

STATISTICS ON THE CEYLON TEA INDUSTRY:

By 1860 some 40,000 acres of land had been recorded as purchased and set for coffee. Unfortunately a fungal disease had been noticed by Gardiner on the crest of a hill on his visit to Pen-Y-Lan estate in 1845 and by 1867 it had decimated the coffee plantations and the island was in chaos. Slowly the estates were re-planted into tea and as the years passed the pace of re-generation increased dramatically.

1867 saw the first commercial field of tea (19 acres). Some estates already had played with tea in 1840.

1873 - 23 lbs of tea exported to London.

1883 - 30,000 acres of tea established. 1,665,768 lbs of tea exported

1884 - 70,000 acres established

1900 - 384,000 acres established. 1965 a peak of 590,000 acres. By 1997 worth 44 billion S.L. Rs. Over 90 % of this total production was exported to the U.K. who to day takes less than 3 million kilos of tea from this island.

2006 – Total production reached 310.8 Million kilos (683.76 Million Lbs)

The summary & forecast information below has been drawn from some of our own observations plus a major input taken from the Forbes & Walker Sri Lanka Tea Review 2008. The up-dated statistics are also drawn from various annual reviews published by John Keels, Forbes & Walker and the S.L. Tea Board Statistical Bulletin 2005.

2010 Summary:

(The S/L Rupee averaged Jan-Dec 113.61 – 110.75 for 2009 to the U.S. \$)

Conditions improved considerably in 2010 with a full year of peace since the conflict in the North had been resolved. Total GDP was 8.1 %, the stock market doubled to 6,614.3, the lending rate was 9.29 % and unemployment ran at 5.4 %. Finally tea production rose to an all time record of 331.4 Million Kg with tea exports totalling 314.2 million Kg. Tea Revenue increased to Rs.155.3 billion a 14.1 % increase on 2009. **C.T.C. Production** in 2010 was up 2.5 Million kilos on 2009 at 18.39 Million kilos but this was against a 40.3 million kilo increase of traditional (Orthodox) manufacture for the year.

NB. Fairtrade under some pressure announced a new floor price in 2010 for Ceylon teas at \$2.60 which is nowhere near the average prices being obtained for all teas let alone the really top quality teas. In my opinion Fairtrade and other fair trade organisations have to accept that this policy is totally meaningless to the estates. Furthermore their small contribution to a worker fund is now relatively meaningless with workers achieving huge increases in wages and bonuses.

2015 Summary:

(The S/L Rupee ranged from 131.11 on 1st.January.2015 to 141.22 as at 31st.December.2015 with a depreciation of 7.71 % - However it also depreciated 2.53 % against the pound sterling & 7.76 % against the Saudi Riyal. It appreciated against the Russian Rouble by some 12.66 % & by 3.07 % against the Euro).

Forbes & Walker review reported that 2015 was one of the most challenging years for the tea industry. With problems in the Middle East & with devaluation of the Russian Rouble, Ukraine Hryvnia and Turkish Lira. Contributing significantly affecting end of year revenue from exports, auction averages combined with production falling.

The total population grew by 0.9 % for the year. The labour force grew by 0.6 %. Unemployment was 5 % against 4.2 % in 2014. Agriculture employed 2.9 % which is a decline from 3.2 million in 2014. The trend over 10 years has been static.

Ceylon teas until 2013 have attracted the highest prices for their teas against Kolkata (Calcutta) who received the next highest prices and in 2013 the price was US\$ 0.97 higher. Normally the difference was approximately US\$ 0.10 – 0.30 cts different. Kenya has also been tracking Kolkata at a few cents below except for 2010 – 2012 when they were above. In 2015 Kenya rose to within US\$ 0.01 ct of the Colombo average. This will be a worrying trend for Ceylon teas as their tea industry is very largely based on hand plucking for quality and the employment of many thousands of resident families dependent on this. With the Tea Research Institute and Tea Board actively considering having to move to machine plucking because the wages paid to Ceylon workers is by far the highest compared to other producing areas. Should machine plucking be adopted this would inevitably mean abandoning huge areas of the high grown elevation teas and some Mid elevation areas also. In my opinion this would be a major disaster for the island as it is the High grown teas that have created an international reputation for their extreme quality and characters. The second part of the disaster would be the huge unemployment that would result in the hills.

The 1st Qtr : The beginning of the quarter showed a reasonable volume of 7.3 Million Kg to the end of January. However with dry weather thereafter in most tea districts and the arrival of the South/Western quality season auction volumes showed a decline. However high & medium elevation teas showed improvement in prices with the Nuwara Eliyas in particular with leafy teas attracting good demand from the improvement in quality for February/March. Uva & Uda Pussellawa teas also showed good demand but then eased off before the end of the quarter. Overall the the season was a disappointment with demand down overall.

