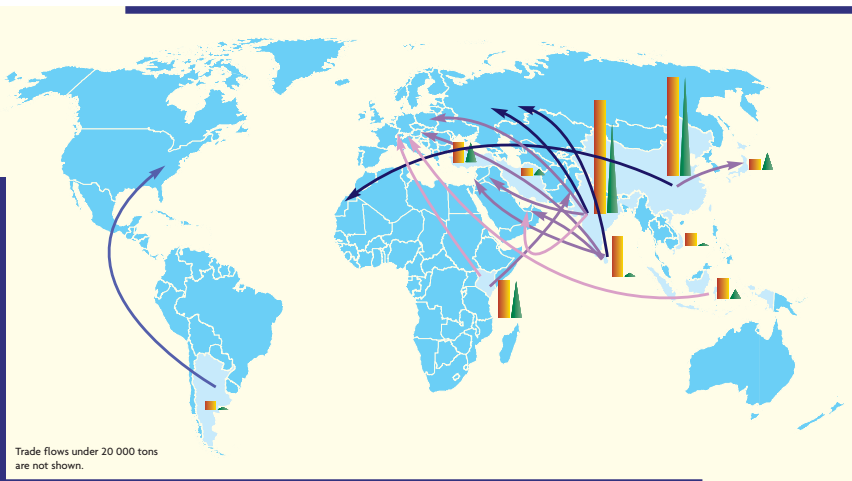
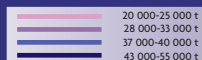


Thousand metric tons, situation in 2003.



Trade flows of tea in quantity, 2002.



Production, consumption and trade of tea.

The United Nations SITC (revision 2) defines tea as tea SITC code 074.1.

Discovered around 5,000 years ago, tea is generally considered the oldest prepared beverage. Whatever its colour (black, green, oolong, yellow or white, depending on how it has been processed), tea can be produced from three main varieties: *Camellia sinensis sinensis*, *Camellia sinensis assamica* and *Camellia sinensis cambodiensis*. When the tea tree grows under natural conditions, it is evergreen and can reach 10 to 15 metres, but when it is cultivated in gardens (the name given to tea plantations worldwide), its height is artificially limited to one metre in order to facilitate the pickers' work. Tea trees are grown mainly in tropical and subtropical regions with humidity of 70% to 90%. Rainfalls must be abundant and regularly distributed throughout the year, with a yearly average of 1,500 to 2,500 millimetres.



Quality control of tea leaves



Tea weighing after picking in India.

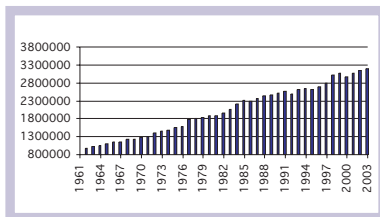
Production

Leaves can be picked by hand or mechanically; manual picking yields leaves of higher quality. Picking is generally done according to the maturity stage of the leaves (from the top to the bottom of the tree, as a rule), and three levels of quality can be distinguished:

These methods although very time- and labour-consuming, are still used to process high-quality products.

- Imperial picking involves picking only the terminal bud (Pekoe) and the first leaf.
- Fine picking involves picking the terminal bud and the first two leaves.
- Classical picking, the main technique used today, includes the terminal bud plus three to four leaves.

World tea production, 1961–2003 (metric tons)



Source: Data from FAO.

Because of the product's perishable nature, final processing must occur as soon as possible after the leaves are picked, and special care is required during transportation and storage.

The average yield per hectare from 1990 to 2003 was around 1.2 metric tons, with yields in leading producing countries being 1.4 tons per hectare in Sri Lanka and 2 tons per hectare in Kenya.

Black tea is the only kind of tea that is subject to international quality regulation. It is classified according to two main methods: orthodox and crushing/tearing/curling (CTC). Within both categories, tea leaves are classified into sub-categories, with the best quality represented by the pekoe (and the condition of the pekoe) and the lowest by the dust of leaves.

Trade in tea

In some of the leading tea-producing countries, such as China, India, Iran, Japan and Turkey, most of the tea produced is consumed domestically. In some others – including Bangladesh, Burundi, Kenya, Malawi, Rwanda and Sri Lanka – exports are important.

The tea marketing chain typically resembles one of two models. The first one, used mainly by large transnational companies, is vertically integrated, with one company managing all the steps, from cultivation on large estates (which is often highly mechanized) to processing of tea bags. The second model can be considered more "traditional". The tea is grown in smaller gardens, which are often owned by a cooperative of producers, and is then usually marketed by national boards, as in India, Kenya and Tanzania.

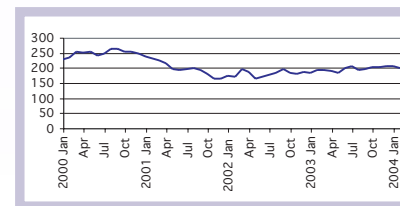
The fair trade movement has had an impact on the tea trade. Several organizations, such as Fairtrade Labelling Organizations International (FLO), work to increase the prices paid to small producers in order to enable them to cover production costs and improve their living conditions.

Prices and consumption

Tea prices are highly volatile. However, with the closing of the London Tea Exchange, it has become increasingly difficult to hedge price risks. Currently around 85% of domestic production is sold through regional auctions, the balance being supplied through forward contracts.

Tea leaves are sold mainly in tea bags in western countries and as entire leaves in the east. In the United States and the United Kingdom, instant tea, to which hot or cold water is added, is widely consumed, but globally this form of consumption remains negligible (2% to 3% of world consumption). Tea is also used in medical and paramedical applications.

Monthly average of tea grade BPF 1 price Mombasa auction (US cents/kg.)



Regional tea auctions

Country sites	Auction
India	Calcutta
	Cochin
	Gauhati
	Siliguri
	Coimbatore
	Coonor
Kenya	Mombasa
Bangladesh	Chittagong
Sri Lanka	Columbo
China	Guangzhou
Cameroon	Limbe
Indonesia	Djakarta