

# Ceylon Tea: A Resilient Industry



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**For nearly 150 years, the tea industry led by resilient planters, spearheaded Sri Lanka's economy and continues to play a big role in the country's development. Despite the challenges faced by the Island's 'life blood' industry at present, Malin Goonetilleke, Secretary General of The Planters' Association of Ceylon is confident that the future will be promising.**

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**Could you describe the history of Sri Lanka's tea planters and the establishment of The Planters' Association of Ceylon?**

The tea industry has sustained the Sri Lankan economy for decades, especially during the 1900s. Of course, other industries have emerged and have overtaken us in terms of number, yet we still remain a force to be reckoned with.

The Planters' Association of Ceylon (PA) has been the only industry stakeholder who has been with the tea industry for its entire 150-year journey. In 1854, 13

years before the first tea bush was planted in Sri Lanka by James Taylor, our Association was established by Sri Lanka's coffee planters. After the coffee plantations were destroyed by the blight, the PA was responsible for converting the coffee plantations into tea plantations, displaying an indomitable spirit of not giving up. Sir Arthur Conon Doyle, had described the Sri Lankan tea industry quite aptly saying, "Not often is it that men have the heart, when their one great industry is ruined, to rear up in a few years another as rich to take its place: and the tea fields of Ceylon are as true a monument to courage as is the lion of Waterloo."

Currently, the PA is the second oldest establishment in the country, second only to the Ceylon Chamber of Commerce established ten years before.

Between 1857 - 1944, the PA had two representatives on the state legislative council, that is before Independence. One of the key features they proposed was, the introduction of the CESS for the construction of the railways in 1857. That's how the railway line to the hill country was built. In 1894, they proposed a propaganda CESS for the promotion of tea drinking amongst the local people as at that time Sri Lankans did not drink tea. After that we saw a resurgence in the establishment of tea boutiques. In 1925, they proposed the establishment of the Tea Research Institute (TRI), and it was recommended that ten cents per 100 pounds be recovered on exports to maintain and administer the operations of the TRI. Gradually, this export CESS has increased to ten rupees per kilo today. It contributes to the maintenance of the TRI, Ceylon Tea Board and Tea Small Holdings Association, which was set up to develop 400,000 small holders who came into the industries.

Tea has been Sri Lanka's number one export earner, especially during the 1900s. Prime Minister S W R D Bandaranayake even acknowledged the PA with the words, "The real government of the country, the power behind the throne was in the hands of two associations, the Planters' Association and Ceylon Chamber of Commerce. Who have sustained the economy of Sri Lanka."

**The Planters' Association Of Ceylon (PA) Has Been The Only Industry Stakeholder Who Has Been With The Tea Industry For Its Entire 150-Year Journey.**

Everyone is aware of the transition in the tea industry in the recent past. Initially,

the estates were managed by the Sterling Companies and Local Companies. In the early 1970s the Land Reform Act came into force and all the tea estates were nationalised. These estates were for 20 years managed by two groups, the Janatha Estate Development Corporation and the State Plantations Corporation. During this time the role of the PA diminished, running with only a handful of private members. Subsequently, the government understood that it could not manage the estates as it was incurring staggering losses. In the early 1990s, the industry was privatised again and once more the PA came into play. Today the PA has 189 members, which includes the 23 Regional Plantation Companies (RPC). Our members manage 40 per cent of the country's tea extent and 332 factories.

There are three sets of producers today: the PA grows and processes, the Tea Small Holders only grow tea while the Sri Lanka Private Factory Holders Association process the tea from small holders.

### **What are the responsibilities of a tea planter?**

Being a planter of an estate, is more than a job, it's a way of life. Fieldwork on estates is conducted during the day, while processing and manufacturing is conducted at night. You are never off duty and are responsible for everything that goes on at the estate and factory. In today's context, the responsibilities have increased drastically as planters must deal with several corporate responsibilities such as land dealings and encroachment issues. Back in the day, planters mainly dealt with activities on the estate.

### **What is the relationship between the planter and estate workers?**

There are resident workers and villagers who come for work. Planters must look into their well-being whether it is a medical issue, dispute or even their food and other provisions. In addition, services such as day care facilities for children whose mothers work in the field must be provided. There has been a significant improvement in estates, especially in terms of the maternal and infant mortality rates and other health indicators, which have improved tremendously since 1992.

Planters must also work with trade unions. There is a designated day that they meet to discuss various grievances affecting workers. During the times of the British, these discussions took place across a window. Today however it is a discussion on a more equal playing field, where there is mutual respect. A widely

discussed topic at the moment is the plantations workers' wage and in conjunction the matter of productivity. There is discourse between trade unions and the RPCs on this matter.

Currently, there are also challenges in acquiring a workforce as the children of estate workers' may not find this to be their preferred profession. They would seek employment away from the estate. However, these are not issues faced just by the tea industry, but is a challenge the agriculture industry faces as a whole. Despite a significant decline in the workforce and extent of land, we have managed to maintain our crops at the same level. For example, we have a resident population of 980,000 people. However, in comparison to the 400,000 estate workers employed at the time of privatisation, today there are only 165,000 estate workers.

