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	<p>منظمة الأغذية والزراعة للأمم المتحدة</p>	<p>联合国 粮食及 农业组织</p>	<p>Food and Agriculture Organization of the United Nations</p>	<p>Organisation des Nations Unies pour l'alimentation et l'agriculture</p>	<p>Продовольственная и сельскохозяйственная организация Объединенных Наций</p>	<p>Organización de las Naciones Unidas para la Agricultura y la Alimentación</p>
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COMMITTEE ON COMMODITY PROBLEMS

INTERGOVERNMENTAL GROUP ON TEA

Nineteenth Session

New Delhi, India, 12 – 14 May 2010

MARKET DEVELOPMENTS IN SELECTED COUNTRIES – CHINA

The Nineteenth Session of the Intergovernmental Group (IGG) on Tea

Development of Tea Industry in China

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Overview of presentation

- **Introduction**
- **Production and international trade**
- **Marketing channels and analysis**
- **Factors affecting demands**
- **Market Development trends**

Tea is one of the most important cash crops in China

In 2009

- Tea planted Area: 1.867 million hectares
First in the world.
- Tea Production: 1.35 million tones
First in the world.
- Tea Exports: 303 thousand tones
- Tea Farmers: 80 million

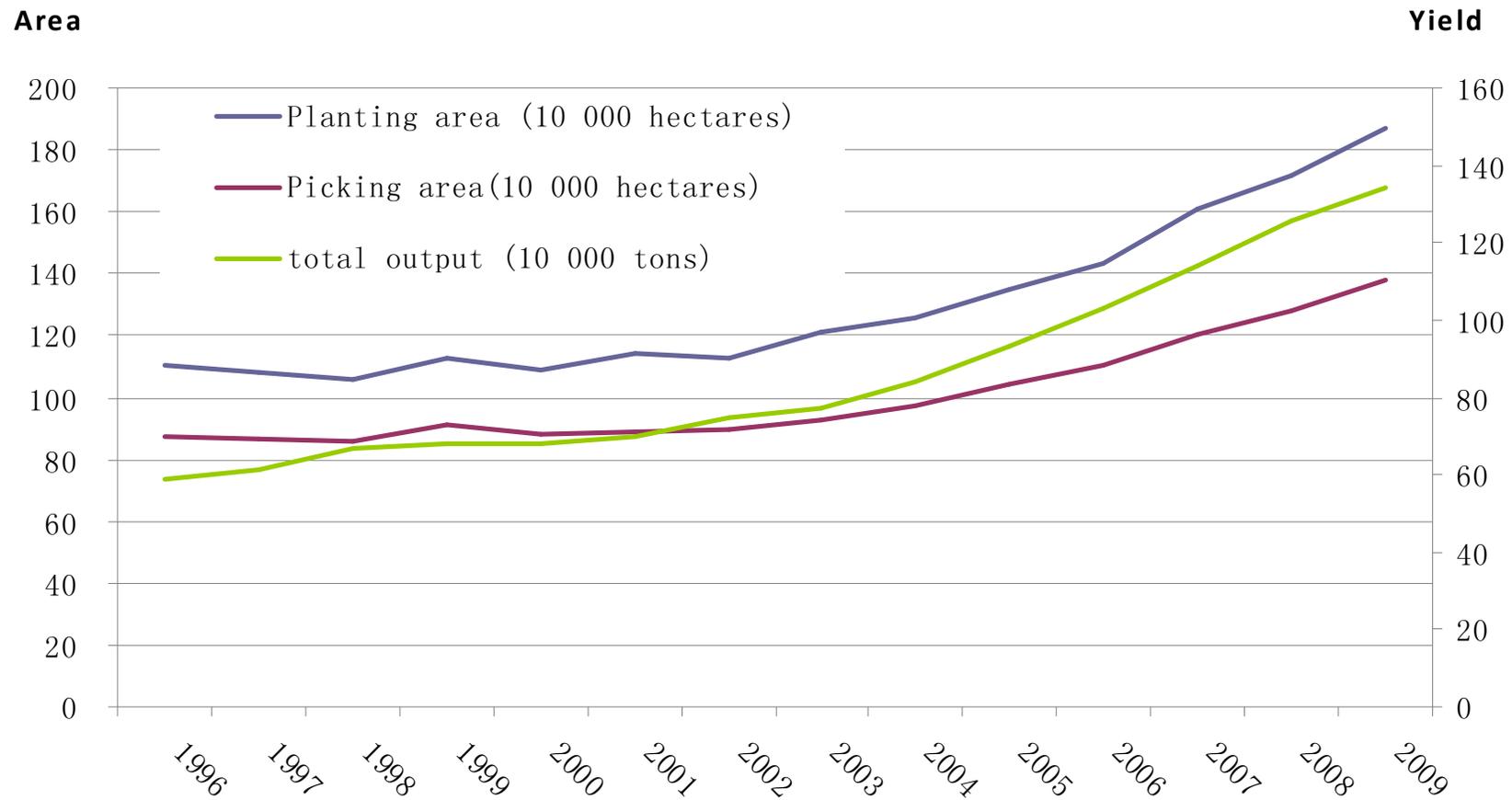
● Map of tea growing area in China

(20 provinces)



