

## The German tea market in 2006

### Preliminary remark:

The facts and figures were determined by the German Tea Association, Hamburg, from its own surveys. Further numerical information has been taken from data of the Federal Statistics Office and the International Tea Committee (Annual Bulletin of Statistics), London. The figures indicated refer, unless otherwise indicated, to tea in the strict sense of the word (*Camellia sinensis*). That includes black tea and green tea.

### Tea imports at record level

#### German companies deliver top quality worldwide

*Hamburg, June 2007* Last year Germany continued to build on its position as a hub of the international tea trade. The volume of imports was up 12.2% on the previous year, setting a new record at 46,785 tons. At the same time, exports from Germany hit a new peak – 25,302 tons were processed (including blending and flavouring) and then re-exported by German tea companies to all parts of the world – mostly to countries such as the UK, USA and Russia, which opted for top quality tea “made in Germany”. Per capita consumption in Germany itself was on a par with the previous year, at just under 25 litres, of which some 77% was black tea and 23% green tea. “Small in quantity, big in quality” was the basic principle of consumption in Germany, according to Jochen Spethmann, Chairman of the German Tea Council. “German consumers drink relatively little tea by international comparison, but they have a reputation of setting the highest standards.” A total of 3.5 million tons of tea were produced worldwide in the past year – that is up 4.3%. With exports remaining stable, more than half of this quantity (1.9 million tons) was retained by the countries of origin for their own consumption.

### China and India are the world leaders in tea growing

China has taken on the leading position among growing countries in the international tea market, with production of more than 1 million tons. That is up 17.2% on the previous year’s figure of 870,000 tons. Most of the tea consumed in Germany likewise comes from China, which has raised its share of the German market to 22.07% (versus 19.73% in 2005). Second place in worldwide ranking is taken by India, with total production of 995,907 tons (up 3% on the 2005 figure of 927,984 tons). India is a traditional tea growing country, with world famous varieties such as Darjeeling and Assam – the latter is used in Germany for the popular strong East-Frisian blends. India took second place among source countries in Germany, supplying 6,976 tons, that is a market share of 14.91%. Tea consumption has a long tradition both in China and in India, and is firmly rooted in the national culture. And tea is also a major element in the export trade of both these countries – China exports a total of 286,463 tons, that is about 28% of its tea production; India exports more than 21% (203,860 tons).

### **Sri Lanka and Kenya lead the world in tea exports**

Sri Lanka and Kenya are entirely focused on the international market. Sri Lanka grew 310,822 tons, and Kenya 310,607 tons in 2005 – a relatively small amount compared with China and India, but each of them put nearly their whole crop on the international market. Sri Lanka exported 308,331 tons and Kenya 305,721 tons. That makes Sri Lanka the biggest tea exporter in the world, ahead of Kenya, with a 13.43% share of the German market (versus 12.58% in 2005). Kenya has rapidly increased its tea growing area, crop and export quantity in the last four decades. Tea is now a significant economic factor, and one of the country's most important export goods. Kenyan tea comes from the districts of Kericho, Nandi, Limuru-Kiambu, Nyeri and Meru, and is mainly processed by the CTC method. Germany likewise imports increasing quantities from Kenya, mainly using it in blends.

### **Germany is the hub of the tea trade**

Germany is gaining an ever stronger position in the international tea market. One of the main reasons for that is the expertise and experience of the trading companies here in processing and marketing of high-quality tea. These top qualities largely go into re-export, for which there is growing demand worldwide. Hamburg is the tea capital of the European continent, and not only handles about 70% of German tea imports, but also more than half of all tea traded throughout Europe.

### **Domestic market slightly down on last year**

By contrast with the pleasing international development of the German tea trade, the domestic tea market remains a difficult business. The export-import statistics show domestic availability of 21,483.30 tons, whereby real domestic consumption (adjusted for changes in inventories) was 17,530 tons, according to the survey by the German Tea Association. Thus per capita consumption in the year under review was just under 25 litres, about the same as in previous years. "Tea was unfortunately not one of the winners in the Super Summer 2006, with the Football World Cup and glorious weather," says the German Tea Association. Affinity to tea is partly a regional matter. The East Frisians are known worldwide as tea connoisseurs and consumers of the highest qualities, on a level with the Irish and the Libyans. But otherwise, consumption in Germany is mainly concentrated in Northern Germany, dropping sharply to the south of Göttingen. There is also a "large tea drinking population" in Frankfurt and Berlin. About 60% of the tea consumed in Germany is sold as loose product, and 40% in tea bags.

### **Specialist outlets are important sources**

The most important purchase sources for German tea consumers are conventional food retail stores and discount stores, accounting for nearly 60%. They are followed in second place by the tea specialist stores, which make up 18% of the total market. “For many tea connoisseurs, the purchase itself is an experience to enjoy,” explained Jochen Spethmann. “German tea drinkers do not consume as much tea as the British or the Chinese, but they do have a worldwide reputation as real connoisseurs setting high standards.” Many of the tea gardens of the world grow top quality product specially for the German market.

### **Good prospects in a difficult environment**

“In a country with a stagnating population, people are not going to buy significantly more food” – those are the prospects for the German food market, as indicated by the GfK Consumer Index of November 2006. “It is a great challenge to get a traditional coffee drinking nation to consume more tea,” adds Mr. Spethmann. And yet the companies look to the future with optimism. The background conditions are good with the following wind of success in international business, and in view of buoyant demand worldwide. And there are also positive signals coming from the domestic market, indicating that consumption is on the rise. “German tea companies are traditionally known for first-class quality and innovative products,” says Mr. Spethmann, “and those are benefits as consumption becomes stronger.”