TEA BOARD OF KENYA

Realizing the Tea Promise

KENYA TEA INDUSTRY PERFORMANCE HIGHLIGHTS FOR MARCH 2022

PRODUCTION

Tea production for the month of March 2022 was lower by 2.37 Million Kgs from 48.69 Million Kgs recorded in the same period of 2021 to 46.32 Million Kgs. However, production was higher compared what was recorded during the month of February and January, respectively owing to the onset of the "long-rains" (March-April-May) season in the country during the third and fourth week of March. Lower production for the month of March compared to the same period of last year was attributed to the fact that rainfall received in most parts of the country was occasional and depressed while in other areas, weather conditions were mostly sunny and dry.

In tea growing areas, adverse weather conditions were more prevalent within the East of Rift especially within Kirinyaga, Embu and Meru counties consequent to which there was a drop of 3.09 Million Kgs in output from 18.09 Million Kgs recorded during the corresponding month of 2021 to 14.99 Million Kgs. However, production in the West of Rift was marginally higher by 0.72 Million Kgs from 30.62 Million Kgs recorded during the corresponding month of 2021 to 31.32 Million Kgs. This was attributed to moderate precipitation received across tea growing areas in the West of Rift despite the effect of hailstorms recorded in some parts of the region especially within Kericho.

Due to wider coverage of the Smallholder Sub-sector in the East of Rift, the output dropped by 1.96 Million Kgs from 27.18 Million Kgs to 25.22 Million Kgs. Similarly, the combined effect of adverse weather conditions in the East of Rift and hailstorms in the West of Rift resulted in lower production of 0.41 Million Kgs within the Plantation sub-sector from 21.50 Million Kgs recorded during the corresponding month of 2021 to 21.09 Million Kgs.

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Cumulative production for the first quarter of the year was lower by 5.15 Million Kgs to stand at 135.83 Million Kgs against 140.98 Million Kgs recorded during the corresponding period of 2021. Notably, due to depressed rainfall during the first quarter of the year, lower production trend to-date is likely to continue throughout the rest of the year.

