

Annual Report



*Great Life Deserves a
Great Tea - Ceylon Tea*



SRI LANKA TEA BOARD

Annual Report 2020

Sri Lanka Tea Board



LEAF TO CUP

PLUCKING

Plucking is the process of manually harvesting the top two tea leaves and a bud. The coarse leaves are never harvested. A long tradition dictates that tea leaves are plucked, never picked. Almost all Ceylon Tea is hand-plucked by expert tea pluckers who select only the tender most bud and two leaves, carefully isolating and breaking them off so as not to damage the leaf and importantly, to minimise the length of stalk attached to the leaf.



WITHERING

On arrival at the factory, the leaf is spread on withering troughs to dry, usually on the upper floors of the factory, with air being forced gently through the bed of leaves for around eight hours.



GRADING AND SORTING

The final stage of manufacturing is sifting and sorting, separating tea into grades based on particle size. Most of the stalk and fibre are removed to give the tea its cleanest and purest fragrance, flavour and appearance. In turn, the stalk and fibre are used to make instant teas, tea extracts, flavours and fragrances.



ROLLING

Withered leaves are fed into rolling machines, where they are twisted, releasing enzymes that give the tea its characteristic flavour. The nature and degree of rolling is masterfully controlled by the tea-maker so as to obtain the exact character he wishes the finished product to have. This rolling process also determines the twisted shape of the particles of made tea.



FIRING

Next, the tea leaves are passed slowly through a hot-air chamber until they become the familiar black colour. The leaves reduce to about one-fourth of their original volume after firing.



FERMENTATION

The rolled leaves are then spread out on tables, left to absorb oxygen for approximately three hours, turning them a coppery brown colour. During this process the polyphenol oxidises into theaflavin and thearubigins which give black tea its distinct color and taste. Deciding when to stop 'fermentation' is a crucial demonstration of the tea maker's skill because the key features of the beverage (e.g. flavour, aroma, colour, and liquoring characteristics) are largely determined during this time.



Ceylon Tea
Pure Enchantment in a Cup

Only genuine Ceylon Tea from Sri Lanka carries this quality mark

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VISION

**To position
Ceylon Tea as the
“Most Aspired Beverage”
in the global market**

MISSION

**To increase the foreign
exchange earnings to the
country through sustainable
development of the industry
and thereby ensuring
the economic development
of the plantation community**

Members of the Sri Lanka Tea Board - 2020

Chairman

Mr. Jayampathy Molligoda,
Sri Lanka Tea Board

Members

W.H.S. Samarasena <i>Ministers Representative</i>	W.M.D.T. Wickremasinghe <i>Ministry of Plantations</i>
Mahinda Vidanapathirana from 13.2.2020 up to now Chairman, <i>Tea Small Holdings Development Authority</i>	Sunil Poholiyadda up to August 2020 Mr. Lalith Obeyesekere from October 2020 <i>Ceylon Planters' Association</i>
D.D. Matharaarachchi up to August 2020 <i>Ministry of Finance</i>	D. Jeewanathan from October, 2020
Naren Dambawinna up to May 2020 Samantha Dodanwela from May 2020 to date <i>Colombo Brokers' Association</i>	Jayantha Karunaratne <i>Colombo Tea Traders' Association</i>
Chandima Wickremasinghe <i>Sri Lanka Tea Factory Owners' Association</i>	K.L. Gunaratne <i>Sri Lanka Federation of Tea Small Holdings Development Societies.</i>
Sanjay Herath <i>Tea Exporters Association</i>	

Observers

Anil Alwis
from 28.2.2020 to date
Ministry of Trade



Members & Observers of the Audit Committee 2020

Chairman

Ms. W.M.D.T.Wickremasinghe,
Additional Secretary (Development), Ministry of Plantation

Members

Mr. D.Jeevanadan <i>Additional Secretary, Ministry of Trade</i>	Mr. Chandima Wickremasinghe <i>Chairman, Sri Lanka Tea Factory Owners' Association</i>
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Observers

Mr. K.A.C.Shamantha, <i>Chief Internal Auditor, Ministry of Plantation</i>	Mrs. S.D. Katuwawala, <i>Superintendent of Audit, National Audit Office</i>
Mr. S.A. Siriwardana, <i>Director General, Sri Lanka Tea Board</i>	