Low elevation prices having declined in the last quarter of 2014 continued to decline. The auction average was Rs.419.04 for the quarter down some Rs.67.61 on the quarter in 2014.

Total production for the quarter totalled 78.9 M/Kgs V's 73.7 M/Kgs for 2014. However exports at 73.2 M/Kgs decreased by 2 M/Kgs on 2014. Total revenue was also down by Rs.6.2 Billion on 2014.

The 2nd. Qtr: Again the medium & high elevation leafy teas showed early promise and maintained a reasonable level. However low elevation teas continued to decline. By mid June the OP & OPA's together with Pekoes witnessed an increase which helped the Low elevation rise.

Total production for the quarter totalled 92.9 M/Kgs V's 99.7 M/Kgs for 2014. The total for the two quarters was 172.6 M/Kgs showing only a 1 M/Kgs decline over 2014. Exports at 78.3 M/Kgs for the quarter decreased by 3.8 M/Kgs on 2014. Total revenue was also down by Rs.7.1 Billion on 2014 at Rs.46.3 Billion.

3rd. Qtr: Having started on a reasonable note production declined in August & September mainly due to trade union disruption. Lower production levels drove up prices particularly for the B.O.P.F & B.O.P. grades. As the quarter progressed the Uva's brightened up with seasonal quality available. Low elevation price were unchanged and

the prices remained lower as for the 1st. & 2nd. Quarters. By August the Low grown average declined to Rs.397.01 the lowest level since 2012. Medium & high elevation teas showed a marginal increase.

Production in this quarter totalled 78.7 Million Kgs down from 81.9 Million Kgs for 2014. The total for the three quarters was 252.6 Million Kgs down 2.9 Million Kgs on 2014

Exports for this 3rd. Qtr were 74.5 M Kgs down 9.3 M Kgs on 2014.

Total revenue at Rs.43.9 Billion was 10.6 Billion down also.

The 4th. Qtr: Medium & high elevation teas showed an improvement during October. Prices for B.O.P.F & B.O.P grades improved on the 3rd. qtr. and this might be attributed to the sharp increase in prices for Kenyan teas as discussed above. Low grown tea prices also improved resulting in a total for the quarter of Rs.416.32 resulting in only a small decline from 2014 of Rs.26.72.

Unfortunately Total production for the year was 329.9 M Kgs a decrease of 9 M Kgs on 2014 whilst exports totalled 306.9 M Kgs down 20.3 M Kgs

Total revenue of Rs.182 Billion for the year was downRs.30.5 Billion which must surely impact on the estates to afford to replant to maintain yields after the high wages have been paid.

Old seed planting V's new V.P. stock:

Evidence suggests that whilst the new VP types yield better than the original seed plantings they are not as robust, some estates still have areas of the original seed planted bushes from the 1870's & 80's. In 1997 it was estimated that 45 % of the planted area consisted of bushes planted between 1867 & the 1950's whereas the balance 55 % was in the new V.P. clones. Whilst there was a spate of re-planting from 1992 right up to 2000, this has fallen off now that the Leases for the land will be coming up for re-tendering in approximately 25 – 30 years unless the Government can guarantee some sort of continuity of tenure as the leasehold period comes to an end so that companies feel that continuing investment will benefit their efforts.

CEYLON TEA INDUSTRY PRODUCTION & EXPORT STATISTICS:

History of Production by Elevation: Yields: Million kilos to nearest metric ton

YEAR	LOW		MEDIUM		HIGH		GREEN TEA		TOTAL	
	Kg	%	Kg	%	Kg	%	Kg	%	Kg	% + or -
1965	59	25.8	79	34.5	91	39.7			229	
1994	77	31.6	49	20.1	118	48.3			244	
2000	166	54.3	56	18.4	83	27.3			305	+20.0 *
2006	184.6	59.4	51.4	16.6	74.7	24			310.8	+1.9 *
2008	185.2	58.2	49.0	15.4	84.3	26.4			318.5	+2.4 *
2009	173.2	59.7	44.4	15.3	72.2	14.9			290	-8.8
2010	196.2	59.2	56.1	16.9	79.1	23.9			331.4	+14.3
2014	209.7	62.1	49.2	14.6	78.9	23.3			338.0	+ 02.0
2015	200.5		47.1		75.7		2.9		329	-2.7

2014 Production was at an all time record of 338 million Kg.

1984 was the year that low elevation overtook the traditional highest yielding area which was high elevation. This was largely due to the introduction of cooling machines in the factory allowing a quality product to be produced in this very humid hot area and the expansion of new plantings in the area by privately owned landowners & small holders.