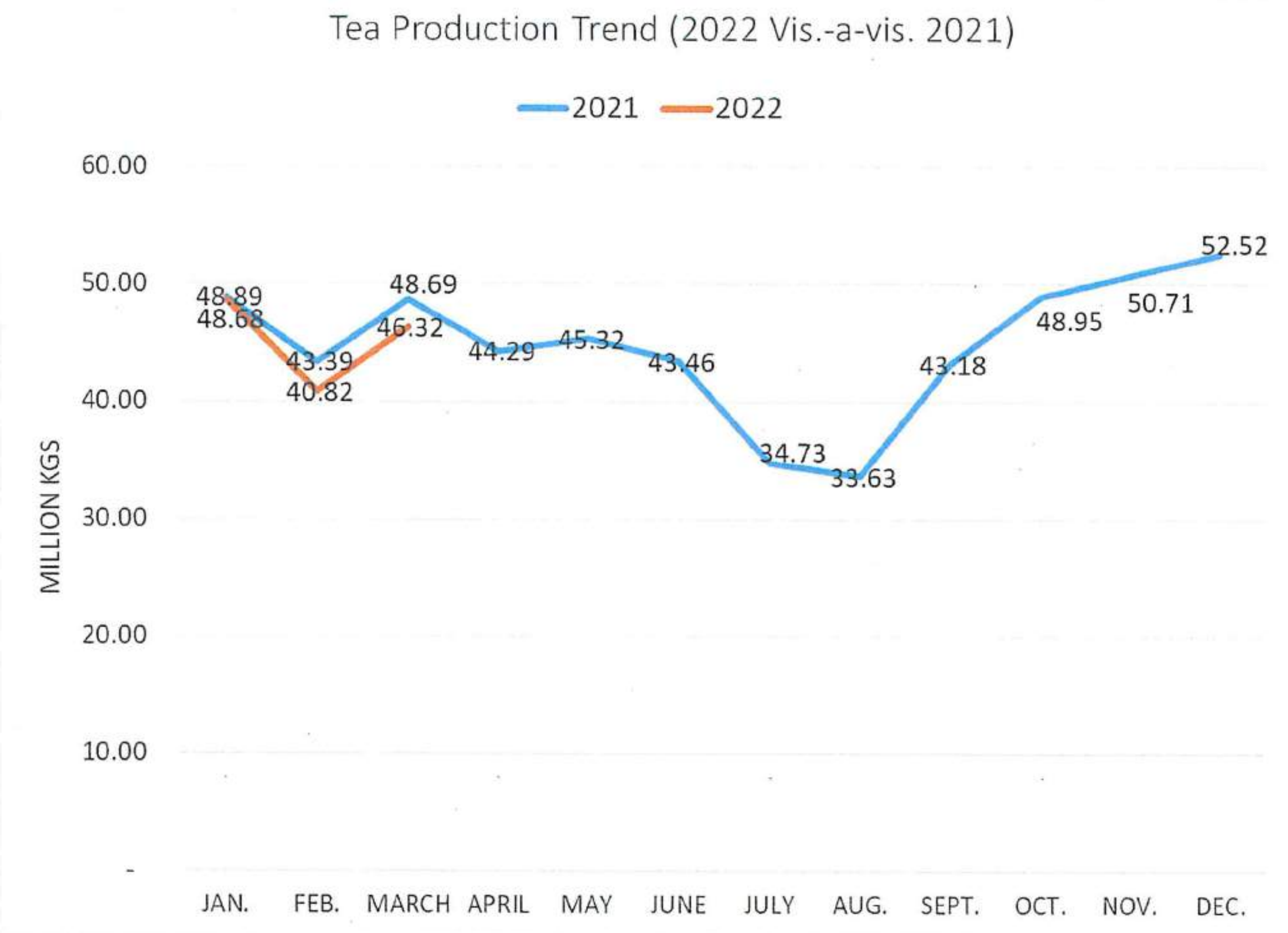

Table 1: Production by Sub-Sector and Region (2022 vis-à-vis 2021)

Sub-Sector	Region	March -22	March -21	Variance	Var.(%)	Jan - March 2022	Jan - March 2021	Variance +/-	Var.(%)
Plantation	West of Rift	19,619,979	19,848,088	- 228,109	-1.15%	52,185,593	58,720,238	- 6,534,645	-11.13%
	East of Rift	1,472,167	1,657,972	- 185,805	-11.21%	5,076,389	4,878,727	197,662	4.05%
	Total	**21,092,146**	**21,506,060**	**- 413,914**	-1.92%	**57,261,982**	**63,598,965**	**- 6,336,983**	**-9.96%**
Smallholder	West of Rift	11,702,937	10,758,068	944,869	8.78%	33,716,324	31,312,574	2,403,750	7.68%
	East of Rift	13,525,983	16,428,581	-2,902,598	-17.67%	44,851,781	46,075,948	- 1,224,167	-2.66%
	Total	**25,228,920**	**27,186,649**	**-1,957,729**	**-7.20%**	**78,568,105**	**77,388,522**	**1,179,583**	**1.52%**
Plantation & Smallholder	West of Rift	31,322,916	30,606,156	716,760	2.34%	85,901,918	90,032,812	- 4,130,895	-4.59%
	East of Rift	14,998,150	18,086,553	-3,088,403	-17.08%	49,928,170	50,954,675	- 1,026,505	-2.01%
	Total	**46,321,066**	**48,692,709**	**-2,371,643**	**-4.87%**	**135,830,088**	**140,987,487**	**- 5,157,400**	**-3.66%**

TEA SALES

AUCTION

During the month of March, auction sales volume for Kenyan tea stood at 45.29 Million Kgs, which was higher, compared to 36.40 Million Kgs recorded in the month of February and 45.04 Million Kgs sold in the corresponding month of last year. The average monthly auction price for Kenyan tea dropped to 2.59 USD per Kg against 2.73 USD recorded in February and 2.68 in January. Lower prices compared to the first two months of the year was attributed to the effect of global economic crisis caused by the impact of Russia-Ukraine crisis, which affected commodity logistics in Europe and also global upsurge in prices of oil and gas thus triggering inflationary pressure and shocks in stock and financial markets.

