



NEWSLETTER

JANUARY 2024



TOP STORIES

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LEAD STORY

How tea business is adapting to evolution

In the fast-paced whirlwind of the modern world, where convenience and innovation reign supreme, the ancient tradition of tea-drinking finds itself at a fascinating intersection. Tea businesses are navigating this delicate balance by adapting to the preferences of contemporary consumers while safeguarding the integrity of the plant and its rich history.

Here's a closer look at how the tea industry is evolving to cater to the demands of the present without losing touch with its roots.

Innovative Blends for Modern Palates

Traditional teas, while timeless, are no longer the sole stars in the tea business repertoire. To captivate modern taste buds, tea businesses are embracing innovation in their blends. Exotic herbs, spices and fruits are artfully combined to create teas that pay homage to tradition while introducing new and exciting flavor profiles. The art of tea-making is evolving, resulting in a diverse and captivating range of brews that cater to a more adventurous palate. While single-origin teas remain cherished, they stand as a testament to the pure craftsmanship and artistry of tea, whether from the serene slopes of Yunnan or the lush fields of Darjeeling.

Convenience in a Cup

Acknowledging the luxury of time in the modern era, tea businesses are witnessing a surge in ready-to-brew tea bags, cold brew options and instant tea mixes. These convenient alternatives offer a quick and accessible way for consumers to enjoy their favorite teas without compromising on quality. The balance here is crucial; while the brewing process may be expedited, the essence of the tea-drinking experience must remain intact. Tea businesses navigate this thin line carefully, ensuring that the convenience offered does not compromise the quality of the tea plant. Ethical delivery of convenience is the new goal, a way for consumers to feel good about what they consume. There's a growing desire for consumers to connect with their purchases, making it part of a healthier lifestyle. Businesses that provide quality and convenience, all while bringing a smile to the consumer's face, are already ten steps ahead. Consumers appreciate businesses that have given this much thought.

Sustainable Sipping

With growing environmental awareness, tea businesses are adapting practices to align with the values of the eco-conscious consumer. From embracing eco-friendly packaging to implementing sustainable sourcing practices supporting local communities, the industry is making strides toward a more environmentally friendly future. This commitment to sustainability not only addresses the concerns of the modern consumer but also ensures the longevity of the tea industry itself.

Education and Transparency



Recognizing the importance of education in an era where consumers crave transparency, tea businesses take a proactive approach. From the origin and processing of tea leaves to the health benefits associated with different types of tea, businesses are providing information that builds trust and preserves the cultural and historical significance of tea. Each cup becomes a narrative, connecting the drinker to the intricate story behind the leaves. Consumers seek this connection to the business, the tea and the stories. Sharing information through newsletters or social media is an excellent way to provide that connection.

Wellness-driven Offerings

The pursuit of well-being has become a central theme in the modern lifestyle, and tea businesses are capitalizing on this trend. Beyond just a beverage, tea is being marketed for its health benefits. From immunity-boosting blends to teas that promote relaxation and mental clarity, the industry caters to the holistic wellness needs of the modern consumer. Although consumers enjoy teas that taste great, they want to know if the tea could support their lifestyles in a healthy way. While tea businesses are not doctors or wellness brands (except for a few), there is a wealth of research supporting the benefits behind the teas we drink. Providing basic information allows consumers to make informed decisions without making any claims of healing or curing.

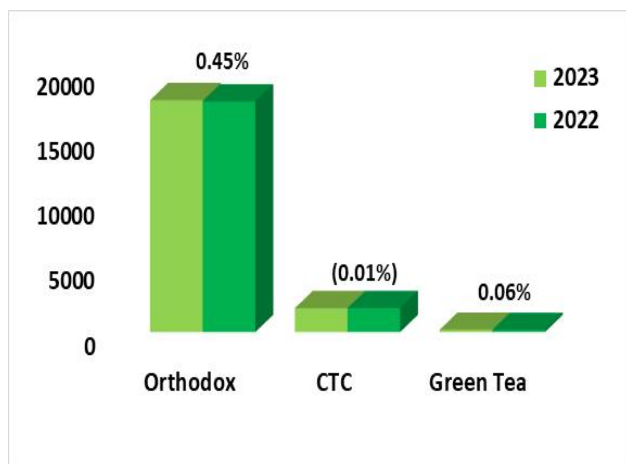
The tea industry is undergoing a fascinating transformation. By embracing innovation, sustainability, education and a focus on wellness, tea businesses are not merely conforming to modern preferences but are actively shaping the future of tea-drinking. It's a delicate approach to tradition and innovation, a journey that ensures the continuation of a practice that has withstood the test of time. So, as you raise your cup, remember to savor the blend of tradition in every sip, even in this thoroughly modern world.

(Cured Leaves Tea / World of Tea)

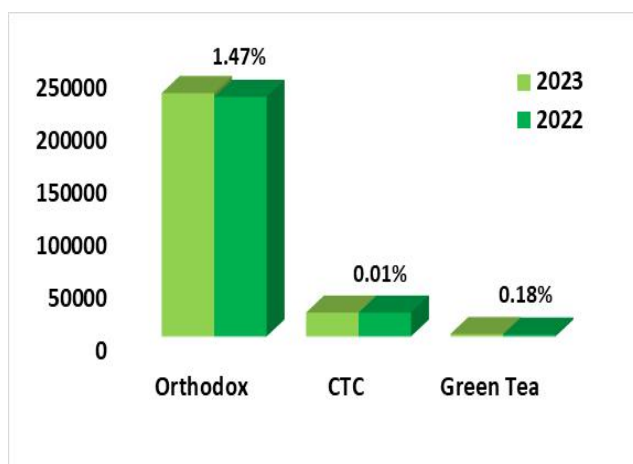
DOMESTIC NEWS

SRI LANKA TEA PRODUCTION

DECEMBER 2023/2022 - in MT



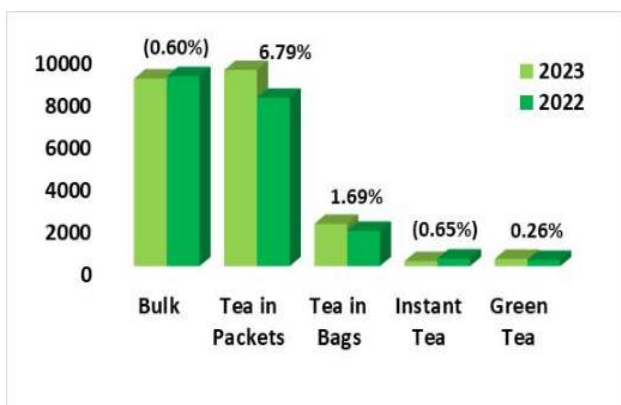
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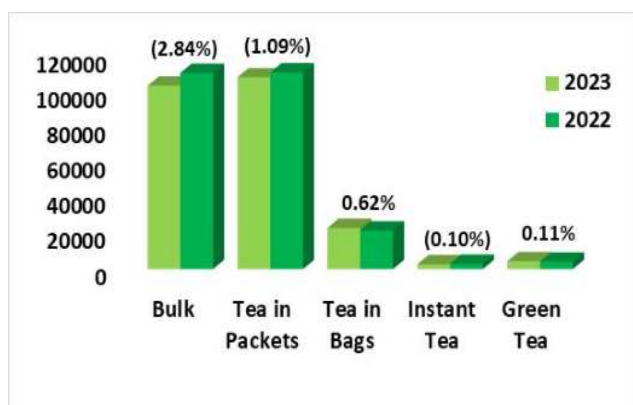
(SLTB)