In 1995 Low elevation increased the planted area by 10,000 hectares and achieved this expansion again in 1997.

Hectarage in Cultivation by Elevation: (Thousand hectares)

YEAR	LOW	MEDIUM	HIGH	TOTAL	% + or -
1965	67	102	96	265	
1981				244	
1999	79.7	56.2	51.4	187.3	
2005-08	41.1	71.0	109.8	221.9	

The last attempt to record the areas was in 2005 which was calculated from the agricultural Profile 2003. – S.L. Tea Board Statistical Bulletin 2007. The hectarage is therefore recorded as the same to 2008 and until a further survey is available.

**Breakdown of Hectares in Tea by Private Small Holdings & Company Estates:
Unit:Hectares**

The statutory requirement for owners to register their tea lands with the Tea Commissioner was repealed in 1992.

The figures for 2003 are based on the Census of Agriculture 2002

The figures for 2005 are based on the Census of Small Holdings 2005 (TSHDA) & the Agricultural Profile of the Corporate Sector 2003.

YEAR	Small Holdings	Company Estates	TOTAL
1981	52,614	192,305	244,919
1992	61,371	160,465	221,691
2003	91,667	118,954	210,621
2005	89,640	132,329	221,969

The area planted in tea has been reduced over the years, yet yield has increased (mainly from new planting with V.P. = Vegetative Propagation method), mainly from re-planting that took place from the 1950's onwards plus the new basic guideline that every estate should re-plant 2 % of their area each year on an on-going cycle. However due to the high costs of planting largely from the very large increases in wages awarded (see section on 'Wage progression & benefits for estate workers'), many estates cannot afford to re-plant. The original planting was largely made with tea seed and early

cropping levels were more relaxed prior to the introduction of artificial fertilisers by Fraser in the early 1900's and which became more & more available through the Colombo Commercial Company and Baur's of Switzerland. However with the coming of artificial fertilisers, plus V.P. planting, yields rose and the high level of cropping was taking more out of the tea bushes (see the section 'Field works on an Estate').

Yields of Made Tea: Kilos / Hectare (Lbs / Acre)

Areas in both High & Medium elevation need continuing re-planting, some of the areas that were originally cleared for coffee in 1838 onwards, especially areas such as Dolosbage, Gampola, Hewaheta & Matale have suffered from years of cropping & considerable soil erosion with yields that were uneconomic in 2,000. Many high grown areas have something like 55 % in new plantings that are becoming 15 to 25 years old. The Low grown teas benefited from a huge expansion of new planted areas with subsidised re-planting which took off in about 1984. These new areas have contributed hugely to the Ceylon tea industry with high yields and disciplined private management right through the nationalised era and to-date. However these areas are coming up 30 years of age and yields will begin to fall unless continuous re-planting is carried out on an annual basis. The cost of re-planting 1 hectare in 2007 was Rs.1,800,000 (£5,500 at 2007 exchange rates). In 2016 this has risen to Rs.2,755,230 per hectare (£14,813 at Dec 2016 exchange rates), this is a huge cost for the estates to bear and the company estates get no subsidy for this work. The subsidy for replanting tea in 2014 was increased to Rs.350,000/= per hectare but this is about 12 % of the total cost. The low country needs to re-plant every 35 years, the high grows about every 50 – 60 years and the medium grows about every 45 years.

I have entered the yield figures for Ceylon teas by elevation in the table below and I have entered the yield that our family estate (medium grown – Dolosbage) was achieving for three periods up to 1954 when we sold it to Thondaman (CWC Union leader).

When one considers that with V.P. planting huge yields can be obtained in small plots with heavy manuring, figures of 4,000 lb per acre or 4,000 kg per Hectare have been suggested but this apparently has not transferred to large scale field planting. One spectacular example was a small area at Millakande in the 1960's when I was planting and they achieved 5,000 Lbs / acre (in hectares and kilos the figure is similar), rising to almost 8,000 Lbs per acre in 3 or 4 years after pruning. However they were applying large doses of artificial fertilisers to achieve this.

In the table below it will be seen that Medium elevation yields increased from 1993 but by 2005 were again falling.