Notably, Russia is the fifth biggest importer of Kenya tea and is thus a key market for Kenya. It is also plays a significant role in the Global economy, as is it the biggest exporter of oil and natural gas (especially to Europe) and one of the biggest exporters of wheat, fertilizer and metal. Following Russia invasion of Ukraine on **24th February 2022,** the Western World imposed economic sanctions against Russia and thus disrupting shipments of commodities exported and imported by Russia. Owing to these disruptions, shipments of tea to Russia were affected while logistics of tea exports to other European markets were held back due to increased congestion in the respective ports of entry attributed to diversion of Cargo destined for Russia. Consequently, tea buyers to Russia and the CIS countries were not very active in auction trading.

Notwithstanding the temporary market shock experienced in March, auction prices for the month of March were however much better against 2.00 USD recorded for the same period of 2021 and 1.99 USD for the same period of 2020. Prior to the impact of Russia-Ukraine crisis in March, the auction prices have been on an upward trajectory after experiencing a declining trend to a seven-month low of 1.75 USD per Kg in July 2021. The reversed trend follows the setting up of minimum reserve price of 2.43 USD per Kg in July for the smallholder sub-sector taking into account the cost of production, the grade of the tea and a reasonable return to the tea farmer. During the month of March 2022, tea offered for sale by the smallholder tea factories fetched an average price of 2.65 USD per Kg for the main grades from an average price of 2.17 USD in March 2021.

For all the tea offered for sale at the auction during the month, "Best" category of CTC leaf grades fetched higher prices at between USD 2.62 to 4.28 per Kg for the BP1s and 2.70 to 3.52 for the PF1s while tea prices for a similar category of the dust grades ranged between USD 2.77 to 3.40 for PDust and USD 2.72 to 3.59 for Dust1. Notably, well sorted grades and those with brighter liquors attracted more competitive bids and considerably higher prices while plainer categories across the grades attracted either less interest and thus lower prices or no bid by the buyers and consequently constituted the highest proportion of teas on offer at the auction that were withdrawn. However, there was no Orthodox tea grades on offer at the auction during the month.

EXPORTS

The total export volume for the month of March 2022 was lower by 26% from 59.77 Million Kgs recorded in the same period of last year to 44.43 Million Kgs. It was also lower compared to 45.94 Million Kgs in January, and 45.12 Million Kgs, in February. The decline in export volume was majorly due to the effect of Russia-Ukraine crisis that caused global economic recession and thus negatively affecting the commodity markets.

During the month, Kenya tea was shipped to forty seven (47) export destinations compared to fifty (50) for the same period of last year. Pakistan maintained the leading export destination for Kenyan tea having imported 16.21 Million Kgs, accounting for 36% of the total export volume. Other key export destinations for Kenyan tea were Egypt (10.26 Million Kgs); UK (3.26 Million Kgs); Sudan (2.91 Million Kgs); UAE (2.10 Million Kgs); Yemen (1.58 million Kgs); Kazakhstan (0.73 million Kgs); Poland (0.72 million Kgs); Afghanistan (0.70 million Kgs); and Nigeria (0.70 Million Kgs). The top ten export destinations, majority of which are traditional markets for Kenyan tea accounted for 88% of Kenya tea export volume.

During the month, there was a significant drop in exports to Russian and the CIS markets, respectively due to challenges of market access occasioned by the Russia-Ukraine crisis. There was also a decline in exports to all traditional markets apart from Sudan and Poland. Decline was also recorded in emerging markets such as Switzerland, China and Iran. However, there were a few shipments to seasonal markets such as Djibouti, Kyrgyzstan, Burkina Faso and Chile.