Senior Management Staff 2020

Mr. S.A. Siriwardane <i>Director General</i>	Mr. E.A.J.K. Edirisinghe <i>Tea Commissioner</i>
Ms. H.L. Pavithri Peries <i>Director (Promotion)</i>	Mr. G.A.Hirosh Jayanga <i>Director (Finance)</i>
Dr. K.R.W. Abeywicrama <i>Act.Director (Analytical Services)</i>	Mr. S.I.C.Perera <i>Asst. Director General (Administration)</i>
Mr. H.D.K.Jayasinghe <i>Senior Internal Auditor</i>	

Members of the Promotion & Marketing Committee 2020

Chairman

Mr. Jayampathy Molligoda,
Sri Lanka Tea Board

Members

Mr. Anura Siriwardena <i>Director General, Sri Lanka Tea Board</i>	Ms. Pavithri Peiris <i>Director (Promotion), Sri Lanka Tea Board</i>
Mrs. Tharagani Wickramasinghe <i>Additional Secretary, Ministry of Plantation</i>	Mr. Hasitha de Alwis <i>Consultant, Ministry of Plantation</i>
Mr. Sanjaya Herath <i>Chairman, Tea Exporters' Association (TEA)</i>	Mr. Dilhan C. Fernando <i>CEO, MJF Group</i>
Mr. Suranga Herath <i>CEO, Amazon Trading (Pvt) Ltd.</i>	Mr. Tyeab Akbarally <i>Director, Akbar Brothers</i>
Mr. Mufaddal Jafferjee <i>Member, TEA</i>	Mr. Vish Govindasamy, <i>Managing Director, Sunshine Holdings PLC</i>
	Mr. Jayantha Karunaratne, <i>Chairman, Colombo Tea Traders' Association.</i>

Observer

Mr. Anil Cook,
Asia Siyaka Commodities (Pvt) Ltd.



Chairman's Statement



Introduction

At the very outset, I wish to state that SLTB vision is to position Ceylon Tea as the “most aspired beverage” in the global market and accordingly, we have set a mission to increase the foreign exchange earnings to the country through sustainable development of the industry and thereby ensuring the socio- economic development of the plantation community.

It is relevant to mention the targets given For the Tea Industry by the government policy statement; “Vistas of Prosperity of Splendor” as follows; (a) Introduction of methods to maintain and improve the quality of Sri Lanka tea (b) Promotion of our tea in international market as pure Ceylon Tea © Discourage export of tea in bulk and encourage tea export to value added form. This is expected to double the revenues from tea in in next decade(d) The collaborative effort by both public and private sector will be made to re-capture Sri Lanka's lost tea market (e) State encouragement to promote cultivation of organic tea and (f) The Tea Research Institute will be restructured and developed to provide solutions to the problems of productivity and crop quality in tea plantations and help introduce new technology there.

Sri Lanka tea industry witnessed a recovery amidst the COVID pandemic. SLTB launched many programs during the year 2020 and First half of 2021 in line with government policy of "Vistas of Prosperity of Splendor" and relevant Cabinet decisions by focusing the quality enhancement of Ceylon Tea from garden to the discerning consumer.

Performance of the Sri Lankan Tea Industry

During the year 2020 and up to end June 2021, we have seen excellent performance by Sri Lankan tea industry, especially due to the efforts by the ‘Ceylon Tea’ promotion campaign, exporters and producers who have taken up the challenges such as stiff competition from low- cost supplies of other origin teas, high Freight charges, difficulties in arranging logistics due to stringent health precautionary measures under COVID-19.

Before this administration took over, the fob prices of Ceylon Tea during the year 2018 and 2019 have been Rs 822/ per kilo and Rs 823 per kilo respectively. It had gone up to Rs 867/ per kilo during the year 2020 and, as a result the average sale price of tea at the Colombo auction had also increased to Rs 627 /- per kilo (increase of Rs. 82 during the year 2020 when compared to 2019). However, there has been a decline in tea production in 2020 and achieved only 279 million kilos, although we have witnessed a recovery during the first ‘six-month period’ up to June 2021 achieving a total production of 161 million kilos, which is a 25% increase compared with the same period, 2020. Sri Lankan tea export revenue has

decreased from Rs 241 billion in 2019 to Rs 230.17 billion in 2020 due to low production, although FOB price has a gain Rs 43/ per kilo.

In par with the stringent health precautionary measures adopted during COVID 19 Pandemic situation, Sri Lanka Tea Board initiated several programs to streamline the 'day to day' process without disturbances for both private and public sector.