YEAR	LOW	MEDIUM	HIGH	AVERAGE
1900		Family Est: 400		
1947		Family Est: 670		
1953		Family Est: 915		
1961	805	758	1,063	869
1993	979	979	979	979
2002	2,119	948	1,664	1,641
2005-08	1,649	765	1,929	1,418
2015			1,900	1,479

Source: Tea Board Statistical Bulletin – 2005 and Forbes & Walker

Importance of Tea in the Island's Economy:

The Tea Board raised a Tea cess on all tea that was exported which continues to the present time. Prior to 1976 various department levies were raised on every Lb of tea and together they amounted to SL Rs.0.11cts per Lb. After 1976 these different charges were put under the general Tea Cess. This tea cess was raised to help provide funding for research, marketing development and various promotional activities supported by the Board. The rates were:

1977 Rs.0.70 Cts per Kg – value Rs.80 million – 2.28 % of export earnings
 1983 Rs.1.25 per Kg
 1989 Rs.2.00 per Kg
 1990 Rs.3.50 per Kg - Value Rs.657.7 million – 3.32 % of export earnings
 1991 Rs.2.00 per Kg
 1997 Rs.2.50 per Kg This rose to Rs.4/= per Kg exported

Source: Tea Board Statistical Bulletin – 2005

In November 2010 the plantation minister has decided to introduce a completely new Rs.3.50 cess the funding of promotions in Europe. The collection of this cess is now in operation.

John Keels in their annual tea review report of 2004 quoted that the overall Industrial contribution from the island to exports was 78.2 % of all exports; Textiles contributed 48.8 %, Agriculture 18.4 % and Tea 12.8 %. However textiles require a high import element in their production.

Auction Prices:

2004 saw quality Uva's in the season rise to Rs. 700/= per Kg and the plain Uva's reached Rs. 160/= per Kg.

2008 saw quality Uva's in the season with 27 invoices reaching over Rs. 1,000/= per Kg. The top invoice made Rs. 1,470/= per Kg.

2009 saw less interest for Uva's with a decline in quality.

2010 again saw Uva prices not rising partly due to the season being unremarkable.

I am pleased to note that Traditional (Orthodox) Ceylon manufacture showed a very strong demand in particular for the large leaf grades whereas CTC has remained more or less at the same level of production and the price for CTC teas dipped in May 2010 and is clearly not threatening Ceylon traditional manufacture at present which is encouraging

As reported in the sections above, Colombo has consistently recorded the highest average auction prices of all producing countries with Calcutta usually lying second. However this changed in 2015 when the Colombo auction average was \$2.96 for the year and Kenya rose to an average of \$2.95 per kilo. We are seeing huge changes in the weather patterns and tea price levels are being driven by the amount of crop that is available and recent long droughts in both countries are driving high price levels. However these higher prices do not relate in higher profitability for the estates as the amount of made tea sold is falling due to the dry conditions. Ceylon teas have such an advantage in that the estates have a commendable commitment to maintain quality at all costs; they naturally have such a huge range of different characters and the island policy over 30 years now in developing a Bio culture, avoiding the use of pesticides whenever possible with a strict licensing system. These three aspects have built up their deserved international reputation as being the best quality teas in the world today and the managements know that they cannot afford to slip up in any area if they are to survive

into the future. These managements are also aware that unhappy workforces = unhappy and declining estates.

The estates have had a programme of certifying for I.S.O. standards to ensure that they comply with Western standards of clean handling & packing plus safe working conditions. They have long standing ingrained standards on minimum age for work registration, worker welfare has been taken from what was a fairly basic level to very high standards to day and wages are ever driven upwards with a constant lack of sufficient workers to drive this huge industry. Now that the island has entered a phase where they have been able to stop the annual drain on its finances fighting the Tamil terrorists in the North, they have the opportunity to create an inclusive policy with the Northern Tamil population, returning to the situation prior to the 1970's when the two communities worked to their common advantage. This should allow the economy to recover and achieve the potential that this wonderful island undoubtedly has for great prosperity and mutual happiness.