1. Production and International Trade

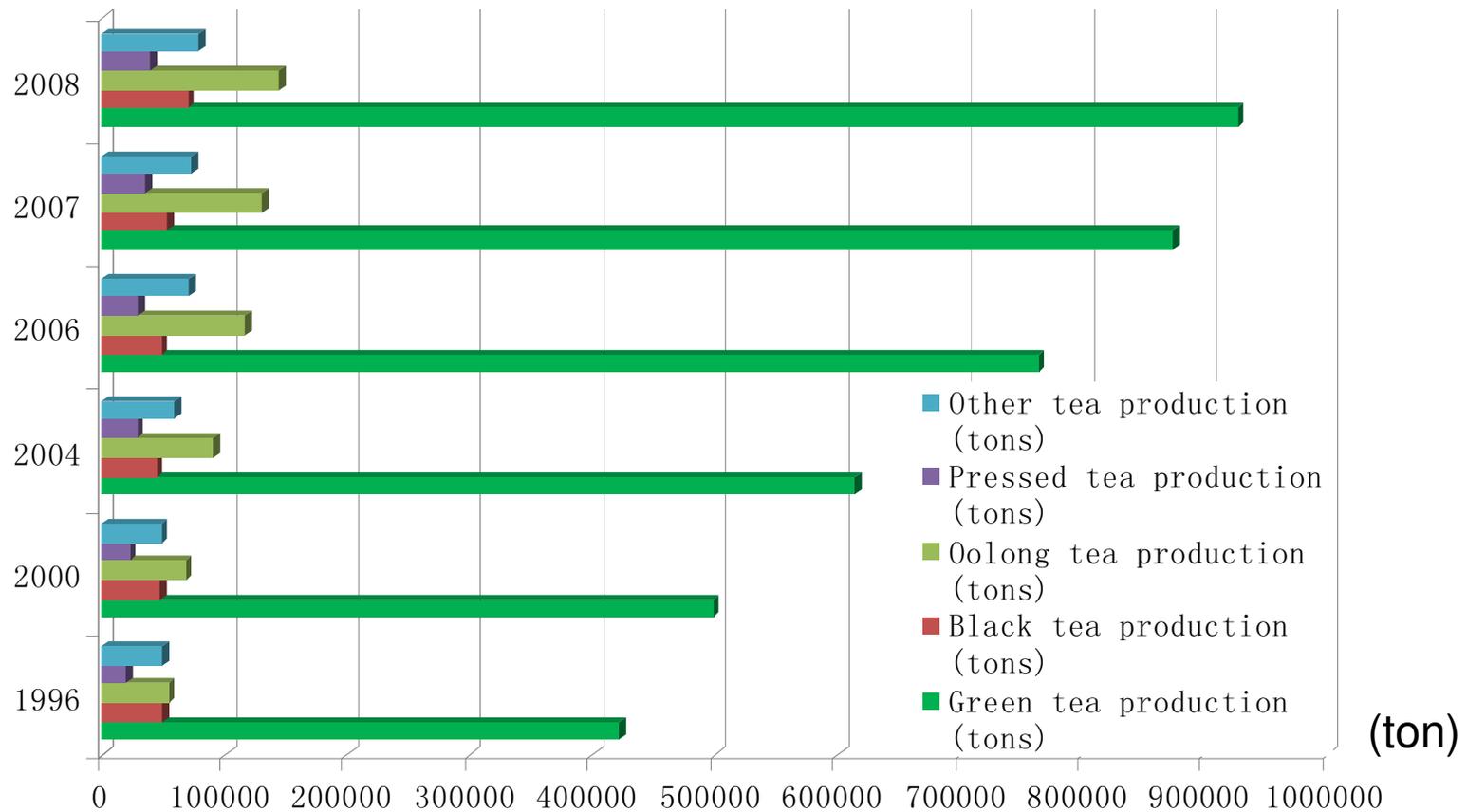
Trends of tea production area and yield in China



Tea production of China in 2009

- In 2009, tea planting area and harvest areas covered **1.867 million** hectares and **1.38 million** hectares, rising by **6.9%** and **6.6%** from 2008, respectively.
- The total production reached **1.35 million** tones and output value amounted to **41.36 billion RMB**, increasing by **7%** and **16.9%**.