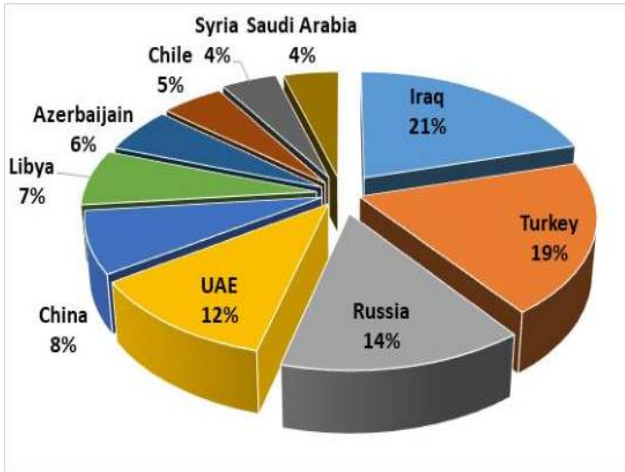
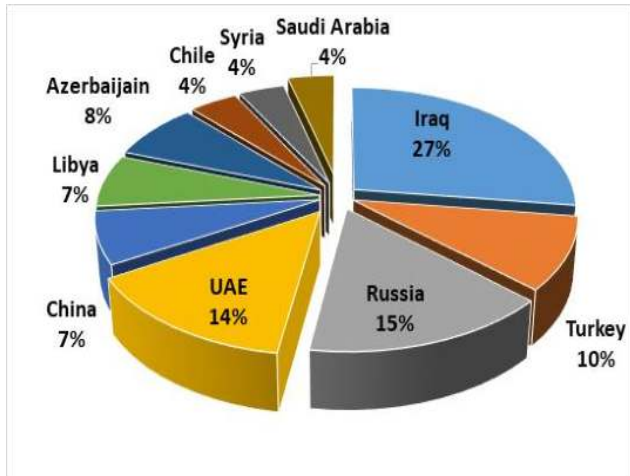
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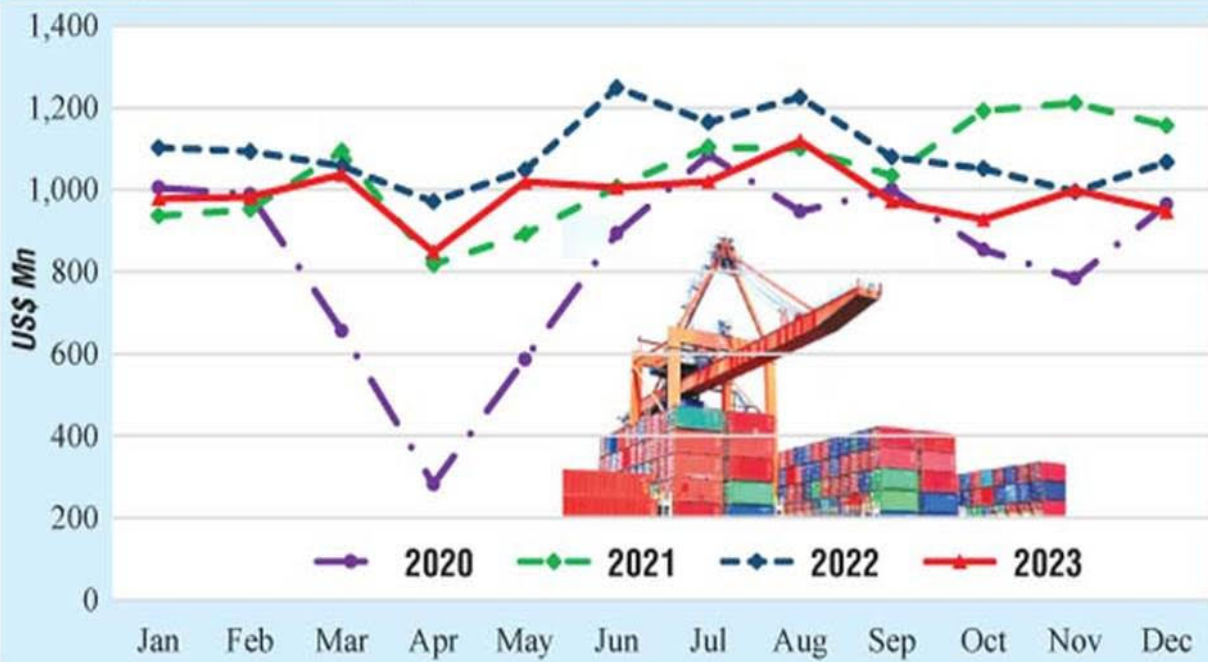


JANUARY TO DECEMBER 2023/2022 - in MT



MAJOR IMPORTERS OF SRI LANKA TEA**JANUARY TO DECEMBER 2023 - in MT****JANUARY TO DECEMBER 2022 - in MT**

(SL Customs - Courtesy Forbes & Walker Tea Brokers)

Monthly Merchandise Export Performance 2020-2023**Sources:** CBSL, SL Customs**Daily** GraphicsDesk

First carbon neutral bulk tea packing

A game-changing world-first in the sphere of packaging for bulk teas by Sri Lanka's St. Regis Packaging (member of TEA) can potentially enhance the environmental credentials of Ceylon Tea on the global stage.

St. Regis has received the world's first Zero Carbon® product certification in its category for the company's Rigid-T-sacks as well as for Multiwall paper sacks used for the packaging of Leafy and Grainy Teas.

The certification means that Ceylon Tea packaged in these two types of St. Regis sacks for the Colombo Tea Auction or for export has offset the carbon dioxide equivalents (CO₂e) of the packaging, reducing the overall product carbon footprint of the teas. This industry-first achievement could be a catalyst for greater interest in carbon footprint reduction for tea, the company's Director Ajith Fernando said.

"St. Regis Packaging has many firsts to its name, and we are proud to be the first company in the world to offer carbon-neutral bulk tea packaging with two of our flagship products," Fernando said. "The benefit of having their carbon emissions compensated for, can be passed-on to our customers, positively impacting their own carbon footprints. These certifications therefore represent an important value-addition for our customers, at no extra cost to them."

St. Regis retained the expert services of the Climate and Conservation Consortium (CCC), one of South Asia's leading integrated sustainability solution providers, to assess the Greenhouse Gas (GHG) emissions of the company's Multiwall paper sacks and Rigid-T-sacks. This comprehensive product carbon footprint study encompassed all applicable emissions during the 'Cradle to Gate' lifecycle stages of the selected types of tea sacks, including raw material extraction, upstream and downstream transportation, and manufacturing.

Following the assessment, St. Regis retired a matching number of carbon credits from a registered project to bring the total carbon footprint of a selected volume of sacks down to net zero. The assessment results and offsetting process were then independently verified by the Sustainable Future Group (SFG), the first Validation and Verification Body (VVB) in South Asia to be accredited by the International Accreditation Forum (IAF) to award ISO 14064-1, 14064-2, 14067, and 14065. Post verification, SFG awarded St. Regis their proprietary Zero Carbon® certification for the two packaging products.

St. Regis states the company wants to encourage the Tea industry to maintain a 'Green bottom line' and work towards making pure Ceylon Tea the first carbon neutral tea produced in the world, thereby maintaining and catering to a niche market. This is also in keeping with Sri Lanka's Green economic policy, the company said.

(Daily FT)



WORLD ECONOMY

Global growth set to slow in 2024

The World Bank in their latest report has announced that global growth in 2024 is set to slow for a third year in a row, prolonging poverty and debilitating debt levels in many developing countries.

Hamstrung by the COVID-19 pandemic, then the war in Ukraine and ensuing spikes in inflation and interest rates around the world, the first half of the 2020s now looks like it will be the worst half-decade performance in 30 years, it added.

Global GDP is likely to grow 2.4% this year, the World Bank forecast in its latest Global Economic Prospects report. That compares to 2.6% in 2023, 3.0% in 2022 and 6.2% in 2021 when there was a rebound as the pandemic ended.

That would make growth weaker in the 2020-2024 period than during the years surrounding the 2008-2009 global financial crisis, the late 1990s Asian financial crisis and downturns in the early 2000s, World Bank Deputy Chief Economist Ayhan Kose told reporters.

Excluding the pandemic contraction of 2020, growth this year is set to be the weakest since the global financial crisis of 2009, the development lender said.

It forecasts 2025 global growth slightly higher at 2.7%, but this was marked down from a June forecast of 3.0% due to anticipated slowdowns among advanced economies.

The World Bank's goal of ending extreme poverty by 2030 now looks largely out of reach, with economic activity held back by geopolitical conflicts.

"Without a major course correction, the 2020s will go down as a decade of wasted opportunity," World Bank Group Chief Economist Indermit Gill said in a statement.

"Near-term growth will remain weak, leaving many developing countries — especially the poorest — stuck in a trap, with paralyzing levels of debt and tenuous access to food for nearly one out of every three people," he added.

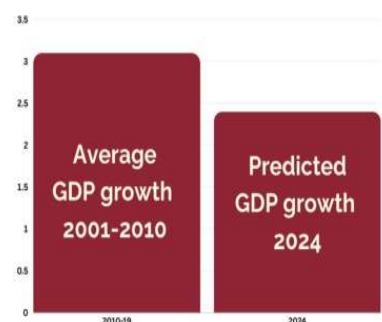
US/EU

This year's lackluster outlook comes after 2023 global growth came in an estimated 0.5 percentage point higher than forecast in June last year as the U.S. economy outperformed due to strong consumer spending.

The U.S. economy grew 2.5% in 2023, 1.4 percentage points higher than its June estimate, the World Bank said. It forecast growth this year to slow to 1.6% as restrictive monetary policy restrains activity amid diminished savings but said this was twice the June estimate.

The euro zone's picture is considerably bleaker, with growth this year forecast at 0.7% after high energy prices resulted in just 0.4% growth in 2023. Tighter credit conditions prompted a 0.6 percentage point cut to the region's 2024 outlook from the bank's June forecast.

Global growth is set to fall to 2.4% in 2024, sinking below the 2010s average.



CHINA

China also is weighing on the global outlook as its growth slows to a forecast 4.5% in 2024. That marks its slowest expansion in over three decades outside of the pandemic-affected years of 2020 and 2022.

The forecast was cut 0.1 percentage point from June, reflecting weaker consumer spending amid continued property sector turmoil, with 2025 growth seen slowing further to 4.3%.

"More generally though, weaker growth in China reflects the economy returning to a path of weakening potential growth due to an aging and shrinking population, rising indebtedness that constrains investment and in a sense, narrowing opportunities for productivity to catch up," Kose told reporters.