World Auction Annual Averages:

Year	Sri Lanka	Kolkata (Calcutta)	Cochin	Chittagong	Mombasa	Jakarta	Guwahatti	Limbe	Kenya
2007	\$ 2.76	\$ 2.14	\$ 1.48	\$ 1.27	\$ 1.66	\$ 1.33	\$ 1.87	\$ 1.05	
2008	\$ 2.87	\$ 2.37	\$ 1.65	\$ 1.62	\$ 2.18	\$ 1.30	\$ 2.10	\$ 1.37	
2009	\$ 3.14	\$ 2.54	\$ 1.83	\$ 1.98	\$ 2.29		\$ 2.23	\$ 1.58	
2010	\$3.28	\$2.85	\$1.71	\$2.63	\$2.54	\$1.81	\$2.43	\$1.58	\$2.76
2015	\$2.96	\$2.47	\$1.55	\$2.45	\$2.73	\$1.56	\$2.16	\$1.56	\$2.95

In earlier years whilst there was an ongoing war in the island, its economy was being badly affected and this often affected the S.L. Rupee's standing against the US \$ & £ Sterling, two major currencies used in the purchase of teas and recently the Euro has been added as a purchasing currency. This meant that even though the average auction price in S.L. Rupees was annually increasing, this gain would often be wiped out in the exchange rates. There are hopeful signs that this volatility has subsided and the economy is strengthening considerably as the peace dividend takes hold. The SI Rs in 2010 strengthened by 3 % against the U.S. \$.

Where 'For On Board' (FOB) prices are listed these prices include the auction price plus the added value from a significant packaging industry that has been developed within the island. However the island still exports a significant % of its exports as bulk teas which are of a lesser value to the island's economy compared to packaged teas. Auction prices shown here refer to the prices achieved on a weekly basis at the auctions in Colombo but do not include the prices achieved from direct sales, where often the prices will be much higher for specifically requested manufacture runs which we are involved in.

CEYLON TEAS:

Exports by type of packing – Quantity - % of Total:

Kilos = Million kg Value = Billion S.L. Rs. Av F.O.B. Value S.L. Rs: per kg:

Year & Quantity-value & FOB/Kg	Tea In Bulk	Tea in Packets	Tea in Tea Bags	Instant Tea	Green Tea	Other Teas incl CTC	Tea Imp & Re-Exp	Grand Totals Excl Imp
2004								
Kilos	186.61	68.54	17.74	1.43	2.50	13.84	9.73	290.65
%	61.33	22.52	5.82	0.46	0.82	4.54	3.24	
Value	37.98	16.34	9.26	0.83	1.25	5.27	3.99	70.92
Av FOB	203.52	238.37	521.88	581.59	499.32	380.81	409.92	244.00
2007								
Kilos	180.14	74.12	22.10	1.49	3.48	14.79	15.63	296.12
%	57.78	23.77	7.08	0.47	1.11	4.74	5.01	
Value	56.40	25.86	13.37	0.99	2.49	7.81	6.64	106.92
Av FOB	313.11	348.85	605.08	661.48	715.79	528.32	424.79	361.08
2008								
Kilos	178.03	84.29	20.29	1.32	3.93	13.40	18.58	301.25
%	55.66	26.35	6.34	0.41	1.23	4.19	5.81	
Value	67.39	35.05	14.65	1.18	3.19	8.01	8.12	129.46
Av FOB	378.53	415.86	722.13	898.98	810.18	597.38	437.14	429.76
2009								
Kilos	164.5	78.5	24	1.36	3.89	7.6	9.8	279.84
%	56.8	27.09	8.28	0.47	1.34	2.62	3.39	
Value	67.5	37.7	17.9	1.13	3.37	3.9	4.57	131.5
Av FOB	410.54	480.87	746.63	826.62	865.79	514.08	465.91	470.25
2010								
Kilos	122.0	145.7	32.5	1.34	5.77	3.5	3.3	314.27
%	38.8	46.38	10.35	0.43	1.84	1.12	1.04	
Value	53.8	68.3	24	1.0	4.8	1.86	1.5	155.37
Av FOB	440.6	468.45	740.23	764.2	835.67	526.2	464.16	494.38
2015								
Kilos	132.8	145.4	22.2	2.1	4.5			306.97
%	43.25	47.38	7.22	0.69	1.46			
Value	68.37	80.47	24.93	2.18	6.11			
Av FOB	514.99	553.27	1125.41	1,022.89	1,361.58			593.08

1. The FOB value has increased by 362 % since 1995 – 2010 increased 5.13 % over 2009.
2. The main packing is in loose teas – The quantity of tea bags is low but FOB value is high.

3. Importantly the % of bulk to packed teas is slowly declining as the packing industry grows.
4. Indian Teas: Green teas – Ceylons have maintained a steady 3 – 3.9 % since 2004 but the FOB price has doubled. CTC production has remained static. India started with a big rush on green teas in 1961 to 30.1 Million Kg but since 1981 they have steadied to 8 - 9 million Kg.
CTC- See below under Indian Production but India has increased CTC massively and in 1971 CTC overtook the Orthodox production system (Twist rolling).