Structure trends of Chinese tea

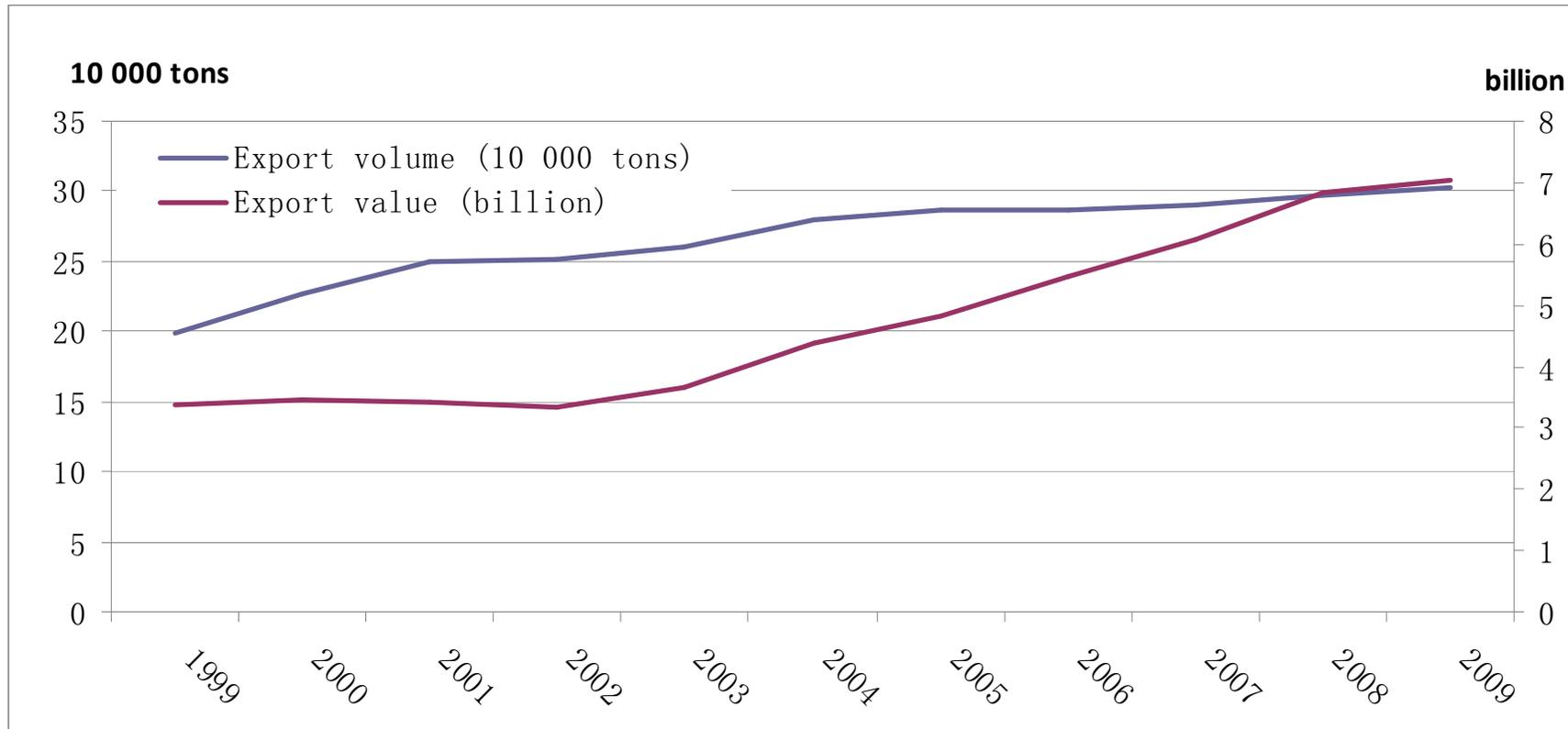


In recent years, Green tea and oolong tea is continual increasing; black tea decreased from 1998 to 2003, but rose since 2004; compressed tea is relatively stable; other kinds of tea also increased rapidly.

Production of different kinds of tea in 2008

- **Green tea : 92.7 thousand tons, 72% of the total production.**
- **Oolong tea: 14.4 thousand tons, 11% of the total production.**
- **Black tea: 6.97 thousand tons, 6% of the total production.**

Trends of tea exports of China



In recent years, the amount of tea exports grew steadily, in which green tea, oolong tea and white tea increased, while black tea, dark tea and other special teas decreased.