Emerging market and developing economies as a group are forecast to grow 3.9% this year, down from 4.0% in 2023 and a full percentage point below their average in the 2010s.

That pace is not enough to lift growing populations out of poverty and the World Bank said that by the end of 2024, people in about one out of every four developing countries and 40% of low-income countries will be poorer than they were in 2019, before the pandemic.

BOOSTING INVESTMENT

The World Bank said one way to boost growth, especially in emerging market and developing countries would be to accelerate the \$2.4 trillion in annual investment needed to transition to clean energy and adapt to climate change.

The bank studied rapid and sustained investment accelerations of at least 4% per year and found that they boost per-capita income growth, manufacturing and services output and improve countries' fiscal positions. But achieving such accelerations generally requires comprehensive reforms including structural reforms to expand cross border trade and financial flows and improvements in fiscal and monetary policy frameworks, the bank added.

(Reuters)

Highlights of World Economic Forum 2024

ECONOMY : Gloom and doom heading into Davos turned into cautious optimism by the end with the global economic outlook for the year ahead looking better than feared.

But the WEF's annual meeting was filled with discussion of plenty of risks, including inflationary pressures from China's reopening and rising debt distress in the developing world. Not to mention that the hardest bit for Western nations is yet to come - getting inflation down to 2%.

"Things are not great, but they are much better than they could have been." - Daniel Pinto, JP Morgan's (JPM.N), opens new tab president and chief operating officer



UKRAINE : For Ukraine's allies, Davos was all about doubling down on better weapons and financial support for Kyiv to defend itself against Russia. Outside the West though, fears of an economic downturn highlighted global divisions as some delegates encouraged a quick return to the negotiating table.

TRADE : Be careful of friend shoring, warned the WTO's Ngozi Okonjo-Iweala as the big three trading powers of the United States, Europe and China pushed their new industrial policies.

What was not clear was how the rest of the world fits in to new trade policies that protect workers and redefine supply chains.

"This becomes a rich-country game, right? We can subsidize this, you can subsidize that – what about the poor countries, who have limited fiscal room? They get left out in the cold." -Raghuram Rajan, former governor of the Reserve Bank of India.

CLIMATE: The carbon crowd received a warm reception as the renewable industry rubbed shoulders with Big Oil executives. Awash with cash after a year of high oil prices, fossil fuel producers have the firepower to invest in green energy. But efforts on CEO green pledges and climate financing appeared sluggish.

On the outside, Greta Thunberg and activists called on the energy industry to stop hijacking the transition to clean power. On the inside, political leaders like Kier Starmer railed against new oil investments and Pakistani climate minister Sherry Rehman pushed for loss and damage funding.

TECH: Davos juxtaposed the industry's potential and peril. Just as Microsoft Corp's CEO and other Silicon Valley executives touted artificial intelligence such as ChatGPT to transform their businesses, they announced layoffs of tens of thousands of employees globally. Scrutiny of once high-flying cloud spending by businesses was at the forefront.

Businesses are "under enormous cost pressure. They need to find ways to do the same things cheaper." - Alex Karp, CEO of Palantir Technologies.

CHINA: China declared itself open for business in a speech by Vice-Premier Liu He that was broadly welcomed but also raised inflationary fears and left people waiting to see what this would mean for existing tensions with the United States.

"The growth forecasts now for China is 4.5%. I would not personally be surprised when that would be topped." - Credit Suisse Chairman Axel Lehmann.

INFLATION REDUCTION ACT: Dubbed a game changer for climate change by IEA head Fatih Birol, the Europeans had plenty to gripe about when it came to America's Inflation Reduction Act.

The European Union said it would mobilize state aid and a sovereignty fund to keep firms from moving to the United States.

"The key question is not China First, US First, Europe First. The key question for all of us is Climate First." - French economy minister Bruno Le Maire.

FINANCIAL SERVICES: Global financial institutions are grappling with how to right-size for a slowdown, while dealing with a host of other headwinds. With the threat of inflation still hanging over central banks, financiers are facing demands from regulators for higher capital levels to prepare for a downturn, making some businesses unprofitable.

Pressure is also increasing on them to finance the global transition to a greener future much faster than they have been doing so far. Other exogenous events such as geopolitics and cybersecurity risks are further complicating matters. Consensus is elusive.

(Reuters)



MARKET INFORMATION

China tea exports fell in 2023

The value of Chinese tea exports fell by 16.3% to \$1.74 billion year over year (y/y) in 2023 compared to \$2.1 billion in sales recorded in 2022, according to China Customs. The decline is the second consecutive annual drop in exports by value. Export volume also declined by 2% to 367.5 million kilos.

Export value in 2022 fell by 9.6% y/y compared to 2021. Green tea experienced the biggest drop in value, declining from \$1.4 billion in 2022 to \$1.2 billion in 2023. In 2022, China exported 26.5% of the global total by value, according to UN Com-trade.

Sri Lanka, the number two producer by value, saw export value increase to \$1.31 billion on a lower volume of tea than in 2022, according to the Sri Lanka Tea Board (SLTB). Exports earned \$1.26 billion in 2022, reversing declines in 2020 and 2021. Sri Lanka tea shipments accounted for 15.7% of global exports by value in 2022.

Tea production, overall, increased by 1.7% to 256 million kilos. Sri Lanka maintained an average export price of \$5.41 per kilo, up from \$5.03 in 2022. Export volume declined by 8.2 million kilos to 242 million kilos in 2023, according to SLTB.

Kenya tea exports from January through November were valued at \$1.05 billion and are likely to surpass the 2022 total of \$1.4 billion, according to the Kenya National Bureau of Statistics. The 11-month volume was 511 million kilos. In 2022, Kenya reported \$860 million in sales for the first 11 months on volume of 410 million kilos. The harvest is 50 million kilos ahead of 2022 for the same period.

India ranked fourth in global tea exports in 2022 but has not reported full-year statistics. Indian tea exports from January through October were down 1.7% to 182 million kilos. Export value for April through October was also down by 3.6% to \$590 million (INRs 4,904 crore) compared to \$612 million (INRs 5,086 cr) during the same period in 2022. Export volume for the full year is likely to be around 200 million kilos, according to the Indian Tea Exporters Association.

During FY23, India's tea exports stood at \$818 million. Calendar year exports were \$751 million in 2022 (about 9.5% of global tea exports by value).

Live Mint reported that rating agency Crisil expects the Indian tea industry to witness an 8% decline in revenue this fiscal year.

"Domestic demand, which accounts for 82% of sales volume, should remain steady at 1,100 million kg this fiscal. However, exports, which comprise 18% by volume and about 30% by value, may slide about 12% on-year to about 200 million kg. Last fiscal, the export volume had increased 14% due to lower production in Sri Lanka, a major tea exporting country," Crisil wrote in a September report on the Indian tea industry.

Joydeep Phukan, who manages India's Tea Research Association (TRA), writes that in 2023, the Indian tea market "has debunked the traditional theory of supply and demand. North Indian Tea production is down by 39.40 million Kgs (5.10 %) from April to September, and average tea prices are also down by INRs 18 per Kg (10%).

"With an 8% wage increase for tea workers from mid-2023, it will be extremely difficult for the organized sector to manage and sustain a million-plus workers," he writes, adding, "Is it because of the low demand for tea for other beverages? I hope the tea producers get a sustainable price to keep themselves sustainable in the near future."

Varied reasons for declines

Extreme weather was a factor, as were inflation, geopolitics, and world economics, and inflation eroded buying power. According to the Economist Intelligence Unit in its February Tea Forecast, tea consumption growth “will pick up gradually from 2.8% in 2023 to about 3% in 2024-25.” India and China accounted for 64% of global demand in 2023.

China Tea Exports 2023

Tea Type	Volume (metric tons)	Value (USD)
Green tea	309,400	1,180,000,000
Black tea	29,000	267,000,000
Oolong tea	19,900	270,000,000
Jasmine tea	6,200	50,000,000
Pu'er tea (ripe)	1,700	13,000,000
White tea	600	15,000,000
Dark tea	400	3,000,000
Other scented tea	200	4,000,000
Totals	367,529	\$1,740,000,000

Source: China Customs

In 2023, China's tea exports, by value, were down 16.3% year on year to \$1.74 billion. Volume was down 2% to 367,529 metric tons. In 2022, China exported 375,194 metric tons valued at \$2.1 billion.

A substantial glut of tea remains in Africa, where Kenya and surrounding East African tea-producing countries continue to expand production despite an oversupply of as much as 175,000 metric tons.

Kenya harvested more than 500 million kilos through November, up from 450 million during the same period in 2022. Tea production in Bangladesh through September was up 8.2%, an increase of 5.3 million kilos. Production will increase modestly to 6,582 metric tons but “only a fraction of the additional output will be exported,” according to EIU.

