

KENYA TEA INDUSTRY PERFORMANCE HIGHLIGHTS

PRODUCTION

Tea production for the half year period of 2011 stood at 178.4 Million Kgs, which was 16.2% lower compared to 213.0 Million Kgs recorded during the same period of 2010. Lower production was largely attributed to hot and dry weather conditions experienced during the first quarter of the year as well as depressed and poorly distributed rainfall pattern experienced in most tea growing areas during the second quarter.

East of Rift was the most affected with its tea output dropping by 18.4% from 86.8 Million Kgs recorded during the period up to June 2010 to 70.7 Million Kgs. Within the West of Rift, production for the half year period was lower by 14.6% from 126.1 Million Kgs recorded in Jan-June 2010 to 107.6 Million Kgs.

Compared to the half year period of 2010, tea output within smallholder sub-sector decreased by 14.8% from 124.3 Million Kgs to 105.8 Million Kgs while that of the Plantation sub-sector recorded decrease of 18% from 88.7 Million Kgs to 72.6 Million Kgs.

Out of the total production, the smallholder sub-sector contributed 59% while the Plantation sub-sector contributed 41%.

Table 1: Production by Sub-Sector and Region (2011 vis-à-vis 2010)

Sector	Region	Jan - June 2011	Jan - June 2010	Variance +/-	Var.(%)
Plantation	West of Rift	65,655,736	78,760,660	13,104,924	-16.64%
	East of Rift	6,967,404	9,946,832	2,979,428	-29.95%
	Total	72,623,140	88,707,492	16,084,352	-18.13%
Smallholder	West of Rift	42,015,075	47,420,435	5,405,360	-11.40%
	East of Rift	63,823,647	76,884,330	13,060,683	-16.99%
	Total	105,838,722	124,304,765	18,466,043	-14.86%
Plantation & Smallholder	West of Rift	107,670,811	126,181,095	18,510,284	-14.67%
	East of Rift	70,791,051	86,831,162	16,040,111	-18.47%
	Total	178,461,862	213,012,257	34,550,395	-16.22%

Source: Tea Board of Kenya

TEA SALES

AUCTION

During the first half of the year, the volume of Kenya tea sold through Mombasa Auction stood at 128.8 Million Kgs, 16% lower compared to 152.6 Million kgs sold during the same period last year. The average Auction price for Kenyan tea held firm at USD 2.98 per Kg compared to USD 2.81 recorded during the same period of 2010.

EXPORTS

During the period up to June 2011, Kenya tea export volume reached 211.7 Million Kgs which was marginally lower compared to 216.9 Million Kgs recorded during the same period last year.

Kenya tea was exported to forty eight market destinations world-wide compared to forty two destinations the same period of last year. Pakistan was the leading export destination for Kenyan tea exports having imported 40.1 Million Kgs, accounting for 19% of the total export volume. Other key export markets were Egypt, which imported 36.9 Million Kgs, UK (35.5 Million Kgs), Afghanistan (24.7 Million Kgs) and Sudan (13.7 Million Kgs). These markets accounted for 71% of Kenya tea export volume while the other forty three markets accounted for 29%. Among the traditional markets, Pakistan recorded the highest growth of 29%, while Sudan recorded a growth of 6%. However, there was a drop in tea exports to Egypt (24%), Afghanistan (15%) and UK (6%). Unprecedented increase in tea exports to Pakistan and subsequent drop of tea exports to Afghanistan was attributed to continued reduction of smuggling of commodities into the country through Afghanistan. The reduced volume to Egypt was largely attributed to political unrest within the country at the beginning of the year. The wave of political upheaval in the Muslim religious countries also affected tea exports to Yemen, which recorded a drop of 10%.

Amongst the key emerging markets, Russia and Kazakhstan recorded 20% and 48% growth, owing to consumer embracing Kenya tea, particularly teabags in a shift to CTC preference. There was also increased demand during the winter season in the first quarter of the year.