Tea Export & Import of China

Year	Export Quantity (Thousand tons)	Export Value (Million US\$)	Import Quantity (Thousand tons)	Import Value (Million US\$)
1999	199.6	33.8	1.9	0.3
2000	227.7	34.7	2.4	0.4
2001	249.7	34.2	1.7	0.3
2002	252.3	33.2	1.7	0.3
2003	259.9	36.7	2.9	0.4
2004	280.2	43.7	2.3	0.6
2005	286.6	48.4	2.8	0.7
2006	286.6	54.7	3.2	0.8
2007	289.5	60.8	5.3	1.3
2008	296.9	68.2	5.4 (+1.9%)	1.8 (+38.5%)
2009	303.0 (+2%)	70.5(+3.3%)		

Tea Exports of China in 2009

- China exported of 303,000 tons of tea that worth \$705 million, only increasing by **2.0% and 3.3%** from 2008, respectively. Among these:
- **Green tea: 229.3 thousand tons and 5.25 hundred million dollars.**
- **Black tea: 40 thousand tons and 64.37million dollars.**
- **Oolong tea: 24 thousand tons and 66.86 million dollars.**
- **Scented tea: 5.914 thousand tons and 29.63 million dollars.**

Tea Imports of China in 2008

- The trade amount of tea was 302,300 tons in China, and 5,398 tons for imports.
- Most of the imported tea were black tea, reaching 4,306 tons and accounting for 79.77%, while green tea was 944 tons, accounting for 17.49%.