The war in Ukraine continues to disrupt trade as Russia turns to Asian suppliers of black tea, principally Vietnam. European tea suppliers no longer ship to Russia. Prompt payments for tea purchased from India and Sri Lanka are hampered by Western sanctions imposed on Russia and Iran following the February 2022 invasion of Ukraine. The conflict between Israel and Hamas in Gaza further destabilized tea markets in Jordan, Syria, Egypt, Turkey, and Iraq.

In November, the government of Iran suddenly ceased importing Indian tea following a spike in sales. Iran's Inspection Organization investigation revealed a \$3.7 billion embezzlement involving Debsh Tea, the country's largest tea importer. The company imported millions of kilos of cheap tea from Kenya and falsified customs and food safety records to indicate the tea was from India. At the time, Iran was India's largest tea trading partner.

Anshuman Kanoria, chairman of the Indian Tea Exporters Association, writes, “The Iran market has opened a bit. Though verification of contracts has begun, allocation of foreign exchange in the country needs to improve.”

(STiR Coffee & Tea)

India to have more testing laboratories

Union Commerce & Industry Minister Piyush Goyal recently okayed proposals to increase the number of laboratories for stringent and frequent tea testing for both domestic and foreign-imported tea leaves.

The minister gave the go-ahead to set up more labs for stringent and frequent tea testing for both domestic and foreign-imported tea leaves by the Food Safety and Standards Authority of India (FSSAI), sources present at the meeting said.

They said that the move to raise labs is aimed at reducing the indiscriminate use of pesticides, which has been a major concern for the industry, particularly in exports. The industry has welcomed this move, stating that lower production is beneficial as it will help fetch better prices.

Food Safety and Standards Authority of India (FSSAI) chief executive officer G Kamala Vardhana Rao interacted with tea growers and planters at Kellyden in Nagaon district and emphasized on adoption of bio-pesticides to ensure safety and quality of tea production.

Addressing concerns about indiscriminate imports, the minister listened to tea companies who were seeking some checks on tea imports from Nepal and Sri Lanka.

Given the trade support offered to neighboring countries, the minister said the government seeks to strike a balance to protect the domestic industry, as tea is a key agricultural produce in a few states and a forex earner, according to the sources. The industry and the government will deliberate on how to check indiscriminate imports, and allowing only packet tea could be one of the options to be considered, sources said.

Another decision taken at the meeting was going for mandatory auction of 100 per cent of tea dust for three months. Tea dust constitutes 10-15 per cent of production.

Tea players stated that these changes are expected to have a significant impact on the tea industry, and it remains to be seen how they will be implemented and received by the industry.

Meanwhile, the Confederations of Indian Small Tea Growers Associations (CISTA) submitted a memorandum to the minister listing its demands.

CISTA's charter of demands includes a central government policy for fair and remunerative prices of green tea leaves and a dedicated fund for small tea growers for field-based training, and climate smart cultivation for improving quality and productivity.

(India News)



Darjeeling tea hits 8-year low in auctions

Geopolitical headwinds leading to lower demand from export markets, coupled with lower domestic buying, have dragged the auction average of Darjeeling tea to its lowest level since 2015.

Data from Calcutta Tea Traders Association (CTTA) shows that the average price of Darjeeling tea at Kolkata auctions for January-December 2023 was Rs 319.74 per kg.

The last time it dipped below this level was in 2015 at Rs 285.71 per kg.

Secretary, CTCTA, said the average price for Darjeeling tea in January-December 2023 was the lowest in eight years largely because of lower demand from export markets.

"In any case, domestic buying has been impacted in the last few years due to the import of Nepal tea."

About 20-25 per cent of Darjeeling tea is routed through auctions and the balance through private sales.

Market sources said the average price for private sales was also 15-20 per cent lower than 2022.

"Exports have been hit but good teas were still selling, though," said a source.

Chairman, Indian Tea Exporters Association, said demand was lower even for the first and second flush.

"The issue is lack of demand. Unsold stocks are available with everyone as countries generating demand are under stress."

Production up to November 2023 stood at 6.07 million kg.

"Darjeeling tea is sold as a boutique beverage and is expensive in the EU.

"With a fallen economy consumers are opting for cheaper substitutes," he added.

The challenge for Darjeeling tea is that the cost of production is Rs 600-650 per kg or even higher depending on the elevation.



"But the selling price has not moved up commensurately.

"The crop has also been coming down, increasing the cost of production," Asthana said.

"Either a minimum import price on Nepal tea, based on the cost of production in Darjeeling, has to be imposed or the industry needs assistance to offset the loss on account of its imports.

(Rediff)

Tripura to get a new auction centre

The century-old tea industry in Tripura is set to get a shot in the arm, with the state government deciding to establish an auction centre to help fetch better prices of finished products, a senior official said recently. At present, tea planters have to sell products at the Guwahati or Kolkata auction centre.

A NITI Aayog team, which visited the state recently, gave the green signal to set up the auction centre in West Tripura's Durgabari Tea estate, the official said.

"Chief Minister Manik Saha, who held the first meeting of Tripura Institution for Transformation (TIFT) on 16/1, revealed the decision of setting up a tea auction centre," he said.

This will fulfil the long-pending demand of tea planters of the state, which produces 90-lakh kg tea annually, he said.

The Tripura Tea Development Corporation Ltd (TTDC) has welcomed the state government's decision to set up the auction centre.

"It will help the tea planters to sell their products at a reasonable price," TTDC chairman Samir Ghosh told PTI.

He said the TTDC will now press for subsidies in transportation and state GST to attract buyers from even outside the state.

"We have to provide some extra benefits to the tea buyers to bring them to the proposed auction centre," Ghosh said.

Tripura has 60 tea estates out of which 42 are owned by private players, 13 operated by co-operative societies and the remaining belong to the TTDC.

Around 80,000 people are directly and indirectly associated with the tea industry in the northeastern state, officials said.

(PTI)



New labour code may hit job security in tea plantation

A new Labour Code may affect job security in the crisis-ridden tea plantations across India, specifically Assam, a London-based policy research group has warned.

As part of the government's strategy to ensure better wages for plantation workers, the Plantation Labour Act of 1951 will be absorbed into the Labour Code on Occupational Safety, Health, and Working Conditions Bill, 2019.

The changes include increasing the cash portion of the tea plantation workers' compensation to 85% compared to the current levels of 60-65% with the rest being paid in benefits such as ration, health services, and education.

"There is a perception among stakeholders that the new codes give way for a hire-and-fire policy as companies employing up to 300 workers do not need to specify conditions of employment and can issue dismissals without State approval," a December 2023 report by Ethical Tea Partnership (ETP) said.

"Furthermore, the codes restrict workers' ability to strike, as workers will now need to give 60 days' notice, compared to the two weeks' notice previously. In addition, the Code on Wages provides for a floor-level wage that is already lower than the legal minimum wage in most States," the report said.

The report assumes significance for the tea industry in Assam which accounts for more than 55% of teas produced in India and employs about 10 lakh labourers. According to the State's Labour Department, the large tea estates in Assam employ an average of 609 temporary and permanent workers.



The ETP report also underscored the "missed opportunities in the Tea Promotion and Development Bill of 2020, which focusses on upgrading tea tourism infrastructure.

"The Bill, which defines the responsibilities of the Tea Board, does not outline the Tea Board's involvement in workers' welfare. During interviews with stakeholders, some pointed out that the Bill also excludes community members as stakeholders and, that this could potentially increase the risk of human rights abuses," the report said.

(The Hindu)

India worried of sluggish domestic consumption

The Indian tea industry faced the double whammy of sluggish domestic consumption and low export demand in 2023, which dampened the overall price realization. And what's more, subdued prices and increase in costs led to significant pressure on profit margins for tea manufacturers.

For this calendar year, India's tea production is likely to remain the same as that of last year with minor variations, according to industry experts. In 2022, the country's total tea output stood at 1,366 million kgs.

The industry is, however, deeply concerned about poor domestic consumption growth. "On the domestic front, what we have been witnessing is although tea consumption has been growing with the population growth, the per capita consumption is still around 800 gm a year, remaining below 1 kg per person which is what the per capita consumption in most tea consuming countries. So, we have excess production in the domestic market," Azam Monem, former Chairman, Indian Tea Association (ITA), told business line.

(Hindu Business online)

Kenya explores technologies to cut production costs

The tea sector is exploring innovative technologies to cut production costs.

A section of farmers were taken through a new technology known as gasification by experts with a view to making the sector profitable.

The workshop in Nairobi sought to prove to the Kenyan tea sector that gasification technology using pruning residue and other renewable biomass resources can help cut production costs.

Participants were shown how innovation can improve the reliability and cost of power, decarbonizing heat, and the benefits of applying bio char to the Kenya tea sector.

The panelists said the new gasification technology is an affordable, efficient, carbon-negative and reliable energy source for production that also removes carbon dioxide from the atmosphere and enhances fertilizer efficiency and better green leaf yield on farms.

Biomass gasification is a technological pathway that uses a controlled process involving heat, steam, and oxygen to convert biomass to hydrogen and other products without combustion.

Bio char produced from the process is used as fertilizer. Bio char is useful in improving the water retention capacity of soil.