Indian Production & Exports: (Million Kg)

YEAR	Total Production	Exports	Darjeeling Production	Darjeeling as % of Production
1993	761	174	13	1.2
1999	825.9	189 *	8.7	1.1
2006	981.80	215.7 *	10.9	1.1
2007	944.68	175.8 *	10.0	1.1
2008	980.82	193.0 *	11.9	1.2
2009	979.0	189.0		
2010	966.4	189.0	8.68	0.9
2015	1,191.1	280	8.9	0.8

* These exports include imported teas which are then re-exported. India now imports some 557,146 kilos of Ceylon teas to maintain exports. As India's per capita income rises in a growing proportion of the population so her population's consumption of teas increases which makes it harder for India to maintain levels of exports.

It is also of interest to note the actual production level of authentic Darjeeling tea compared to the fact that every tea shop & store seems to have Darjeeling tea to serve and for sale. This raises the question of what teas are being used in the name of Darjeeling ? However Nepal has been marketing Darjeeling teas for several years now.

India has accelerated the move from Traditional or Orthodox manufacture to modern CTC smaller teas. Since 1961 she has tripled her total production from 354.4 million Kg to well over 980 million Kg but her exports have declined with internal consumption.

Indian Orthodox v's CTC – Million Kg:	Orthodox:	CTC:
	1961	122.1
	2007	887.9
	2015	1,060.1

Assam 2010 Total = 487.2 Total North Indian = 728.5

2015 the CTC trend in India has increased and with the trend for the population increasingly consuming more 7 more of the country's total production this may be driving the increase in CTC.

India has a total of 1,692 registered manufacturers

2010 saw Assam teas affected by a disease called Helopeltis which arose from the excessive rain periods experienced in 2010 in that area and is the Mosquito bug that attacks young tea plants or tea returning from pruning.

CEYLON TEAS:

C.T.C. Compared to Traditional (Orthodox) Production: (Million kg)

YEAR	TRADITIONAL	CTC = Cut Tear & some Curl	CTC as % of TRADITIONAL
1965	229	Nil	
1997	257	19	7.39
2004	292	16.1	5.51
2006	310.8	19.4	6.24
2008	318.5	16.1	5.55
2009	274.9	15.7	5.71
2010	309.7	18.4	5.94
2015	310	19.5	6.29

C.T.C. is a modern system that was made popular in the 1970's when the U.K. companies left what was Ceylon (Sri Lanka) at that time due to nationalization and many moved to Africa and particularly Kenya. At that time the major commercial companies with the help of the UK tea council promoted the tea bag over loose teas. This created a need for a small grade leaf that brews quickly and satisfied the rush to convenience. The Traditional rolling system mimics hand rolling where the leaf is twisted and cell juices expressed as pressure is increased allowing a large variety in finished leaf appearance & size. The CTC (Cut Tear and supposed Curl, in my opinion largely Cut) uses number of sharp toothed cutting drums in a series of hoppers situated down a conveyor system to rip and tear the leaf. Because of its aggressive automated system it is cheaper to operate than Traditional rolling which in my view requires greater skill of the tea-maker.

The above table shows that the C.T.C. production system for small leaved quick brewing teas has not caught on in the Ceylon tea industry in spite of huge pressure from the commercial buyers and the reason in my opinion is that Ceylon teas are of such high quality and have such a range of characters that C.T.C. would down grade these teas if it was ever allowed to expand beyond its present level which has shown a slight decline again in 2008. It is also my opinion that what CTC production there is in the island arose from a period in the 1990's when prices being received for teas at the auction were disastrous and certain estates were looking for a cheaper production system or had a variety of clone that was not conducive to traditional production. I well remember my visit and kind invitation to stay at Dunsinane estate in 2000 and the problems that estate was experiencing at the time. Funds were not available for repairing the lorry, the strip lights in the withering loft restricted to one strip light, the bungalow boiler required renewing but there were no funds and the workers were restless with diminishing overtime, bonuses etc. They locked the manager and his staff in the estate office and laid brushwood around the office ready for setting alight. The house boy alerted the police, they called on the army rescuing them and then we arrived for our stay!

Green Teas:

Green teas as a % of the teas produced in the island can be seen in the table on Page 8. Prior to the 1960's the island did not produce green teas but since that time a number of estates have either combined green tea production with black tea production or have set-up specialist units such as Elpitiya where a whole range of green tea types are being developed. However Ceylon black teas have such a huge variety of flavours and characters and has built up a reputation for these black teas over many years which has restricted the popularity of green teas. Furthermore with the recent findings that black teas are equal in health benefits to green teas this may have also suppressed a major expansion in green teas.