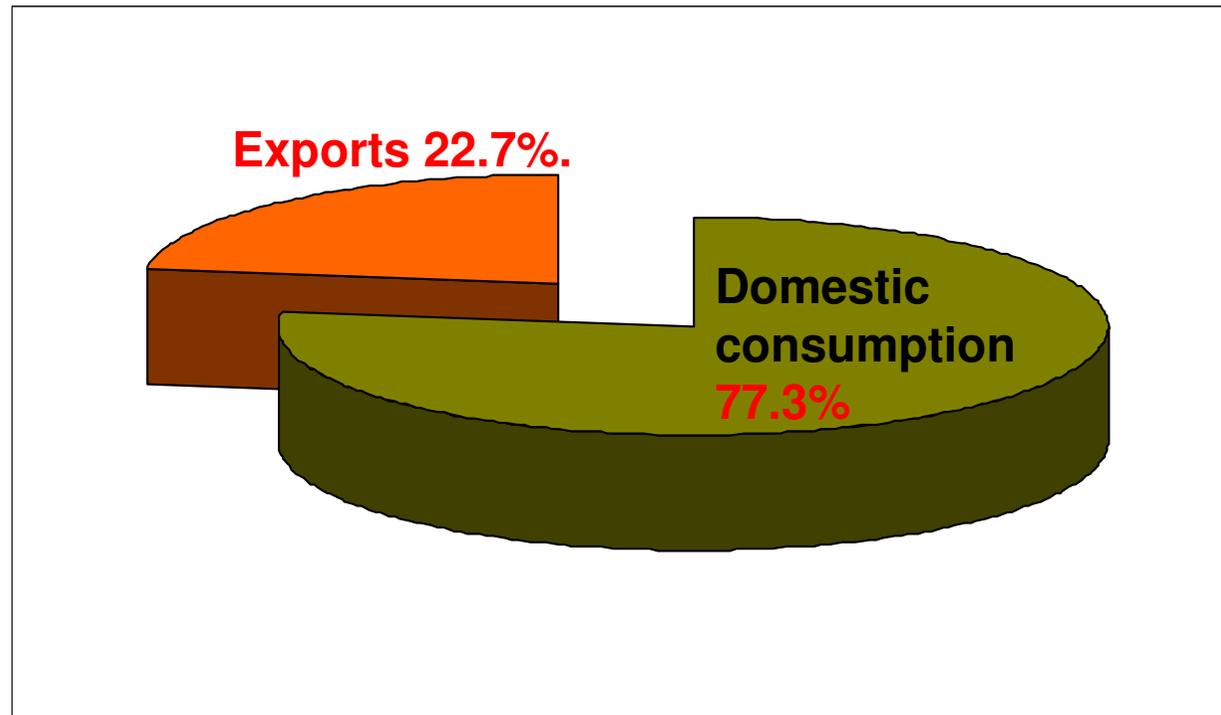
2. Marketing Channels and Analysis

Current distribution channels of tea in the domestic market of China



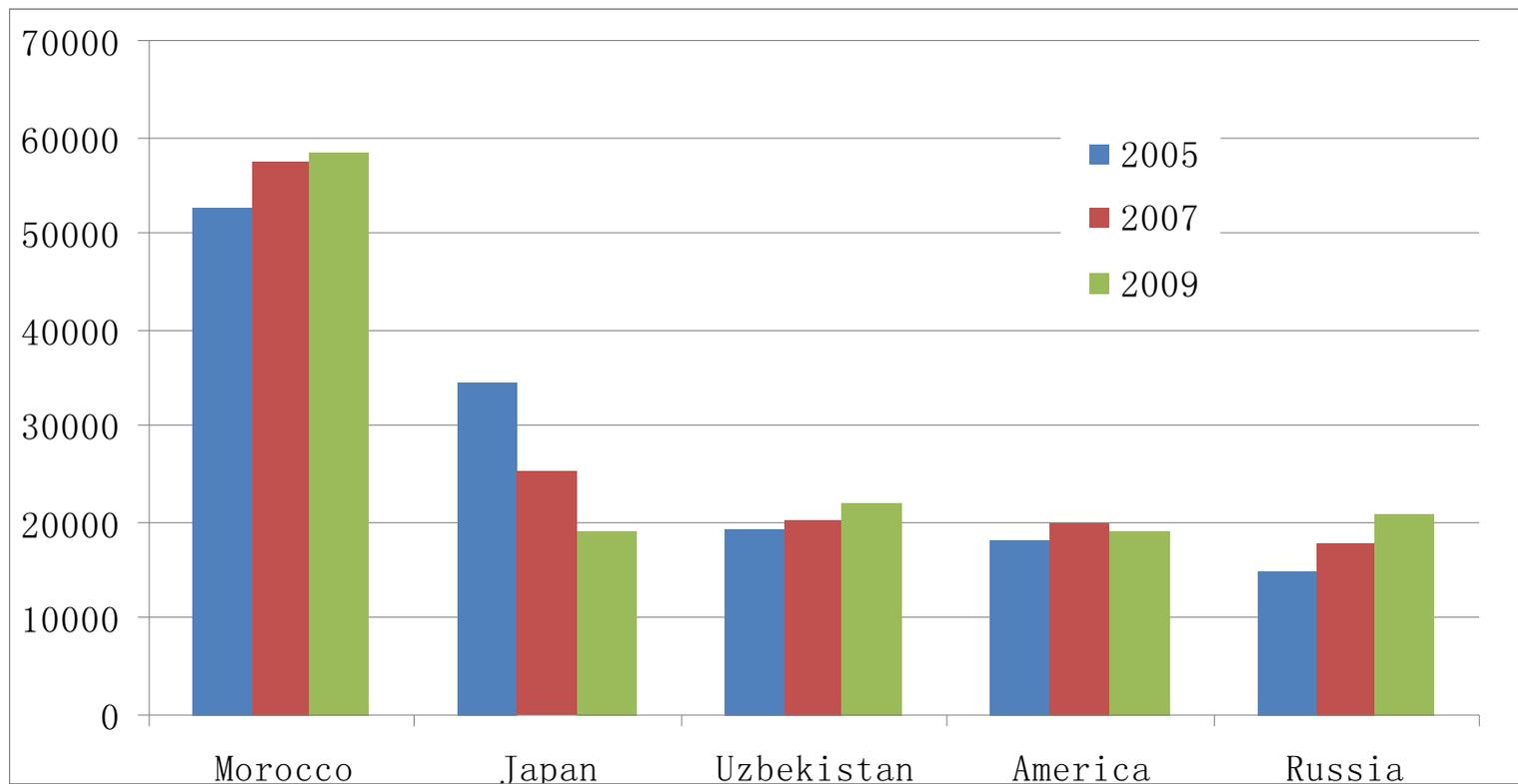
The Analysis of Market Share

In 2009, total tea production in China amounted **1340 thousand tons**. Among these, the domestic consumption occupied **77.3%**, the exporting amounts occupied **22.7%**.



Main Tea Exporting Countries

Exporting amount of Chinese tea (ton)



Tea domestic consumption in China

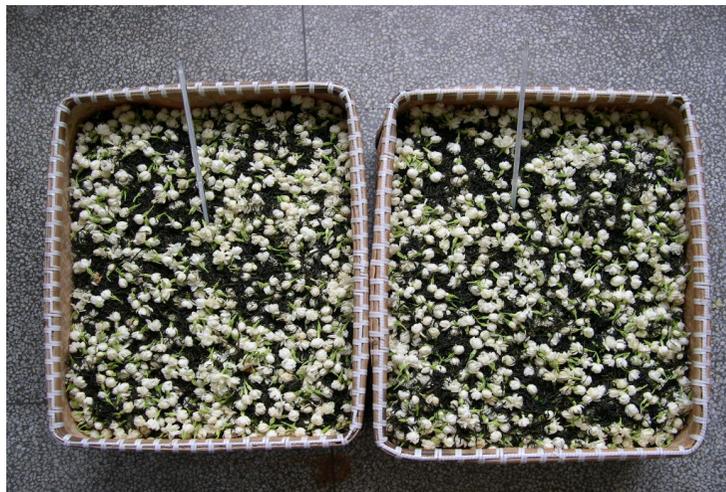
- **Green Tea, 725 thousand tons** in 2009.
- **Accounting for 70% of total domestic consumption.**



Tea domestic consumption in China



- Oolong tea, **124 thousand tons, 12%** of total home consumption.



