THE 7TH
AFRICAN TEA
CONVENTION & EXHIBITION
Theme: Beyond the Leaf

The Future of the Global Tea Industry

Global Markets, Price Formation and Producer Strategy

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Global Tea Market: One Market or Many?

Tea is no longer best understood as one single market. Different products, end uses, buyers and transaction routes create distinct tea markets.



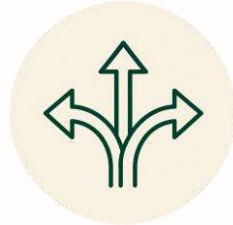
Different Products
CTC, orthodox, specialty, green and functional teas compete differently.



Different End Uses
Blending, specialty retail, RTD, foodservice and ingredients require different attributes.



Different Buyers
Blenders, importers, brands, specialty buyers and industrial users value tea differently.



Different Price Routes
Auction, direct contracts and benchmark-linked sales form value differently.



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The Global Tea Market: Size & Channel Mix

Total Market Value

2024 | USD 282.0 bn

2025 | USD 299.4 bn

YoY Growth
6.17 %

Channel Value Mix – 2025



Channel 1 – At Home or Off - Trade

Channel 2 – Out of Home or On - Trade

2024 Share → Channel 1 70 % | Channel 2 30%

2025 Share → Channel 1 70 % | Channel 2 30%

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How the Global Market Sets the Benchmark

Macro forces shape the general price environment before individual producers negotiate.



Global Crop
Large harvests across origins can pressure prices.



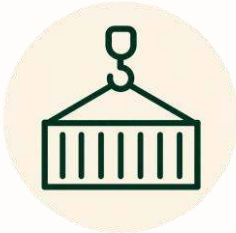
Traded Supply
Exportable supply matters more than total global output.



Destination Demand
Different markets value different tea attributes.



Currency & Costs
FX, energy, finance and inputs affect real returns.



Freight & Logistics
Shipping costs and delays change competitiveness.



Buyer Concentration
Fewer large buyers increase bargaining power.

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Why Individual Teas Perform Differently

Micro factors determine whether a tea performs above or below the wider market benchmark.

1. Quality & Buyer Fit
Value depends on how well the tea serves its intended use.

2. Consistency
Repeat quality helps buyers commit and pay with confidence.

3. Identity & Proof
Traceability, testing and credible claims reduce uncertainty.

4. Lot Size & Urgency
Volume and selling pressure affect who can compete for the tea.

5. Commercial Terms
Credit, delivery, claims risk and payment timing shape real returns.

6. Relationships
Trusted buyer relationships can support more defensible premiums.

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Where Ceylon Orthodox Tea Fits

Orthodox manufacture creates differentiation potential, but the premium must be validated by the market.

Standard Bulk Tea
Commodity-driven
Price-focused

Differentiated Orthodox
Quality-driven
Value-creating

True Specialty Tea
Excellence-driven
Rarity and experience-led







Ceylon Orthodox Tea



Differentiation Potential
Origin, elevation and liquor character create scope for premiums.



Market Validation
Premiums exist only when buyers recognize and pay for the difference.



Position by Actual Quality
Not every orthodox tea should be marketed as luxury or specialty.

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The Auction: Strengths and Limits

The auction remains a valuable market institution, but it may not fully capture every type of value.

What the Auction Does Well

- Liquidity
- Comparison
- Broker Assessment
- Benchmarking
- Rapid Clearance
- Price Discovery

What It May Not Fully Capture

- Rare or Limited Lots
- Buyer-Specific Manufacture
- Detailed Provenance
- Sustainability Story
- Guaranteed Continuity

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Relationship-Based Selling as a Complement

Direct buyer relationships can complement the auction when differentiated teas need more explanation and continuity.

Auction Route



Best for liquidity, routine production and benchmark pricing.

Relationship Route



Best for traceable, limited or buyer-specific teas.

Proof of Quality & Origin
Documented origin and quality build trust and support premiums.

Repeat Supply
Consistency in quality and delivery enables long-term preference.

Buyer Understanding
Direct communication helps buyers use and promote teas more effectively.

Commercial Discipline
Clear pricing, contracts and service standards protect both parties over time.

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Producer Positioning as a Portfolio

Different parts of a producer's output can serve different markets.

Bulk Input
Compete through productivity, consistency and availability.

Differentiated Orthodox
Compete through recognizable origin and reliable quality.

Specialty Tea
Compete through rarity, provenance and craftsmanship.

Functional Ingredient
Compete through extraction, color, clarity and stability.

Branded Consumer Product
Compete through brand, packaging and consumer loyalty.

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Applying the Framework to Sri Lanka

Sri Lanka's advantage depends on protecting the premium, proving the claim and matching volume with profitable demand.

Protect the Premium
Support the Ceylon premium with present quality, consistency and reliable green leaf standards.

Prove the Value
Use GI, traceability and credible origin control as evidence, not decoration.

Match Volume with Demand
Test growth targets against market demand, product strategy and producer returns.

Producer Return
Ensure fair and stable returns to sustain producer participation and quality investment.

Quality Compliance
Strengthen standards, residue controls and certification to protect market access.

Buyer Diversification
Expand across regions, channels and customer types to reduce concentration risk.

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Practical Risk Management

Practical tools can help tea producers manage risk sooner than a complex futures market.



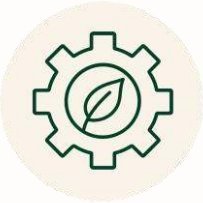
Forward Contracts
Agree quality, volume and timing in advance.



Benchmark-Linked Pricing
Use an auction benchmark plus or minus a defined differential.



Currency Management
Reduce exposure to exchange-rate volatility.



Cost Adjustment Mechanisms
Share freight, energy or input-cost shocks more fairly.



Buyer & Destination Diversification
Reduce dependence on one market or one buyer.

Closing Thought

- **Not a Simple Choice**

  The future is not simply **auction vs direct sale** or **volume vs premium**.

- **Match Tea to Market**

  Each tea should be positioned in the market where it can create the **greatest value**.

- **Use the Right Route**

  The transaction route should be able to **recognize, support and reward that value**.

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Thank You

"Tea-More than just two leaves and a bud"



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