In another move, Compact Syngas Solutions (CSS) have pioneered a solution that will see Kenyan tea factories being powered by waste from tea production.

CSS has developed a gasification process that uses waste products to generate a syngas, a mix of hydrogen, methane and carbon dioxide and monoxide. The syngas can be burned as a greener fuel, saving up to 2.8kg of carbon dioxide per litre of diesel, and up to 1.98 tons of carbon dioxide per tons of fuelwood.



The International Institute of Tropical Agriculture (IITA) have quantified the removable stocks of tea pruning, identified supply chain operations and delivered costs to the factory, and built a model for assessing savings in energy bills and fuelwood demand. In a proof of concept field trial they found that recycling of bio char to plantations can boost tea yields by up to 23%, increasing fertilizer use efficiency and drought resilience.

Compact Syngas Solutions' gasification process generates syngas and hydrogen gas from waste products, including biomass like waste wood and other selected non-recyclable materials.

(Star/Kenya Media)

Kenya concedes land for carbon credit

Dubai -based firm Blue Carbon has signed a framework of collaboration (FOC) with Kenya's State Department of Environment and Climate Change that would concede "millions of hectares" of its territory for the production of carbon credits.

The credits would be generated supposedly from restoring and protecting the land, and the company would then sell these on to major polluters to offset their emissions.

This follows a slew of similar contracts with Liberia, Tanzania, Zambia and Zimbabwe, which conceded 7.5 million hectares, a fifth of its landmass, to the company.

Cumulatively, the deals concede near blanket control over a total area of 24.5 million hectares, encompassing land inhabited and used by local communities. In the case of Liberia, this would override Liberian land laws that oblige developers to obtain free prior consent from communities.

The FOC with Kenya closely follows a \$1.5bn memorandum of understanding signed by Blue Carbon's parent company, Global Carbon Investments, with Harare, which a press release states is "pre-financing for carbon credits in Zimbabwe".

The global \$2bn voluntary carbon offset market allows carbon emitters to offset emissions by purchasing credits from emission-reducing projects primarily in forest conservation.

Blue Carbon's press release provides scant detail about the terms of the deal, except to state that it is "aimed at reducing emissions from various sectors of the environment such as forest areas" and that the agreement would "generate vital climate financing thereby advancing climate change mitigation and adaptation efforts, promoting sustainable development, and providing significant support for local communities".

While the parameters of the deal remain unclear, there is a significant risk that the project will displace communities who live and work on the land.

"There's always that risk," Greenpeace campaigner, Hellen Kahaso Dena, told MEE. "In Kenya... there are no large chunks of land where there are not people."



Kenyan land laws recognize customary land ownership as producing lawful land rights, with the 2016 Community Land Act enabling communities to register and acquire legal titles to their lands.

However, in practice, this has been difficult for communities to implement. "If there's a government project on that land, it doesn't matter whether you have a title deed," Kahaso Dena said.

Kenyan government rammed through legislation overriding customary land laws, stating that the land covered by a carbon trading permit "includes any area either above or below the land and airspace of the Republic of Kenya including forests, internal and territorial waters and the seabed underlying these waters".

(Middle East Eye)

KTDA to pay Sh 25 per kg for green leaf

KTDA national Chairman Enos Njeru said the farmers will starting January earn up to Sh25, an increase of between Sh1 to Sh4 for every kilo of green leaves collected at the buying centres.

This, he however, said will depend on the factories in respective regions.

Factories for instance in Mt Kenya will pay Sh25 up from Sh21 while those in the West of Rift will pay Sh23 from Sh21.

"Beginning January 5, tea farmers are set to receive Sh25 monthly for the green leaves they deliver which is higher than last year," Njeru said.

The decision to raise the pay, he said, is aimed at cushioning the farmers who are struggling due to economic hard times and high cost of living.

The chair further stated that the monthly payments are expected to go even up as factories continue to embrace diversification and value addition.

He stated that more factories across the country have started processing orthodox tea which has more returns compared to CTC tea in the international markets.

Njeru said the country has a deficit of over 18 million kilograms of orthodox to meet the demand.

About 12 million kilograms are produced yearly which is below the demand of 30 million kilograms in international markets.

He assured farmers that KTDA would fast-track the installation of modern machinery for processing orthodox tea which has high returns for the farmers.

KTDA, he said, will procure over 93 metric tons of subsidized fertilizer this month to be shipped in before June ahead of the October short rains to avoid the delays experienced last year.

"We have partnered with the national government and the farmers will receive the fertilizer at a subsidized cost of Sh2,500," he added.

(The Star)



Kenya tea exports hit high

The value of tea that Kenya sold in the first 11 months of 2023 surpassed the country's total earnings in 2022, defying global shocks, according to data released on the 16th.

The Kenya National Bureau of Statistics (KNBS) reported that the East African nation earned 1.05 billion U.S. dollars between January and November 2023 from a volume of 511 million kg. This marked an increase from the 860 million dollars earned in 2022 from a volume of 410 million kg.

The earnings defied global shocks such as the Ukraine -Russia conflict , high inflation in developed economies and stifled sales in some key markets like Sudan and Russia.

While an increase in exported volumes helped raise the earnings , a further boost came from a weaker shilling . The local currency has depreciated 27 percent year on year against the dollar , trading at an average of 160, marking the biggest decline in 30 years.



According to KNBS, the bulk of the exports were recorded in March, May , August and November , when the country shipped an average of 50 million kg of tea. Kenya's tea output in 2023 was boosted by El Nino rains, providing favorable conditions for growth, the Tea Board of Kenya said.

(African News / Xinhua)

Vietnam tea exports declined in 2023

Vietnam exported 121,000 tons of tea for US\$211 million in 2023, decreasing by 16.9% in volume and 10.9 % in value, respectively, compared to 2022. These figures mark the lowest levels seen over the past seven years.

The price of exported tea in 2023 averaged US\$1,737.3 per ton, up by 7.3% year on year, but it was only equal to 67% of the average world export price of tea which reached US\$2,600 per ton last year.

The country's main tea importers include Russia , Pakistan , and Taiwan (China) , all of which showed decreases in turnover in 2023.

According to the Ministry of Agriculture and Rural Development (MARD), Vietnamese tea has failed to satisfy the preferences of international consumers, therefore lower demand might have played a part in the fall of tea exports.

Furthermore, most of the tea exported is in the raw form, low in quality and value. With little investment into improving the quality of the tea, local processors failed to meet stricter regulations set by foreign markets.

The MARD has recommended that in order to increase tea export value, businesses strengthen cooperation , develop high-quality raw material areas, and change to new varieties while improving processing steps, and ensuring food safety requirements in order to meet market demand.

The whole country has 120,000 hectares of land under tea cultivation , and 257 tea processing enterprises with a total designed capacity of 5, 200 tons of fresh buds per day. However, only a few among them have invested in modern processing technology.

(Vietnam Net)



China testing plant endurance in hot & cold climate

China is testing the endurance of plants subject to months of summer highs that exceeded 40 degrees Celsius, followed by the country's most extended cold wave in modern history.

China's cold wave arrived from Siberia in early December, bringing minus 30C weather to the far north and extending deep into the tea-growing regions in the central provinces, even reaching the southernmost coastal cities.

Guizhou Guitianxia Tea shared photos of its frozen tea gardens located 1,200 meters above sea level in Duyun City, Guizhou Province. The Duyun tea gardens produce Duyun Maojian (green tea). A spokesperson said the tea was unharmed. "Once the frozen season ends, there will be fewer insects," she said, "so we don't need to use chemical products to get rid of insects."

China's National Meteorological Center forecasts far-reaching impacts due to prolonged cold, with temperatures falling as much as 16 to minus five degrees Celsius.

Globally, 2023 was the warmest calendar year in global temperature, according to records dating to 1850. Earth shattered averages for daily, monthly, and seasonal periods. Temperatures were 1.48 degrees centigrade higher than the long-term average air temperatures before humans began burning fossil fuel. New daily global temperature records were recorded on more than 200 days in 2023, a streak that included 116 daily records between Aug. 15 and Dec. 8.

Andrew Dessler, a professor of atmospheric science at Texas A&M University, told BBC, "What struck me was not just that [2023] was record-breaking, but the amount by which it broke previous records." The margin of some of these records is "really astonishing," said Dressler.



Tea is hearty, and low temperatures can benefit growth and reproduction, but extremely low temperatures and frost in early and late spring depress yield, reduce quality, and cause permanent damage. Covered by snow, tea plants can withstand temperatures of -15 degrees centigrade (5 degrees Fahrenheit). Tea plants unprotected by snow cannot survive long at temperatures between -5 and -10 degrees centigrade.

(STiR Coffee & Tea/Reuter)

Ghana drinks more tea

It is no surprise that Ghana has a thriving tea culture, given the country's history as a British colony. Introduced by the British, tea customs and etiquette have seamlessly merged with Ghanaian traditions, creating a unique tea culture that blends both.

Analyzing import trends from the OEC reveals a steady climb, reaching an all-time high of \$128 million in 2021, compared to \$94.1 million in 2020.