- Scented tea, **82.8 thousand tons, 8%** of total home consumption.

Tea domestic consumption in China

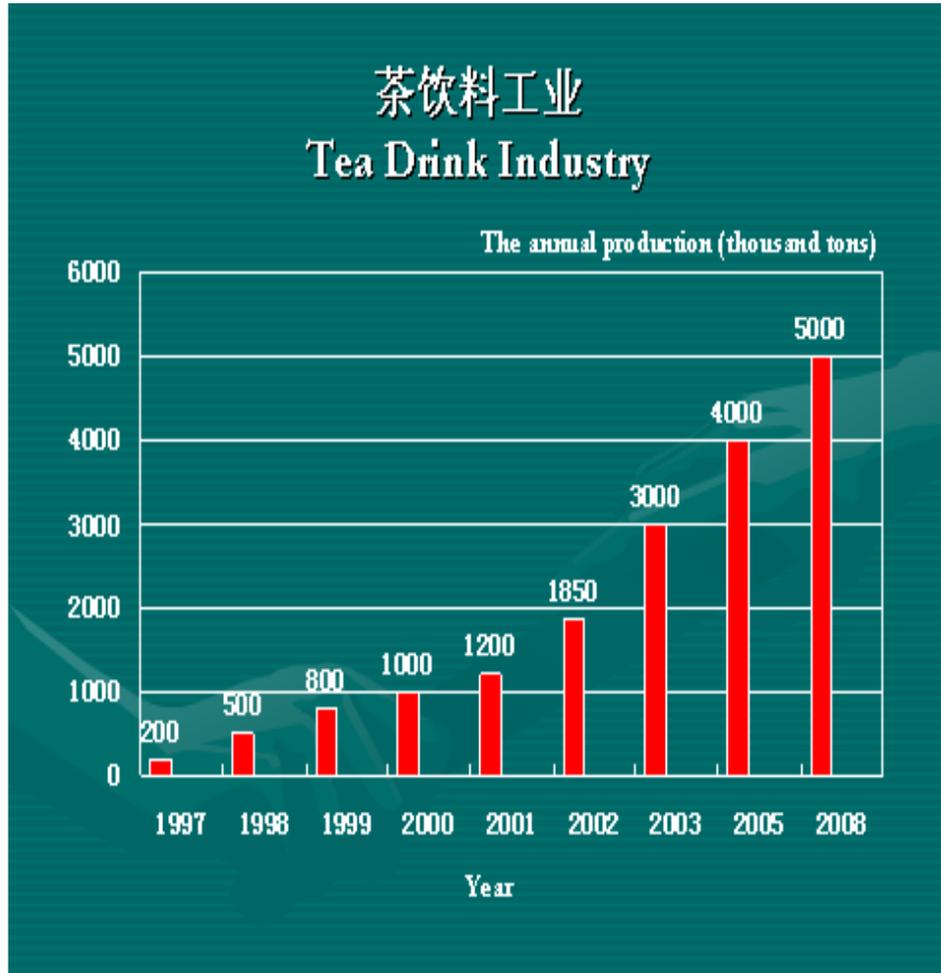
- **Black tea, 20.7 thousand tons, accounting for 2%.**



Other kinds of tea such as brick tea, puerh tea, white tea and yellow tea , 82.8 thousand tons, accounting for 8%.