LOCAL TEA SALES

Local tea sales for March 2022 stood at 2.97 Million Kgs against 2.57 Million Kgs for the corresponding period of 2021 while cumulative tea sales for the three months period up to March 2022 was 7.60 Million Kgs against 8.48 Million Kgs for the same period of 2021.

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Table 2: Kenya Tea Exports by Destination (March 2022 vis-à-vis March 2021)

DESTINATION	2022- QUANTITY KGS	2021 - QUANTITY KGS	QUANTITY VARIANCE KGS	%AGE VARIANCE
PAKISTAN	16,212,642	21,422,811	-5,210,169	-24%
EGYPT	10,261,560	12,781,222	-2,519,662	-20%
UK	3,258,431	5,284,856	-2,026,425	-38%
SUDAN	2,910,598	1,710,140	1,200,458	70%
UAE	2,097,886	4,185,326	-2,087,440	-50%
YEMEN	1,578,386	2,250,560	-672,174	-30%
KAZAKHSTAN	725,451	1,061,492	-336,041	-32%
POLAND	721,095	636,241	84,854	13%
AFGHANISTAN	697,697	75,845	621,852	820%
NIGERIA	696,722	264,517	432,205	163%
RUSSIA	686,072	2,676,500	-1,990,428	-74%
SAUDI ARABIA	561,550	383,551	177,999	46%
IRELAND	495,964	576,479	-80,515	-14%
JORDAN	459,500		459,500	#DIV/0!
NETHERLANDS	329,956	562,937	-232,981	-41%
SWITZERLAND	292,092	668,680	-376,588	-56%
INDIA	234,345	425,530	-191,185	-45%
QATAR	168,509	127,396	41,113	32%
JAPAN	162,680	210,826	-48,146	-23%
OMAN	159,290	87,444	71,846	82%
INDONESIA	152,740	129,152	23,588	18%
GHANA	140,700	115,200	25,500	22%
CHINA	130,520	853,736	-723,216	-85%
IRAN	129,850	908,856	-779,006	-86%
SOUTH AFRICA	129,454	74,120	55,334	75%
GERMANY	121,270	139,400	-18,130	-13%
USA	104,480	379,314	-274,834	-72%
BANGLADESH	96,000	96,000	0	0%
TURKEY	91,340	119,670	-28,330	-24%
MAURITIUS	84,960	20,000	64,960	325%
PERU	78,321	22,720	55,601	245%
SRI LANKA	74,620	308,310	-233,690	-76%
SOMALIA	69,880	98,971	-29,091	-29%
MALAYSIA	61,600	264,507	-202,907	-77%
DJIBOUTI	44,350		44,350	#DIV/0!
NEW ZEALAND	38,400	12,800	25,600	200%
MYANMAR	26,000	25,388	612	2%
KYRGYZSTAN	25,500		25,500	#DIV/0!
HONG KONG	22,680	23,760	-1,080	-5%
TAIWAN	21,940	55,320	-33,380	-60%
TANZANIA	19,900		19,900	#DIV/0!
BURKINA FASO	15,523		15,523	#DIV/0!
SINGAPORE	14,000	10,000	4,000	40%
MEXICO	12,809	9,000	3,809	42%
CHILE	8,774		8,774	#DIV/0!
CANADA	1,800	74,200	-72,400	-98%
ITALY	1,500	5,460	-3,960	-73%
AZERBAIJAN		9,536	-9,536	-100%

BAHRAIN		3,636	-3,636	-100%
BRAZIL		10,580	-10,580	-100%
CHAD		55,136	-55,136	-100%
ERITREA		61,190	-61,190	-100%
IRAQ		20,832	-20,832	-100%
LITHUANIA		7,224	-7,224	-100%
UKRAINE		263,224	-263,224	-100%
UZBEKISTAN		205,133	-205,133	-100%
TOTAL	**44,429,338**	**59,774,729**	**-15,345,391**	**-26%**

Table 3: Kenya Tea Exports by Destination (Jan-March 2022 vis-à-vis Jan-March 2021)

