

## The German tea market in 2010

### 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.

### The tea market in Germany is stable Looking to the future with optimism

*Hamburg, July 2011* The tea market in Germany remains stable. “Imports of black tea and green tea are back to the level of 2008, at about 51,000 tonnes,” says Jochen Spethmann, Chairman of the German Tea Association, taking up one of the core messages of the Annual Report. The figures also show that, even before the reactor accident, Japanese tea exports to Germany were almost insignificant at just 190 tonnes.

What is surprising, though, is the sharp increase in imports to Germany from Africa, in particular via the world’s largest tea auction in Mombasa, Kenya. Kenya itself is now the top tea exporter ahead of China, at nearly 370,000 tonnes. In 2010, nearly 4.1 million tonnes of tea were produced around the globe. In Germany about 25,000 tonnes of tea were available in the domestic market last year, that is significantly up on the previous year, but is due to an increase in inventories. A total of 18,300 tonnes were consumed. That means that the average German consumption of tea per capita continues to be just under 26 litres per annum. “Tea drinkers are remaining loyal to their favourite beverage,” says Jochen Spethmann. “They appreciate quality and they are health conscious. That will keep the tea market on a stable course in the years ahead.”

### The tea market in Germany – small in quantity, big on quality

Imports and exports of tea in Germany remain stable. In 2010 a total of 50,838 tonnes of tea were imported, following 44,266 tonnes in 2009 and 50,768 tonnes in 2008. More than 50% of this quantity is re-exported from Germany. Exports in 2010 were 25,940 tonnes, compared with 25,371 tonnes in 2009 and 26,989 in 2008. A total of 24,897 were available in the domestic market, following 18,894 tonnes in 2009 and 23,779 tonnes in 2008. That brought imports and exports in 2010 back to the level of 2008, and the amount of tea in the home market was even a little above 2008. The fluctuations in home market quantities are due to increase in inventories.

Export volume has also stayed constant over the past three years, and in view of overall economic developments that can be seen as a sign of the high quality of German tea processing and blending. In relation to total worldwide tea production of 4,066,596 tonnes, Germany's tea consumption of 18,300 tonnes (it was 18,000 tonnes in 2009) is quite modest, at just under half a percent. But Germany, with the Port of Hamburg, is one of the most important hubs of the world's tea trade. Some 70% of the tea traded in Europe is handled in Hamburg. Exports from Germany go to 99 countries – following the EU countries, by far the majority of these exports go to the USA.

“German importers and traders are well known throughout the world for their expertise and their tea quality. They give the markets new stimuli by their ability to set trends with creative blends and innovative product variants,” says Jochen Spethmann, Chairman of the German Tea Association.

### **Food retailing and specialist stores account for three quarters of the market**

The preference of German consumers for black tea remained unchanged in 2010. The ratio of black tea to green tea was 77% to 23%, as in previous years. Organic tea was up slightly, by 0.1 percentage points to 4.2%.

German tea consumers remain loyal to their habits in their choice of preparation method – as in previous years, they bought 60% loose tea versus 40% in teabags.

The food retail trade continues to be the main shopping source for consumers, with a market share of 52.7% (versus 54.9% in 2009). Tea specialist stores gained a little in 2010, up 1.5 percentage points to a market share of 21.5%. The market share of restaurants and bulk consumers remained practically stable at 4.6%. “Other distribution channels”, such as Turkish retail stores, account for 12.9% of the market, industry 4.2% and mail order 4.1%.

### **Practically no green tea imports from Japan to Germany**

The reactor disaster in Japan worried a lot of tea drinkers. But there is really no need for concern. Firstly, because Japan traditionally exports only very small quantities of tea, with just 2.4% (about 2,000 tonnes) of Japanese production leaving the country. This is almost exclusively green tea. In 2010, before the reactor disaster, only 190 tonnes were exported to Germany, that is only about 0.2% of Japanese tea production. By comparison, China is the largest supplier of green tea to Germany, at 9,234 tonnes and an export share of 78%.

Where tea is imported from Japan at all, it is subjected to very rigorous testing. Food products from the regions affected by the reactor disaster may only be exported after total inspection and certification. According to information from Federal Ministry of Food, Agriculture and Consumer Protection all food from Japan is stopped and inspected at the EU's external checkpoints as a matter of preventive consumer protection.

### **Kenya takes the lead in tea export**

In 2010 Kenya became the world's largest tea exporter, leaving even China behind. There was record tea production there in 2010, at 399,006 tonnes. By far the largest proportion of that, a total of 369,333 tonnes (mainly black tea) went into export. The export quota from Kenya was thus nearly 93%. By comparison, the People's Republic of China exported 302,419 tonnes last year (export quota 22%), Sri Lanka exported 298,587 tonnes, India 189,000 tonnes and Indonesia 87,101 tonnes. While exports from China and India remained constant, Sri Lanka's exports were nearly 19,000 up, and Indonesia's nearly 6,000 down.

### **Imports to Germany – Africa is gaining**

The largest import quantities to the German market still come from China and India, but the strong rise in imports from Africa is particularly striking, especially from Kenya. Imports from Africa were up by nearly 1,000 tonnes, or more than 31%, to 4,034 tonnes. That put Africa in fifth place in the ranking of the biggest suppliers to the German market. China is still definitely in first place for volume of imports to Germany, with 11,838 tonnes (versus 8,490 tonnes in 2009), followed by India with 8,405 tonnes (versus 6,261 tonnes in 2009), Indonesia with 5,807 tonnes (versus 7,286 tonnes in 2009) and Sri Lanka with 6,044 tonnes (versus 5,477 tonnes in 2009).

### **Global production at high level**

Global tea production in 2010 was a total of 4,066,596 tonnes, following 3,859,950 tonnes in 2009. The export quantity was 1,728,976 tonnes (versus 1,568,487 tonnes in 2009). The share of exports in world production was 42.5%, that is slightly up on 2009 (40.63%). In the ranking of top producer countries, China remains the number one with tea production of 1,370,000 followed by India (966,403 tonnes), Kenya (399,006 tonnes), Sri Lanka (329,382 tonnes) and Indonesia (129,200 tonnes). In direct comparison, there are slight shifts in the producer market – China was slightly up (1,310,000 tonnes in 2009), while India's production was slightly down (978,999 tonnes in 2009). Kenya showed particularly positive development versus 2009 (314,198 tonnes), and even exceeded the high level of 2007 (369,606 tonnes), and Sri Lanka also produced significantly more tea than the previous year (289,778 tonnes in 2009). But production in Indonesia was down (136,481 tonnes in 2009), continuing the trend of recent years.

## **Outlook for 2011**

“We are confident that tea will continue to have stable sales in the coming years, because there is no age limit to tea drinking,” says Dr. Monika Beutgen, Executive Director of the German Tea Association, based in Hamburg. “While older tea drinkers mostly stay true to their consumption habits, younger tea drinkers are often keener to experiment, and enjoy their tea in a range of creative variations, including as a cold drink,” she explained. Tea also increasingly has a firm position in the kitchen and in the bar. But most tea consumption is still in the colder months of the year.