Ceylon Green tea production:

2009 Green tea at 2.3 Million Kg

2010 Green tea at 3.3 million Kg

2015 Green tea at 2.9 million Kg

% Share of World Export Market:

YEAR	CHINA	KENYA	AFRICA TOTAL	INDIA	SRI LANKA	VIETNAM
1991						No Prod
2006	18.21	19.77 *	28.62	13.66	19.95	6.66
2008	18.0	23.2 *	32.33	12.1	18.08	6.29
2009	19.38	21.84 *	31.7	12.05	17.84	6.06

Ceylon teas held 1st. position as the largest exporter of teas until 2007 when Kenya took this position. However the Colombo auction centre has retained first position for the highest priced teas. Where Ceylon production goes in the future will largely depend on maintaining their quality of production but greater investment into re-planting of the estates and as I have already stated in this piece above the Government leasing system for the estate lands is unfortunately creating a stop go policy by the estate managements as they see little point in investing in this area once the lease approaches the half way mark as the benefits of such re-planting will be harvested in the main by the company who is successful in the next tendering round.

Re-planting is not just a means to maintaining a countries position in the export table but it is absolutely vital in raising yields and keeping down overhead costs.

Major Export Destinations for Ceylon Teas: (Millions of Kilos)

Country	1994	1997	2002	2006	2008	2009	2010	2015		
RUSSIA (CIS)	13	55	70	80	69.5	45.6	50.17	36.74		
EGYPT	16.7	14.3	1	-	-	1.3	1.31	4.18		
IRAN	5.3	6.2	14.9	28.1	32	28.6	28.7	30.07		
JAPAN	6	8.3	7.3	11	10.7	9.5	10.89	8.46		
JORDAN	27.3	12.7	8.3	9.5	14.8	13.3	17.62	5.65		
LIBYA	7.3	9.8	5.5	5.4	7.5	8.1	10.96	9.98		

SYRIA	23	15.3	30.1	30.7	26.3	29.2	27.2	11.09		
TURKEY	-	34.1	16.3	13.8	15.3	15.8	19.0	33.71		
U.A.E	21	20.5	31.3	44.6	45.2	30.9	30.2	23.44		
USA	4.8	3.1	3.4	3.8	2.8	3.0	3.35	4.33		
UK	17.8	9.2	7.6	4.8	2.5	2.4	1.89	1.41		

These are the major importers out of a list of 100 listed importers. It is to be noted that Egypt is now a producer and packing area for onward exports, imports declined or were not reported in 2006 & 2008 but now show a small importation.

If we look at price sensitive markets such as the USA & the U.K. we see their inability to maintain imports Ceylon teas have become highly prized and one has to say this demand in the rest of the world has raised their prices.

If we look back in time to the early 1900's just after the 2nd WW the U.K. was the main importer of Ceylon teas taking some 80 % of production. This was no doubt influenced by the fact that London possessed a tea auction that drew buyers from many other countries at that time and that British families were involved in production up to 1971. English blended teas as they are called are now blended to sensitive price levels rather than quality which would not have been the case in the 1950's. This trend has also transferred to the USA where the market is highly price sensitive.

History of Welfare Provision:

In 1963 it was clear to me & I suspect to sterling companies in the U.K. that there was an undercurrent of nationalism building that was probably unstoppable. In the 1950's there had been moves to improve worker housing with the importation by Lewis Brown of concrete block making machines and plans for individual cottages in place of lines registered in Colombo for use at Bopitiya estate, Hewaheta by my uncle Ronald Wilson. However by 1963 with the threat of Nationalization growing companies were not so disposed to invest and why should they if their assets were to be seized.

1991 – 1992 were desperate years for Ceylon tea as prices at auction were returning only 60 % of the cost of production and the press in the U.K. was pressing for greater investment in worker welfare provision and higher wages. Two trusts were formed in 1992/93 which were funded by Government with significant funding from Holland, Norway and other contributors to invest the huge sums that were needed to up-grade welfare provision on the company estates.

There are 23 Management companies with some 35 % of the tea area. The ownership within these companies is:

51 % as major shareholders, 10 % held by the workers, 20 % by public subscription, and 19 % by the Government, plus the Government owns the land. From 2005 these two trusts were amalgamated into one with greater investment from the Government ministeries and the industry itself which is the situation today. There are still outside donors such as the International Labour Organization (I.L.O), U.N.I.C.E.F., W.H.O and 'old' man Thondaman's Trust that he set up.