In countries, such as Kenya the process is being mechanised, however to implement such mechanisms we require a flat land. Unfortunately, in Sri Lanka the plantations are mostly terraced or undulating. Consequently, the more you mechanise the less selective the product is. Yet, we have to come to terms with the situation. Therefore, we are working to retain workers on the estates.

### **What is the relationship between the planter and the auction?**

Well the rule states that tea can only be purchased through the auction, except for a small quantity, which are purchased through private treaty. However, a bulk of tea is usually traded through the auction. This includes the tea that one may produce on their own fields. Several conglomerates, which have their own tea production companies must purchase tea grown on their estates through the auction. Therefore, the selection of the broker plays an important part.

There have been calls to allow for tea to be sold and purchased directly to reduce the stages along the value chain, however many maintain that the auction is the most transparent process.

### **What is your opinion on the tea industry at the moment?**

At the moment, there are questions about the longevity of the tea industry, due to the many challenges faced. This is partly due to the decline in the price of tea, which is triggered by external factors out of our control. A bulk of Ceylon Tea is exported to Russia, the Middle East and East European countries. The political turmoil and unrest in the Middle East and the crash of the Russian ruble has

weakened the buying power of our biggest tea export markets. This predicament has prevailed for the past 20 months. Usually, there will be a dip or peak in market trends, however we have had no relief. As a result, the cash flows of the producers have been severely affected. Although the prices are likely to stabilise in future, there is doubt over whether producers will be able to cover the losses currently being incurred. This is especially the case for producers in the High Grown sector.

**The Tea Industry Has Displayed Resilience In The Past And Whatever Challenges And Obstacles Come Our Way We Have Managed To Overcome Them.**

Another challenge the industry faces is the government ban on weedicide triggered over fears over the chronic kidney disease issue amongst the farming community. As a result, our estates find it difficult to control the weeds. Wild weeds breed snakes and we have even had sightings of leopards on estates and have not been able to apply fertiliser due to the growth of weeds. There are discussions with authorities over this matter due to concerns that this might affect the quality and quantity of tea produced.

However, the tea industry has displayed resilience in the past and whatever challenges and obstacles come our way we have managed to overcome them. And the 150th Year Anniversary celebration will focus on the merits of the industry.

**What are producers doing to cater to different market requirements?**

There are two standards that have been set by the TRI. These are called Good Agricultural Practices (GAPs) and Good Manufacturing Practices (GMPs). Today, there are also many international certifications available from the likes of the Rainforest Alliance and Ethical Tea Partnership. If you possess these certifications, buyers are confident that you conform to ethical and environmentally-friendly practices during the production of tea.

In addition, as a country that grows tea on different elevations we are able to cater to the various palates. From Passara to Matara tea is grown in Sri Lanka, on different elevations and in different climates and this is an advantage.

We are looking forward to entering new markets and are awaiting the launch of the international campaign for the promotion of tea. This is because for a long time there has not been an extensive promotional campaign for Ceylon Tea. Re-

creating awareness about Ceylon Tea is essential. The attributes and flavours only available in Ceylon Tea must be conveyed to the masses across the world and in Sri Lanka. After all we are competing with international giants.

### **Mr Goonetilleke, could you tell us about yourself?**

I started working in 1965, as a trainee on a plantation, back then we were called “creepers”. I gradually rose up the ladder to become a manager and visiting agent. I also spent nine years in East Malaysia on a pioneering tea project, where we established a tea plantation in the state of Sabah. That offered me quite a bit of experience.

### **I Was There For The Centenary Year Celebration Of Ceylon Tea In 1967... We Need To Celebrate The 150th Year Anniversary On A Grand Scale. It's Not Something That Happens Often.**

I have been the Secretary General of the PA, which is the umbrella body of all plantation related corporate entities in Sri Lanka for 16 years. The PA does not restrict itself to tea, but also looks into rubber, coconut, oil palm and spices among other plantations.

I was there for the centenary year celebration of Ceylon Tea in 1967, I believe there are a handful of people in the industry today who were there for that celebration. Currently, I am in my 51st year in the industry and am looking towards retirement at the conclusion of the commemoration.

### **How do the planters plan on celebrating the 150th Year milestone?**

There is a similar association called the United Planters Association of Southern India with which the PA has an exchange programme. This includes interaction with them on a professional and social level. Therefore, the PA has decided to host the UPASI in Sri Lanka to mark 150th Year Anniversary. There is going to be a Tea Convention in August next year, organised by the Colombo Tea Traders Association (CTTA) and we will organise our gathering to coincide with it. Then the UPASI participants will be able to attend the convention too.

We need to celebrate the 150th year anniversary on a grand scale. It's not something that happens often. After all, this industry sustained the country for decades and will continue to support the economy in the future.