LOCAL CONSUMPTION

The cumulative local tea consumption for the period up-to June 2011 stood at 10.0 Million Kgs which was 16% higher compared to 8.6 Million Kgs recorded in corresponding period of

2010. This is a consequence of sustained promotion campaign by the Tea Board of Kenya, intensive brand promotion by the tea packers as well as intense sales by factories through factory door sales.

Sicily K. Kariuki (Mrs.), M.B.S.

MANAGING DIRECTOR
THE TEA BOARD OF KENYA

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Table 2: Tea Exports by Destination (2011 Vis-à-vis. 2010)

DESTINATION	JAN –JUNE 2011 QUANTITY	JAN –JUNE 2010 QUANTITY	QUANTITY	%AGE
	KGS	KGS	DIFF.	VARIANCE
PAKISTAN	40,120,682	31,154,042	8,966,640	29%
EGYPT	36,922,718	48,801,516	-11,878,798	-24%
UK	35,544,822	37,639,523	-2,094,701	-6%
AFGHANISTAN	24,745,293	29,133,920	-4,388,627	-15%
SUDAN	13,790,572	12,997,674	792,898	6%
U.A.E	10,055,468	9,543,129	512,339	5%
RUSSIA	8,849,022	7,355,462	1,493,560	20%
YEMEN	7,856,304	8,716,844	-860,540	-10%
KAZAKHSTAN	6,572,308	4,429,418	2,142,890	48%
POLAND	2,806,474	2,650,524	155,950	6%
INDIA	2,622,033	2,334,887	287,146	12%
IRAN	2,443,332	1,447,559	995,773	69%
NIGERIA	2,348,691	1,659,426	689,265	42%
IRELAND	1,959,126	2,495,837	-536,711	-22%
SRI LANKA	1,925,416	1,186,885	738,531	62%
SOMALIA	1,431,894	1,591,527	-159,633	-10%
SAUDI ARABIA	1,428,357	1,224,516	203,841	17%
U.S.A.	1,282,000	2,117,508	-835,508	-39%
JAPAN	1,056,010	1,068,735	-12,725	-1%
DJIBOUTI	1,039,303	1,708,302	-668,999	-39%
CHINA	1,028,814	634,456	394,358	62%
INDONESIA	917,162	1,235,870	-318,708	-26%
CANADA	712,148	824,503	-112,355	-14%
BANGLADESH	608,679	-	608,679	0%
GERMANY	457,280	412,474	44,806	11%
UKRAINE	431,183	461,274	-30,091	-7%
OMAN	386,656	381,196	5,460	1%
SOUTH AFRICA	358,643	315,325	43,318	14%
MALAYSIA	333,910	533,750	-199,840	-37%
NETHERLANDS	331,056	435,180	-104,124	-24%
CHILE	317,228	343,424	-26,196	-8%
TURKEY	294,496	1,138,155	-843,659	-74%
BELGIUM	238,134	18,000	220,134	1223%
ERITREA	130,000	130,000	-	0%
SINGAPORE	86,810	114,520	-27,710	-24%
ITALY	78,750	403,140	-324,390	-80%
KYRGYZSTAN	76,435	-	76,435	0%
TAIWAN	56,170	13,530	42,640	315%
SWITZERLAND	39,000	-	39,000	0%
NEW ZEALAND	25,600	23,080	2,520	11%
FINLAND	15,700	-	15,700	0%
GEORGIA	13,600	-	13,600	0%
UGANDA	12,000	-	12,000	0%
MAURITIUS	10,050	-	10,050	0%
GREECE	10,000	10,500	-500	-5%
SEYCHELLES	7,120	6,840	280	4%
TANZANIA	1,970	-	1,970	0%
AUSTRALIA	1,035	-	1,035	0%
PUERTO RICO	-	166,560	-166,560	0%
SYRIA	-	65,400	-65,400	0%
EPZ (MSA)	-	980	-980	0%
GTOTAL	211,779,454	216,925,391	-5,145,937	-2%

Source: Tea Board of Kenya