Ready-To-Drink Tea consumption in China

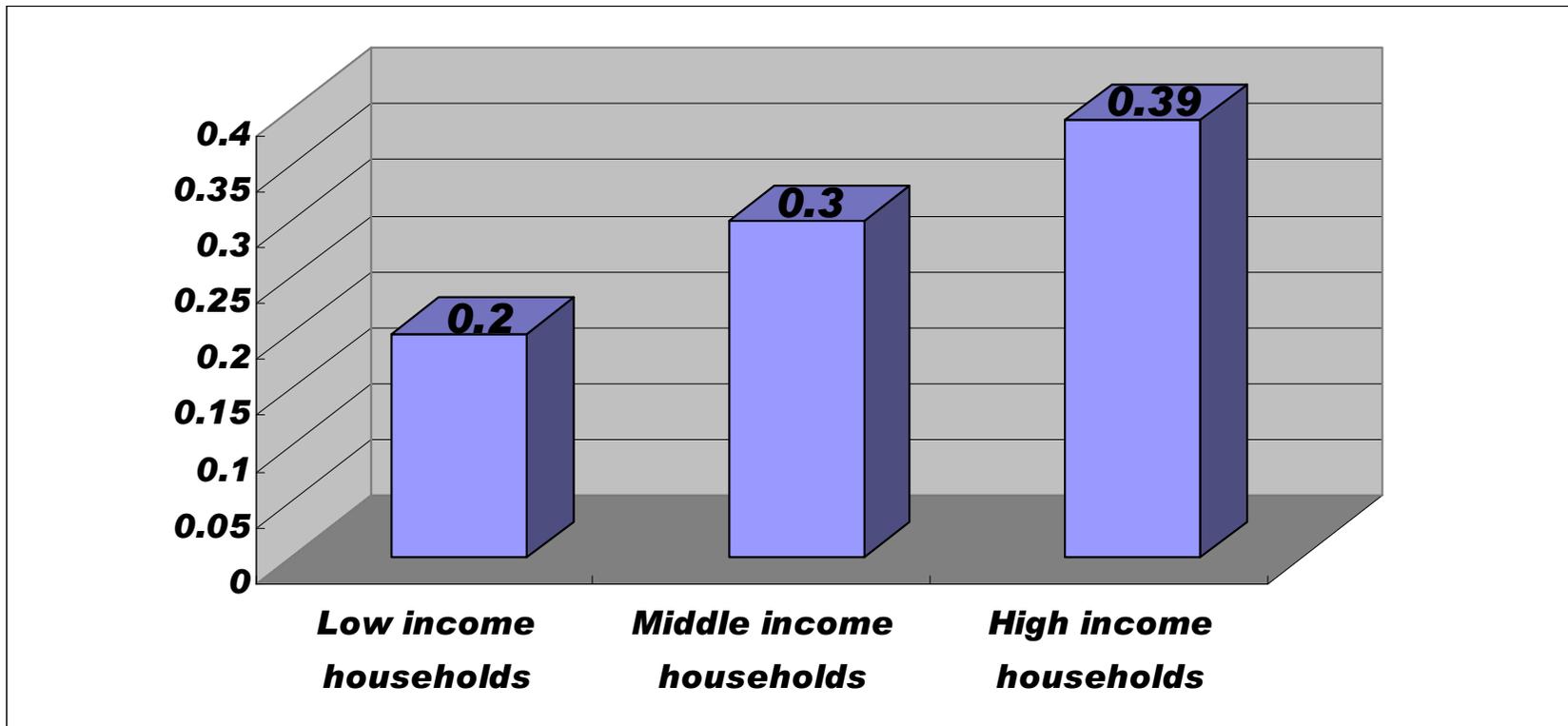


3. Factors Affecting Demands

- ◆ **The Levels of Incomes**
- ◆ **Consumer's personal custom and hobby**
- ◆ **Consumer 's knowledge and consciousness about tea**

Relation between urban household incomes and tea consumption in 2008

Per capita tea consumption (Kg)



Note: The data is limited to the residents' direct purchases, does not include the group's consumption.

Consumer's personal custom and hobby

- People in Tibet and North west of China usually consume larger quantity of tea, followed by those in big or middle cities.
- People in the north of China prefer scented tea, while southern consumers prefer green tea.
- People in big cities such as Beijing, Tianjin, Shanghai, Hangzhou etc. like to drink high grade green tea like Longjing tea and Biluochun tea etc.
- People in Guangdong, Fujian and Taiwan provinces like oolong tea best.....



