

Insight: Organic Tea Imports

By: DanBolton| July 20, 2015

[World Tea News](#)

Imports of USDA certified organic tea continue to climb with brands including Adagio Tea, Republic of Tea, Mighty Leaf, Celestial Seasons, Rishi Organic Tea, DAVIDsTEA, Teavana and Choice Organic Teas (all offering USDA Certified Organic tea) reporting strong sales. Honest Tea, which bottles organic ready-to-drink tea, now sells 100 million bottles of tea a year.

In May Wendy's, America's third largest burger chain, announced it would serve organic green iced tea at 6,500 U.S. locations. The exclusive Mango and Pineapple Green Tea is supplied by Honest Tea which also supplies organic tea to the 250-store Smashburger chain, another reason why organic tea imports are on the rise.

U.S. tea imports have risen 30% in the past decade. The U.S. imported 211,000 metric tons of tea for domestic consumption in 2014, according to the Foreign Agricultural Services database (known as GATS – Global Agricultural Trade System). Export documents value the tea at \$714 million or roughly \$1.54 a pound on average (\$3.38 kilo). Organic teas trade for considerably more, averaging \$10.30 per kilo this year for Chinese organic green tea packaged in three kilo lots, for example. Organic green tea shipped from China in bulk averaged \$4.45 per kilo through May. The average declared value for all organic teas, regardless of origin, was \$10.18 per kilo in 2014 or about \$4.63 a pound.

The U.S. imported 3,078 metric tons of organic tea in 2014, but that represents only 1.5% of the total tea imported for domestic consumption.

Organic tea production globally was 6,000 metric tons in 1999 with demand increasing by 10% to 21% per year through 2009. Domestic demand in producing countries was minimal during these years so these teas were largely cultivated for export with 75% destined for North America, Japan and Europe. The annual growth rate has since cooled to 6%. Global production was estimated at 49,192 (mt) in 2012.

During the past five years conversion of conventional to organic tea production in China, India and Sri Lanka has steadily continued but organic represents the smallest share of all teas that are voluntarily certified sustainable. Tea certified by the Rainforest Alliance, in contrast, accounted for 355,297 (mt) in 2012, roughly 8% market share of global exports and 18% share of tea certified under voluntary sustainability standards. Certified organic tea comprises 1% of the global export market, according to the [SSI Review](#) (2014).

In China where 79% of all tea is cultivated using traditional organic methods, for example, relatively little is certified.

“The domestic market values low-production, handmade teas but the global tea market prefers mass-produced teas that are standardized in quality and taste,” according to Wu Jing, editor-in-chief of tea portal website www.chayu.com. “Export teas are grown specifically for that purpose and not consumed domestically,” he told [China Daily](#).

Organic conversion is in response to increasingly rigid food safety requirements that make it difficult to export tea. China refers to these as administrative or “non-tariff [barriers to trade](#).” Japan and the European Union virtually froze out imports of conventional teas from several producing countries (China, Vietnam) due to concerns about pesticide residues that exceeded thresholds adopted since 2000.

China has a point. There are glaring examples in which residue standards vary by three hundred to five hundred fold among trading nations despite the fact that the CODEX Alimentarius lists perfectly rational thresholds adopted globally.

India is the latest supplier to suffer a loss of reputation. Volume in several tea categories is way down this year due to concerns about quality and more rigorous tests for pesticide residue. The FDA, under a new mandate, is performing many more food safety inspections than in the past. Iran, a major export destination, requires India to provide documents attesting to the cleanliness of the tea on shipment.

Tea shipments to the U.S. from India totaled 16,233 metric tons for the year ending December 2014. Volume is up compared to the previous year (SEE Chart) but the declared value for these teas has dropped to an average \$4.41 per kilo (\$2 per pound), according to calculations based on the GATS data. In 2013 the declared value for the same tea averaged \$4.62 per kilo — about 10-cents more per pound.

The average declared value of organic black tea from India increased to \$7.60 per kilo (\$3.46 per pound) in 2014. But last year volume fell to 516 (mt) for organic black tea and 597 (mt) for all organic tea types vs. 1,169 (mt) in 2013.

Organic China

It took several years for China to scale up and certify tea gardens for organic production but the world's largest producer has since stepped up exports of green tea, including organic green tea, to meet demand.

A review of GATS database shows an overall decline in tea imported from China since 2010 when 30 million kilos (30,000 metric tons) was landed. Imports were valued at \$92 million that year. In 2014 only 20 million kilos originated in China but the declared value had grown to \$135 million, averaging \$6.66 a kilo versus \$3.08 per kilo in 2010.

The quantity of Chinese organic green tea (not flavored) increased from 997 metric tons in 2011 (the first year USDA began tracking organic tea) to 1,156 (mt) in 2013. Green tea imports dipped to 1,068 (mt) last year but are way ahead of the previous year for the period Jan-May. Tonnage is up 118% to 702 (mt) through May with a 49% increase to \$2.2 million for bulk shipments of Chinese organic green tea (not flavored).

China exported 322,699 metric tons of tea globally in 2013. The tea was valued at \$1.247 billion that year, according to China's National Board of Statistics. In 2014 volume declined to 302,500 (mt) earning \$1.27 billion for an average export price of \$4 per kilo (\$1.82 per pound). Clearly China has found a promising market in North America where the average price for a flavored organic green tea this year is \$8.75 per kilo.

At \$4 per kilo the average export price “was unprofitable or even loss-making for producers,” according to a March report in [China Daily](#). China produced 1.9 million metric tons of tea last year but exported only 16%, third behind Kenya and Sri Lanka.

“More should be done to market higher quality green and fermented teas, which China is renowned for abroad,” Wang Jianrong, director of China National Tea Museum told the newspaper.

While the shift to quality from quantity has lowered volumes but the Chinese tea industry can simultaneously provide both.