China dominates the supply chain, accounting for 81% of all tea imports. This heavy reliance makes the price of tea in Ghana susceptible to disruptions, such as shortages or price hikes from China, potentially impacting affordability for consumers.

The growing demand for tea in Ghana is multifaceted, driven by factors like the rising cost of breakfast beverage substitutes, the popularity of weight-related teas, and their widespread availability. This surge isn't confined to traditional black tea but encompasses a diverse range of tea products.

The intertwining of these factors underscores the profound impact on Ghana's tea culture and import bill and highlights the risks of reliance on a single source for tea.

Any potential supply shortage or price hike from China could pose a challenge for individuals and the economy, as breakfast substitutes like koko and chocolate drinks become more expensive.

As the nation continues to develop, there is a need for diversification of the tea market to ensure the affordability and accessibility of tea, as well as the economic stability of the country.

The intertwining of these factors underscores the profound impact on Ghana's tea culture and import bill and highlights the risks of reliance on a single source for tea.

(My Journey)



Ethiopia to increase tea production

The South West Ethiopia Coffee, Tea, and Spices Authority has unveiled an ambitious plan to deliver more than 7,000 tons of tea products to the central market during the current budget year, signaling a significant step towards harnessing the potential of Ethiopia's tea industry for both local consumption and international trade.

Notably, a substantial portion of this target, approximately 3,100 tons, has already been successfully delivered. CEO of the authority emphasized the dedication of the state to the development of the tea sector, particularly focusing on the Kaffa and Sheka Zones known for their extensive tea farms.

"The state has well-focused on tea products, and Kaffa and Sheka Zones are known for their wide tea farms. East African and Ethio-Agriseft (Wushwush tea, more focus) are widely developing tea in Sheka and Kaffa zones respectively," Mekuria stated.

While acknowledging the challenges faced by tea farmers, especially in accessing viable market opportunities, he commended their commitment to engaging in contractual agreements with organizations. He highlighted the state's focus on various potential crops, aiming to benefit both local and international markets.

Although Ethiopia boasts a variety of tea species, Wushwush tea has taken the spotlight, being widely produced at present.

In December 2023, Gumero Tea Factory, a key player in Ethiopia's tea processing sector, made headlines as it decided to cease distributing its products within the local market.

Gumero Tea Leaf Processing Factory, under the management of Midrok Investment Company, revealed its strategic shift towards exclusively offering its product, Gumero Tea, to international markets.

Solomon Mitiku, the Production Sector Head at Gumero Tea, provided insights, stating, "Gumero Tea boasts a daily production capacity of 88,000 kilograms of processed tea," emphasizing the company's commitment to expanding its global presence.

Ethiopia, as a tea exporter, earned an impressive US\$738,000 in 2019, ranking as the world's 83rd-highest exporter of tea.

(Africa News)



Bangladesh records highest tea crop

Bangladesh's tea production surged to a record high of 102.92 million kilograms in the just-concluded year of 2023, according to the state-run Bangladesh Tea Board (BTB).

Although tea gardens witnessed lower production at the beginning of the season due to a lack of rainfall, favourable weather from then onwards, combined with supportive measures, led to the bumper harvest, according to tea board officials and tea garden owners.

A BTB Member informed the Daily Star that the final calculation of annual tea production by the 168 gardens and small farmers in northern region of the nation showed a 9.69 percent year-on-year increase, up from 93.83 million kgs in 2022.

Terming the yield as the highest in 170 years, Bangladesh Tea Board Chairman Major General Md Ashrafur Islam said coordinated efforts from stakeholders, including the commerce ministry, tea board and garden owners, had ensured the record yield.

He also mentioned different measures that were adopted to boost production, including the mandatory increase of plantation area by 2.5 percent each year and arrangement of modern training for workers as well as the distribution of free saplings and plucking machines among small farmers.

However, he said the quality of the tea produced needed to improve significantly in order to increase tea export.

Tea export rose last year, with a total of 1.04 million kgs of tea exported compared to 0.78 million kgs in 2022.

The bumper harvests had become a burden for tea garden owners because they were frustrated by the significant fall in both sales and prices of tea during the ongoing season, which began in April.



In last 20 weekly auctions in Chattogram, the average price of tea stood below Tk 175 per kg. It was above Tk 200 a kg during the same period last season.

Furthermore, almost every weekly auction this season has seen around 50 percent of the tea on offer go unsold.

(Daily Star)

Nepal to issue CTC Tea Trade Mark

After orthodox tea, Nepal's tea regulating body is set to issue a quality trademark for CTC tea.

"We have prepared draft guidelines, which are in the final stages of completion to give the CTC tea a quality trademark recognition," said Deepak Khanal, director of the National Tea and Coffee Development Board.

"It may take 4-5 months," he said, adding that once the certification is issued, it may boost the quality resulting in higher export of Nepali CTC tea in the international market.

In September 2020, Nepal's orthodox tea got its own trademark, 157 years after the country started growing it.

The trademark includes the words 'Nepal Tea Quality from the Himalayas'. It was launched two years ago and formally executed on September 22, 2020. It was the first brand of agricultural produce in the country.

Nepali tea, according to traders, is in big demand globally apart from India, but measures like sanitary and phytosanitary (SPS) are a barrier to Nepali exports.

Importing countries have been expressing concerns over pesticide residue in the tea traded from India and Nepal, according to a South Asia Watch on Trade, Economics and Environment report.

“As Nepal has been facing hurdles in exporting CTC tea time and again, particularly to India, the quality trademark would ensure the products meet quality standards for export,” said Khanal.

The board said it would prepare a code of conduct and a set of guidelines that should be followed by the growers, including during the processing and packaging of the tea.

The code of conduct will also include a list of chemical fertilizers that can be used and instructions to be followed to ensure food purity while producing and packaging.

Nepal produces 26,379 tons of tea annually on over 20,237 hectares. Of these, 18,902 tons is CTC tea, according to the statistics of the Ministry of Agriculture.

(Kathmandu post)



Enhancing value addition in tea lands

In December, the Advocata Institute in Sri Lanka published a report that described the declining competitiveness of the Sri Lankan tea industry as an example of shifting competitive advantage in the agribusiness: “Increasing competition from countries such as Kenya, India, and Indonesia has resulted in reduced market share and low prices in the international market.”

Authors cautioned that statistics show “that the most mass market consumption of Ceylon tea, with the help of the supermarket discount culture, occurs in the West's advanced economies. For instance, 59% of tea imported into the United Kingdom in 2021 came from Kenya, purchased at an average of \$2.20 per kilogram, far below the premium for Ceylon tea. Moreover, 45% of tea imported into the United States came from Argentina, purchased at an average of \$1.24 per kilogram, even lower than the average premium for Ceylon tea.

These figures show that the common perception of advanced economies as the ideal destinations for Ceylon tea to earn higher premiums is not necessarily founded on reason. The truth is that the highest prices for tea in the international mass market exist in the developing countries to which Sri Lanka already caters.”

Developed countries earn billions of dollars transforming tea and other commodities into packaged goods. Germany, for example, generates 5.4 billion euros annually (about \$6 billion US) from processing tea and coffee.

That is why India, Sri Lanka, Kenya, and Tanzania, among other tea-producing countries, invest in infrastructure and free-trade zones to process tea.

West Bengal announced in December last year that it wants to build a 10- to 12-acre tea blending, packaging, export, and logistics hub at the port in Kolkata. “The much-needed facilities for value addition would be located near the port gateway at Balagarh,” say government officials.

The state and port trust proposes to acquire and develop the property into an economic development zone modeled on the highly successful Dubai Multi Commodities Centre, the UAE's largest free-trade zone. Total investment is estimated at \$52 million to develop 900 acres. The port plans to expand its cargo capacity to 115 million metric tons.



Construction of a similar facility is underway near the Mombasa Tea Auction in Kenya, and last month, the newly launched Tanzania Tea Auction began operations at a warehouse complex in Dar es Salaam designed to add value to tea shipped from neighboring countries, including Uganda, Rwanda, and the Congo.

(STIR Coffee & Tea)

Organic Tea Market Forecast: US\$2.69 Billion by 2033

The organic tea market is expected to grow at 8.0% CAGR in next ten year period. The market was expected to generate US\$ 1.24 billion in revenue in 2023, with a value of US\$ 2.69 billion by 2033.

It is experiencing a remarkable growth as health-conscious consumers prioritize natural and sustainable products. With a rising awareness of the potential health benefits and environmental advantages of organic tea, the market is expanding to meet the growing demand for premium and ethically sourced tea products.