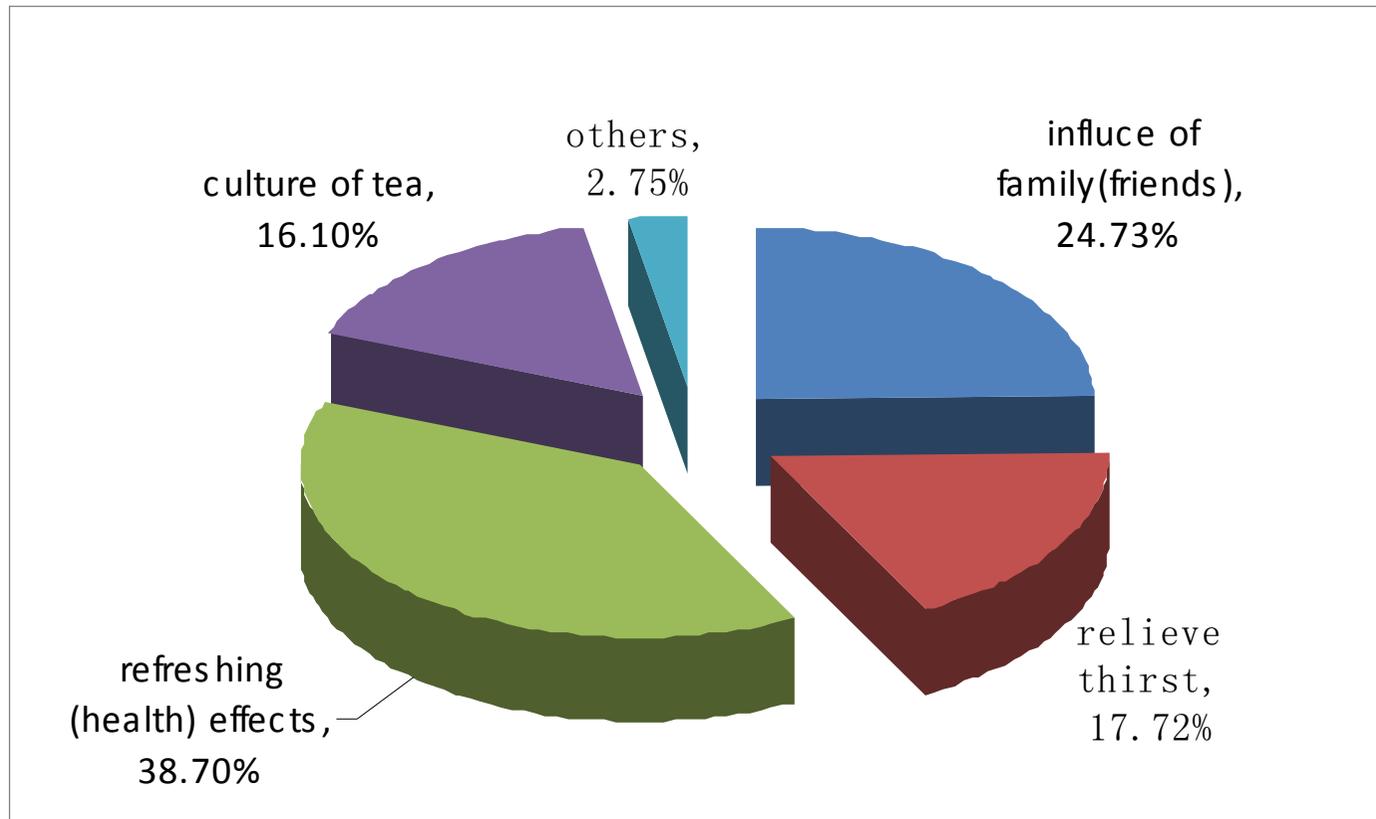
Consumer 's knowledge and consciousness about tea

- *With the elevation of living standard in China, public awareness and demand for safer tea has rising significantly, they shift consumption concept from price-based to safety-based, and consumption of organic tea is rising.*
- *Functional healthy tea becomes a new trend.*

Consumer 's knowledge and consciousness about tea

- ***A questionnaire investigation was implemented randomly by more than 300 people in Beijing.***
- ***Result showed that consumers are mostly concerned on tea quality among price, brand, service, packing, discount, producing area and quality.***
- ***33% respondents put quality in the first place, when buying tea, and then are producing area and price.***

Main reasons for drinking tea by consumers in China



4. Market Development Trends of Tea in China

● Consumption style

- *From “brewing” to “Ready to drink”*
- *From “hot-drinking” to “cold-drinking”*
- *From “drinking tea” to “using tea”*



● Product's structure

From the "single" to "diversity"

- **Traditional Tea:** Green tea consumption is still mainstream, oolong tea will maintain growth, black tea consumption market has begun and is expected to expand. There may be restorative puerh tea market growth.
- **New tea products:** Deep-processed tea product and health tea consumption will increase rapidly, and fast consumption teas, especially tea bags and instant tea consumption are expected to be greatly increased.

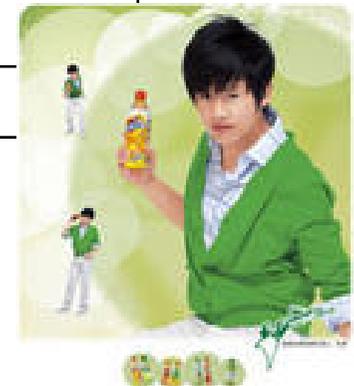


➤ Brand development

From “famous tea” to “well-known brand”

China's major tea brands in recent years have accelerated the pace of expansion of chain sales.

Company Name	Brand	No. of chain stores	Selling-scale (million yuan)
Beijing Wu Yu Tai Tea Company	Wuyutai	215	532.25
Beijing Zhang Yi Yuan Tea Company	ZhangYiYuan	110	409.00
Tenfu's Tea	Tenfu	1012	
Bama Tea	Bama	500	





Thanks!