- Launching E-Auction Platform: Launching E-Auction was a major achievement of the tea industry during the COVID-19 pandemic period thus benefitting all the stakeholders of the industry, especially the tea factories and the leaf suppliers/ growers.
- Based on the regulations laid down by some embassies to mitigate the impact of Covid-19, the Sri Lanka Tea Board played as an intermediary to facilitate exporters for export documents legalization through embassies
- SLTB has released term loans of Rs. 3 million each to tea factories, under Rs 500 million scheme with the supervision of the Central Bank to meet their working capital requirements through commercial banks.

Maintaining the quality of Ceylon Tea

Maintaining the quality of Ceylon Tea is paramount importance in competing with the international markets and Government Policy emphasizes the Introduction of methods to maintain and improve the quality of Sri Lankan Tea. The Sri Lanka Tea Board has implemented a number of subsidy programs to encourage growers, tea manufactures and exporters to maintain a high level of tea quality and strengthened the regulatory process to minimize irregularities that could tarnish the recognition of Ceylon tea.

- a) The Factory Modernization Subsidy Scheme was implemented and Rs.18.9Mn was paid for 30 tea factories in 2020 for their tea factory modernization activities to maintain the quality of production process.
- b) Tea Replantation subsidy was implemented and Rs.15.8Mn paid for replantation of 48 ha in 2020 in tea growing areas. As a leaf quality enhancement step, a subsidy scheme of Rs.25Mn was introduced to get the moisture meters for 250 tea factories.
- c) To increase the abundance of quality tea plants for replanting /New planting and infilling requirement, an amount of Rs.457Mn allocated for the program of establishment of quality tea nurseries under the supervision of Tea Small Holding Development Authority (Rs.250Mn) and Sri Lanka Tea Board (Rs.207Mn).
- d) The novel model tea land project was introduced by the Sri Lanka Tea Board to demonstrate and establish the high productive tea lands with modern technological utilization. Under the scheme 40 Model Tea lands to be developed in 2021 by spending Rs.40mn subsidy amount.

Promotion of our tea in international market as pure Ceylon Tea

As per the targets set by the government for the promotion of our Ceylon Tea in international market as pure Ceylon Tea, the promotion division of Sri Lanka Tea board has implemented many activities in the foreign markets. Therefore, it has increased the Ceylon Tea awareness in international markets and facilitated the exporters to increase the fob price. Other initiatives are summarized below;

- Geographical indication (GI Project) for Ceylon tea origin identification in consultation with Sri Lanka Atomic Energy Board- SLTB is in the process of finalizing the funding source from AFD and technical collaboration with UNIDO & CIRAD in order to obtain technical support for this initiative using ISOTOPE technique to register the Ceylon Tea under the EU GI regulations.
- Lion Logo Renewals & new registrations of Lion Logo, and Identify & take action against the infringements of Lion Logo in Pakistan; and expansion of Ceylon tea name registration to control the infringements in overseas markets with respective missions and legal firms and Provide Franchise use of Ozone logo and GI logo certifications to the exporters
- Cabinet approval granted to sign a Memorandum of Understanding with Fujian Star China International trade company Ltd, for marketing of pure Ceylon tea via both online and offline channels in China.
- Target setting for "Tea for Oil Debt Settling Mechanism" with Iran, and obtained the cabinet approval for sign the agreement with Iran.
- Black Tea Campaign to be implemented in 12 countries from December 2020 to April 2021 (Russia / Ukraine / Australia / USA / Chile / Japan / China / Germany / Iran / Turkey / Saudi Arabia / UAE). Cabinet approval received in march 2021



for implement the Global Advertising Campaign in Russia and Ukraine which will kick off September 2021 onwards.

- Distribution of Gift teas & Promotional Materials ("Sri Lankan Night" at Curiosity hotel in Kuwait); International Tea celebration Event conducted by Sri Lanka High Commission in Melbourne; Joint Promotions with Other Agencies – NCE Exporters Awards for 2020; Sending Ceylon Tea Quota to mission for promotional activities

Accordingly, we have set performance targets for the Tea Industry in consultation with the Ministry of plantations and private sector stakeholders to achieve US \$ 1.40 billion export revenue for the year 2021.