- Rising demand for organic products, as well as an increase in the consumption of organic beverages such as matcha, herbal tea, and organic tea.
- Higher consumption of organic back tea in India and organic and herbal tea in China are proliferating the growth rate due to the higher population and global health trends. The impact of globalization on the import of premium tea is also flourishing the demand for organic tea.
- The growing popularity of herbal, green, and organic tea for weight loss, and anti-cancer properties is flourishing the market growth. Moreover, the new e-commerce channels are promoting discounts and varieties of organic tea. The competitors also promote their products like this.
- The United States market leads the organic tea market in terms of market share in North America. The United States region held a market share of 21.3% in 2022. The growth in this region is attributed to aware citizens, higher production, and exports.
- United Kingdom's organic tea market is another significant market in the European region. The market thrives at a CAGR of 5.9% between 2023 and 2033. The growth is attributed to the higher tea imports from India, cultural significance, and higher tea-consuming population.
- The Indian organic tea market thrives at a leading CAGR of 25.4% during the forecast period. The market's growth is attributed to the leading tea production coupled with the presence of leading tea companies.
- Chinese organic tea market also thrives at a CAGR of 2.9% between 2023 and 2033. The growth is attributed to the large tea-consuming population.

(Future Market Insights)



Starbucks sued on Ethical sourcing claim

Starbucks is being sued by a consumer advocacy group alleging that the global coffee chain falsely and deceptively advertises the “committed to 100% ethical sourcing” claim on its coffee and tea products.

The lawsuit, filed by the National Consumers League in a Washington, DC court, alleges that Starbucks misrepresents to consumers that it is “committed to 100% ethical coffee sourcing” and to “100% ethically sourced tea” even as it continues to source coffee beans and tea leaves from cooperatives and farms that “have committed documented, severe human rights and labor abuses, including the use of child labor and forced labor as well as rampant and egregious sexual harassment and assault.”

“On every bag of coffee and on every box of K cups sitting on our grocery store shelves, Starbucks is telling consumers a lie,” Sally Greenberg, CEO of consumer advocacy group National Consumers League, said during a press conference Wednesday to discuss the lawsuit.

“The facts are clear. There are significant human rights and labor abuses across Starbucks’ supply chain,” she said.

A spokesperson for Starbucks told CNN in an emailed statement that the company “plans to aggressively defend against the asserted claims that Starbucks has misrepresented its ethical sourcing commitments to customers.”

“We take allegations like these extremely seriously and are actively engaged with farms to ensure they adhere to our standards,” the statement said. “Each supply chain is required to undergo reverification regularly and we remain committed to working with our business partners to meet the expectations detailed in our Global Human Rights Statement.”



Greenberg alleged “well-documented instances” for years in the retailer’s supply chain of “slavery-like conditions,” child labor, human trafficking and other exploitative working conditions on farms and co-ops where Starbucks sources its coffee and tea.

She referenced an incident dating back to 2022 when a Brazilian labor prosecutor issued a complaint against Starbucks’ largest Brazilian supplier, “citing working conditions analogous to slavery, including illegally trafficking more than 30 migrant workers.”

She said the particular co-op in Brazil accounts for 40% of Starbucks’ Brazilian coffee supply and has been certified under Starbucks’ own C.A.F.E. Practices sourcing certification.

In its 2022 Global Environmental Social Impact report, Starbucks said that 98.2% of its coffee is ethically sourced and verified through C.A.F.E. Practices and that the program covers more than 400,000 farmers in more than 30 countries. The report said 99.7% of tea that Starbucks sources is verified as “responsibly sourced.”

The lawsuit, however, cites investigative reports in Brazil this year about workers at a Starbucks’ certified coffee supplier who allegedly were victims of wage theft by their employer, in violation of Brazilian law.

A separate investigative report from the BBC in February 2023 looked into alleged gender-based violence and sexual harassment at a Kenyan tea plantation, which the report said supplied to Starbucks at the time.

Regarding the BBC report, Starbucks told CNN that it immediately suspended purchases from the tea estates named in the report following an investigation, and would not resume orders in the future.

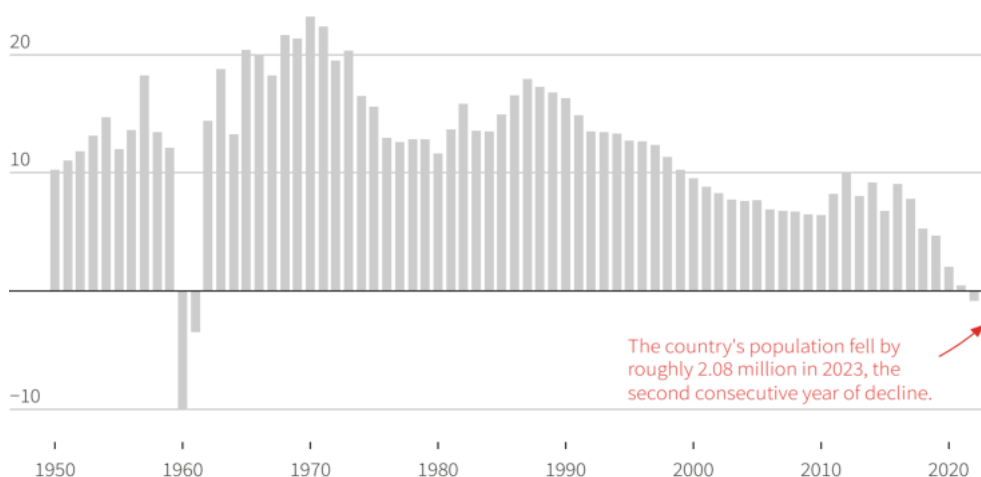
(CNN)

China's population drops 0.15% y/y in 2023

China's population falls in 2023 again

China's annual population fell for the second time in 62 years; it was 1,409.7 million in 2023 compared to 1,411.8 million in 2022.

Annual change in population (in million)



Source: LSEG Datastream | Reuters, Jan. 17, 2024 | By Kripa Jayaram and Sumanta Sen

China's population fell for a second consecutive year in 2023, as a record low birth rate and a wave of COVID-19 deaths when strict lockdowns ended accelerated a downturn that will have profound long-term effects on the economy's growth potential.

The National Bureau of Statistics said the total number of people in China dropped by 2.08 million, or 0.15 %, to 1.409 billion in 2023.

That was well above the population decline of 850,000 in 2022, which had been the first since 1961 during the Great Famine of the Mao Zedong era.

China experienced a dramatic nationwide COVID surge early last year after three years of tight screening and quarantine measures kept the virus largely contained until authorities abruptly lifted curbs in December 2022.

Total deaths last year rose 6.6% to 11.1 million, with the death rate reaching the highest level since 1974 during the Cultural Revolution.

New births fell 5.7% to 9.02 million and the birth rate was a record low 6.39 births per 1,000 people, down from a rate of 6.77 births in 2022.

Births in the country have been plummeting for decades as a result of the one-child policy implemented from 1980 to 2015 and its rapid urbanization during that period. As with earlier economic booms in Japan and South Korea, large populations moved from China's rural farms into cities, where having children is more expensive.

"As we have observed again and again from other low fertility countries, fertility decline is often very difficult to reverse," University of Michigan demographer Zhou Yun said.

Further denting appetite for baby-making in China in 2023, youth unemployment hit record highs, wages for many white-collar workers fell, and a crisis in the property sector, where more than two-thirds of household wealth is stored, intensified.

The fresh data adds to concerns that the world's No.2 economy's growth prospects are diminishing due to fewer workers and consumers, while the rising costs of elderly care and retirement benefits put more strain on indebted local governments.

India surpassed China as the world's most populous nation last year, according to estimates by the United Nations, fueling more debate over the merits of relocating some China-based supply chains to other markets, especially as geopolitical tensions rise between Beijing and Washington.

Long-term, U.N. experts see China's population shrinking by 109 million by 2050, more than triple the decline of their previous forecast in 2019.

China's population aged 60 and over reached 296.97 million in 2023, about 21.1% of its total population, up from 280.04 million in 2022.

(Reuters)

SHIPPING NEWS

Red sea attacks disrupts tea/coffee supply chain

Coffee and tea shipments are being rerouted to avoid the Red Sea following repeated drone and missile attacks. Ongoing US-UK airstrikes failed to halt Yemen-based Houthi rebels up to now.

Shippers are heeding warnings to avoid the Bab el Mandeb strait at the southern entrance to the Red Sea where there have been 30 attacks on merchant vessels in the past six weeks.

Rerouting is inconvenient and costly but unlikely to seriously disrupt global supply chains. Indian Tea Exporters Association Chairman Anshuman Kanoria said tea exports to Europe and the US are negatively impacted. Fifteen additional days are required for the westbound shipments, and container availability has “fallen significantly, leading to a huge surge in ocean freight rates.”

According to Reuters, coffee deliveries to Europe from Vietnam and Indonesia have been delayed up to three weeks, and container freight rates have increased by 150% on Asian-European routes.

The latest Drewry World Container Index (published Jan. 11) shows rates increased 15% in the second week of January to \$3,072 for a 40ft equivalent unit (FEU), an increase of 44% compared to the same week last year. The WCI average is 88% higher than pre-pandemic 2019, when rates averaged \$1,420 per FEU. The cost of shipping a 40ft container of tea from Shanghai to Rotterdam spiked 116% to \$4,406, which is \$196 higher than the 10-year average rate.



Since December, a passage from the Gulf of Aden through the Suez Canal has become 1,200 treacherous nautical miles. On Jan. 15, 90 ships were steaming through the danger zone, according to Lloyd's List.