DESTINATION	2022- QUANTITY KGS	2021- QUANTITY KGS	QUANTITY VARIANCE KGS	%AGE VARIANCE
PAKISTAN	52,885,852	55,642,170	-2,756,318	-5%
EGYPT	27,931,112	28,898,054	-966,942	-3%
RUSSIA	6,853,604	7,257,571	-403,967	-6%
SUDAN	6,852,002	5,615,777	1,236,225	22%
UK	6,180,794	13,795,849	-7,615,055	-55%
UAE	5,661,468	11,273,261	-5,611,793	-50%
YEMEN	4,978,653	5,298,211	-319,558	-6%
UNITED KINGDOM	3,258,431		3,258,431	#DIV/0!
KAZAKHSTAN	2,145,208	2,907,116		
SAUDI ARABIA	1,796,370	851,685		
POLAND	1,707,666	2,337,583		
IRELAND	1,631,002	1,763,091	-132,089	-7%
AFGHANISTAN	1,618,566	313,965		
NIGERIA	1,250,210	804,345	445,865	55%
IRAN	1,049,805	1,700,154	-650,349	-38%
SWITZERLAND	876,360	1,356,452		
JORDAN	852,500		852,500	#DIV/0!
INDIA	719,758	1,279,216		
MALAYSIA	519,628	812,503		
CHINA	513,484	1,721,076	-1,207,592	-70%
INDONESIA	484,044	673,358	-189,314	-28%
NETHERLANDS	467,004	1,427,645		
PERU	453,552	22,720	430,832	1896%
JAPAN	424,040	1,039,022	-614,982	-59%
USA	419,445	648,944	-229,499	-35%
TURKEY	376,059	625,702	-249,643	-40%
QATAR	346,136	335,191	10,945	3%
SOUTH AFRICA	342,070	145,812	196,258	135%
UKRAINE	336,625	800,527		
BANGLADESH	288,000	205,200		
GHANA	243,000	240,538		
OMAN	232,050	203,326		
SOMALIA	221,466	532,370		
GERMANY	219,948	246,515	-26,567	-11%
SRI LANKA	142,740	816,078		
ERITREA	130,000	61,190	68,810	112%
MAURITIUS	124,960	40,000		
UZBEKISTAN	124,716	356,062		
KYRGYZSTAN	108,724	41,222	67,502	164%
FINLAND	108,240			
MYANMAR	105,728	107,067	-1,339	-1%
DJIBOUTI	76,350	78,846		
CHAD	50,400	307,109	-256,709	-84%
HONG KONG	45,360	47,612	-2,252	-5%
SINGAPORE	44,480	50,400	-5,920	-12%

TAIWAN	42,990	81,960	-38,970	-48%
NEW ZEALAND	38,400	25,600	12,800	50%
MEXICO	30,809	27,000	3,809	14%
CANADA	29,660	263,910	-234,250	-89%
CHILE	26,316			
BURKINA FASO	25,872		25,872	#DIV/0!
ISRAEL	24,207		24,207	#DIV/0!
AZERBAIJAN	22,500	9,536	12,964	136%
TANZANIA	19,900			
LITHUANIA	13,085	7,224	5,861	81%
ITALY	6,100	14,660		
GUINEA	5,472		5,472	#DIV/0!
MALTA	5,174		5,174	#DIV/0!
TOGO	5,174		5,174	#DIV/0!
BRAZIL	4,164	25,740	-21,576	-84%
FRANCE	500		500	#DIV/0!
SWAZILAND	331		331	#DIV/0!
CZECH REPUBLIC	235	100	135	135%
SOUTH KOREA	116	1,600	-1,484	-93%
BAHRAIN		12,412	-12,412	-100%
CAMEROON		8,083		
IRAQ		40,994		
MALI		10,348	-10,348	-100%
SENEGAL		5,174	-5,174	-100%
TAJIKISTAN		23,829	-23,829	-100%
TURKMENISTAN		16,890		
VIETNAM		35,800	-35,800	-100%
TOTAL	**135,498,617**	**153,291,397**	**-17,792,780**	**-12%**