In 1993 – 2005 Plantation & Human Development Trust (PHDT) with Plantation Housing & Social Welfare Trust PH/SWT invested as shown below:

The main bulk of investment was in 1997 with Rs.575 million in new housing, Rs.823 million in re-roofing housing, Rs.343 million in clean water provision, Rs.363 million

in sanitation, Rs.219 million in child care and Rs.525 million in crematoriums and elderly housing.

The estates were obliged to employ health welfare staff, purchase drugs, conduct health clinics, maintain the social structure and contribute to the P.H.S.W.T. at approximately Rs.800,000/= per estate.

1993 Labour per hectare 1.5 – 3.5

1999 Labour per hectare 2.76

1990's A worker needed to work 2 hours to purchase 1 Kg of foodstuffs.

2000 A worker needed to work the same for the same amount . Food costs had escalated but so had wages.

2015 A worker can earn Rs.750/= per day without bonuses and the daily cost of meals is Rs.140/= per person.

Low grown tea planted in 1985 due for re-planting in 2020. This was the area that was the most profitable during the Nationalization programme with high yielding new planting stock.

Factories have been working to achieve the following certifications:

5 ‘%’ Standards – TQM - I.S.O. 9001 to I.S.O. 90

Initial investment priority:

Field development = 62 % (80 % of this re-planting)

Factory development = 19 % (80 % New machinery- 20 % to improve processing)

Transport = 9 %

Social Development = 8 %

Office development = 2 % (Computerisation)

Cultural statistics:

Average worker family size 4.2

Average staff family size 3.73

Ethnic group for employment Tamils 90 % Hatton highest at 95 %

Highest Sinhalese area Galle

Highest employment of Moors (Muslims) Ratnapura (many employed in the gem industry).

Why Tamil & not Sinhalese: The Sinhalese are the indigenous race and have inherited family lands much of which was traditionally occupied with rice (paddy) production and therefore they were not available to undertake estate work regularly and therefore the British encouraged Tamil families to apply for estate work with accommodation supplied. Sinhalese villagers prefer to undertake estate contract work.

Post 2004 when Trusts amalgamated:

Total Investments & finance levied:

Year:	Distributed – Million Rs:	Levied – Million Rs:
2004	404	68
2007	412	86
2008	796	95

2008 Summary:

High interest rates

High fuel costs

High fertiliser prices

Foreign reserves reduced by 50 %

GDP growth rate 6 % However 2009 may reflect a significant drop.

Overall island agriculture growth 6.6 %

Tea 19.3 %

The trust received Rs:827.84 from the Ministry of Youth Employment & Socio Economic Development together with the Ministry of Estate Infrastructure.

Progress on estate worker housing co-operative societies (EWHCS):

2002 Started with Rs:4.3 million Membership 96,537

2008 Fund reached Rs:132.2 million Membership 222,716

(345 fully developed in 2008 & 72 partly developed)

Training workers in managing household finance:

Group of 15 – 20 women trained to teach cash management

318 groups established

UNICEF Contribution:

Rs:18 million to improve child care development activities on 107 estates.

Reducing Alcoholism & Domestic Violence:

Various training programmes for staff with activities such as – Drama, art exhibitions, & poster campaigns.

Minimizing Teenage Pregnancies:

Mobile women clinics introduced with volunteer groups formed in each region.

Self-Help housing:

Of 4,000 units approved under the scheme – 1,267 completed – 1,991 units in progress.

Water Projects:

6 completed at cost of Rs:2.5 million.

Roofing & Latrines:

Rs;38.84 allocated for 1,350 latrines & 408 units of re-roofing

900 latrines completed plus all 408 units of re-roofing.

Special projects:

Rs:17.39 million for temples, schools & sanitary facilities for children.

Rs:130 million for roads, up-grading library buildings, road culverts, foot paths, renovation of temples & sanitary facilities.

Stonycliff Estate Model Housing Project:

A special approval obtained to construct a model housing project of 43 housing units at a cost of Rs:73 million.

Each house had 2 bedrooms, living area, kitchen, store room & attached bathroom = 760 sq ft per house with electricity installed.

Norwood estate:

Tamil school room & 5 class rooms at cost of Rs:7.92 million

\Temple at cost of Rs:250,000.

These notes have been sourced and written by Robert Wilson of Robert Wilson's 'Ceylon' Teas and are the opinions of him and those he has contacted in the industry. The main sources for much of the Statistics are: S.L. Tea Board Statistical Bulletin 2005 - Tea Board Statistical Bulletin – 2007 – Annual tea reports from John Keels & Forbes & Walker. They may not be used without his express permission.

New Website Material