Lloyds tracked 23 vessels that had stopped or reversed course following the US-UK airstrikes, with 67 yet to clear Yemen southbound. Qatar announced on Jan. 15 that it would no longer send liquid gas through the Red Sea. Many container ships are at anchor or diverting course toward South Africa. Russian-controlled LNG carriers, oil tankers, bulk carriers, and coastal tankers continue to transit the Red Sea. Shipping companies rerouting to avoid the dangerous straits face higher labor and fuel expenses and costly war risk insurance premiums. Operating a container ship costs between \$25,000 and \$85,000, excluding fuel, which adds up to \$130,000 daily. The Suez Canal saves approximately 7,000 to 8,000 nautical miles compared to the journey around the Cape of Good Hope.

Over 20,000 ships carry approximately 12% of global trade through the Suez Canal each year, 30% of all international container traffic, and more than \$1 trillion in goods.



War risk premiums spike

Coverage is still available, but the market is assessing the impact as the conflict escalates, according to Lloyd's List. "The market will now go into rangefinder mode, with insurers having to guess the reactions of their competitors second and gauge how much ship owners still seeking to route via the Red Sea are willing to pay," according to Lloyd's, a publication that has tracked registered shipping since 1734.

The cost of insuring ships had increased significantly compared to October when shippers paid APs (additional premiums) based on 0.05% of the vessel's hull value. Underwriters are now charging APs of 0.3% to 0.35% of hull value "uplifts" of 250% on Israeli shippers targeted by Houthi militants. This adds \$450,000 per trip based on a VLCC valued at \$150 million.

The London Insurance Market's Joint War Committee (JWC) widened the high-risk area in the Red Sea following drone and missile attacks by Houthi rebels in Yemen. JWC members first met shortly after a Dec. 11 missile strike on the Strinda, a 20,000-dwt Norwegian vessel.

Shippers urged Western military powers to do more than defend the vulnerable sea lanes. In mid-January, the US and the UK, with support from Canada and European nations, launched consecutive air and cruise missile strikes at launch facilities, radar stations, and warehouses storing drones. Houthi leaders scoffed at the assault that left untouched mobile launch vehicles that constitute most of the Iran-backed strike capability.

There are growing fears the conflict between Israel and Gaza-based Hamas will spread to Yemen and possibly include Iran, making a Suez passage too dangerous to consider.

The Houthis say they will immediately allow the free flow of ships if Israel agrees to a ceasefire in Gaza.

(STiR Coffee & Tea)



PESTICIDE NEWS

NGOs to take legal action on Glyphosate extension

Six European NGOs and five in France announced on Thursday (25 January) they had filed two separate requests to the European Commission for an “internal review”, the first step of a legal challenge, over the recent re-approval of the contentious but widely used weed killer glyphosate.

On top of the requests for internal review, the French NGOs also demand the annulment of the re-approval of the glyphosate decision. The European Commission has until the end of June to reply, after which the NGOs will proceed with court action.

In December, the Commission renewed for another 10 years the licence for the controversial herbicide, after EU member states failed to reach a majority for or against the re-authorization.

The Pesticide Action Network, together with the lawyers of Client Earth and other organizations say that the two EU bodies providing scientific advice for the decision – the European Food Safety Authority (EFSA) and the European Chemicals Agency (ECHA) – “have not paid sufficient heed to the science”, the NGOs said in a press release.

The Commission, the statement added, “has acted against EU law on approval of pesticides and the precautionary principle, re-approving glyphosate despite evidence that the substance can cause harm to humans, animals and the environment”.

In particular, the NGOs accuse ECHA of having “failed to prove that glyphosate is not genotoxic”, while “non-industry studies based on the most sensitive tests show that the herbicide is in fact genotoxic”.

The Helsinki-based ECHA replied in an email that “all available evidence was carefully examined to arrive at the conclusion that glyphosate is not carcinogenic or genotoxic” and “no important findings were dismissed”.

EFSA, for its part, also stressed in an email that “the risk assessment and peer review for glyphosate was the most comprehensive and transparent assessment of a pesticide that EFSA and the EU member states have ever carried out, and EFSA stands firmly behind its conclusions”.



The Commission “will respond to the call for an internal review in line with its legal requirements and thoroughly analyze the claims”, the Commission spokesperson Stefan has told.

He recalled that the scientific advice on glyphosate “is the result of a thorough and stringent process that started in December 2019 with the work of a group of member states – France, Hungary, the Netherlands and Sweden – designated as Rapporteur member states”.

“It also took into account all available information, both mandatory regulatory studies required by the EU law and a huge body of published scientific literature,” he concluded.

In France, the legal action is led by the NGOs network Secret Toxique, together with other national associations such as the farmers’ organization Confédération Paysanne.

“By challenging the legality of glyphosate’s re-approval, we wish to enshrine in European jurisprudence that no pesticide active substance can be approved without real assessments of the long-term toxicity of the representative formulation”, Secret Toxique said in a press release.

(Euro News)

EU objects to raising MRL on Thiacloprid

The European Parliament objected to raising the limit of the maximum quantity of residues of the insecticide thiacloprid, banned in the EU from 2020, on more than 30 products coming from third countries.

The proposal was rejected with 386 MEPs votes in favour, 186 against and 52 abstentions. The Commission must now withdraw it.

Thiacloprid is an active ingredient of the class of neonicotinoids. This group of substances is widely used at global scale because of their efficacy on many products, such as cotton, vegetables, tea, fruit and potatoes. But their ecological impact, particularly on bees and pollinators, pushed the EU to adopt progressive restrictions on their use since 2013.

“It took the Commission many years to ban this dangerous pesticide,” said Salomé Roynel, policy officer at the Pesticide Action Network Europe, “and now it tried to maintain incredibly high levels in food like tea or strawberries”.

“The use of this health- and bee-harming pesticide would continue elsewhere, while the health of EU consumers, particularly pregnant women and babies, would also be put at risk,” she added, “applaud[ing] the Members of the European Parliament for stepping in to prevent this from happening”.

The motion approved in the European Parliament means that the thiacloprid Maximum Residue Level (MRL) in imported foods stays at the so-called technical zero level.

According to the EU rules, MRL is the highest level of pesticide residue tolerated in food or feed. When a pesticide is banned in the EU, the MRL for that substance on imported products is fixed at 0.01 mg/kg, the technical zero.



But the Commission, after the advice of the European Food Safety Authority, may propose to raise the MRL on imports, based on an application calling for taking into account the specific conditions of agricultural production in non-EU countries.

The MEPs’ reasoning behind these initiatives refers to health and environmental concerns and a principle of reciprocity of requirements between the European and third-country food producers.

(Euro News)

FINANCE NEWS

Syrian Pound declined by 180% in 2023

The value of the Syrian pound declined in the official bulletins issued by the Central Bank of Syria (CBS) by a percentage that reached 180.8% by end of 2023.

According to the first bulletin for year 2023, titled “Banks and Exchange Rate,” the dollar exchange rate was 4,522 Syrian pounds, while according to the last bulletin issued on December 21, the dollar exchange rate reached 12,700 pounds.

The food basket price in Syria increased by 100% during the first nine months of 2023, triple the amount compared to the previous year, according to a report by the World Food Program (WFP).

The UN organization stated in a report early in November last year that the food basket cost rose in September to 938,000 Syrian pounds, equivalent to \$67, based on the exchange rate in the black market at that time.

Moreover, the value of external remittances, which Syrians abroad usually send to their families to help cover their expenses, was also affected by the general economic situation and the high inflation rates in most refugee countries, forcing some to reduce the value of the monthly remittances they send to their families.

Economic researcher at the Omran Center for Strategic Studies, Mohammad al-Abdullah, previously stated to Enab Baladi that the Syrian economy is clearly deteriorating. Wages are far below the necessary minimum amount to live amidst significant inflation values and a significant decline in the pound against foreign currencies, with no precise expectations of further deterioration.

Al-Abdullah believes that any increase in the value of salaries will only cover a small portion compared to the size of the needs, as the regime's government is incapable of approving a "substantial" increase that would significantly impact citizens' lives.

(Enab Balad)

Lira hits record low

The Turkish lira hit a fresh record low against the U.S. dollar in January, trading at 30.005 to the greenback.

It marks the first time that the lira has broken 30 against the dollar, which was up 0.17% against the Turkish currency from the previous sessions.

The beleaguered lira has fallen some 37% against the U.S. benchmark over the past year, as monetary policymakers try to combat double-digit inflation by steadily raising interest rates.

The more conventional approach follows several years of unorthodox policy during which Ankara refused to tighten rates despite ballooning inflation, while Turkish President Recep Tayyip Erdogan routinely called interest rate rises "the mother of all evil."

Inflation in the country of roughly 84 million rose to 64.8% on an annual basis in December, up from 62% in November.

It's still an improvement on the prior year, after Turkish inflation hit a peak of 85.5% in October 2022.

The lira's weakening comes as Turkey's top finance officials gather at J.P. Morgan's Wall Street headquarters in New York for investor presentations focused on the country's monetary policy, banking, assets, and financial markets.

(CNBC)





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