State policy shift from conventional plantation economy into green socio-economic pattern

With the state policy decision to transform conventional plantation economy into green socio-economic pattern thus providing sustainable solutions to climate change and improve soil fertility and product quality, it has become a challenge for tea growers to provide with N, P, K nutrients. This is because there had been an excessive use of chemical fertilizer and undue overdependence, without following integrated balanced nutrient management system and soil fertility management strategies by the stakeholders.

As a result, the soil quality has deteriorated over the past many years, resulting a gradual decline in national tea production despite increase in cultivated extent and use of chemical fertilization. In par with the Government's decision to restrict and ban the importation of synthetic fertilizers and agrochemicals and encouragement to promote production of organic/bio fertilizer for tea farming, SLTB will be implemented many programs in the year 2021.

Conclusion

The effort and contribution by the Hon Minister, State minister and the Secretary of the Ministry of Plantation and his team, other Directors of the Board and the staff of Sri Lanka Tea Board for the success of the year 2020 are immense and highly appreciated.

The global value chain players in the tea value addition cycle from the farmers to pluckers, manufacturers, brokers and right up to the exporters /brand marketers along with the government regulators/ facilitators must be given due recognition. The commitment of stakeholders throughout the value chain is commendable for the survival and achievement of the industry. I have to acknowledge all of them at the end of a successful year by reviewing their adorable support and hope they will join their hands in the ensuing years as well, where all the stakeholders in the tea industry could bravely "walk the talk and demonstrate sustainable credentials.



Jayampathy Molligoda
Chairman
Sri Lanka Tea Board

Key Highlights

Category	Unit	2018	2019	2020	Variance (%) 2019Vs 2020
Tea Production					
Total Tea Production	Mn Kg	303.94	300.12	278.85	(7.09)
Classification by Elevation					
High	Mn Kg	64.97	63.05	62.24	(1.28)
Medium	Mn Kg	47.13	47.17	46.73	(0.93)
Low	Mn Kg	191.84	189.90	169.88	(10.54)
Classification by Processing Method					
Orthodox(including Bio)	Mn Kg	277.33	273.89	252.72	(7.73)
CTC	Mn Kg	24.02	23.59	24.10	2.16
Green	Mn Kg	2.60	2.64	2.03	(23.19)
Above production figures are excluding instant Tea**					
Instant Tea Production	Mn Kg	3.08	4.3	3.1	(29.62)
Tea Sales (including Public, Direct, Private)					
Total sales quantity	Mn Kg	291.31	301.92	268.24	(11.16)
High	Mn Kg	57.28	59.97	56.46	(5.85)
Medium	Mn Kg	48.68	52.14	48.05	(7.84)
Low	Mn Kg	185.34	189.81	163.72	(13.74)
Total sales Prices	Rs/Kg	581.93	545.02	628.21	15.26
High	Rs/Kg	571.81	509.40	580.90	14.04
Medium	Rs/Kg	520.87	470.96	553.94	17.62
Low	Rs/Kg	601.10	576.62	666.32	15.56
Tea Exports					
Tea exports volume (Excluding Re exports)	Mn Kg	271.80	283.00	256.58	(9.34)
Category wise export quantity					
Black	Mn Kg	266.90	277.53	251.78	(9.28)
Green	Mn Kg	2.40	2.27	1.99	(12.47)
Instant	Mn Kg	2.50	3.04	2.81	(7.55)
Tea exports Value (Excluding Re exports)	Rs.Bn	220.25	227.00	218.80	(3.61)
Category wise export revenue					
Black	Rs Bn	212.95	219.35	210.62	(3.98)
Green	Rs Bn	4.03	4.41	4.11	(6.85)
Instant	Rs Bn	3.27	4.12	4.07	(1.30)
Total Tea exports Volume	Mn Kg	282.40	292.66	265.57	(9.26)
Total Tea exports Value	Rs Bn	231.80	241.00	230.17	(4.49)

Source : Sri Lanka Tea Board & Sri Lanka Customs

1.0 Corporation Background

“The Sri Lanka Tea Board was established on 1st January 1976 by amalgamating Tea Control Department-Tea Control Act No 51 of 1957, Tea Export Commissioner’s Department-Tea (Tax and Control of Export) Act No 16 of 1959, Tea Research Institute of Ceylon-Tea Research Ordinance 1925 and Ceylon Tea Propaganda Board-Tea Propaganda Ordinance 1932 under the Sri Lanka Tea Board Law No.14 of 1975 as amended by Act No.17 of 1985, No.44 of 1990, No.29 of 2003, No 44 of 2006 and No.13 of 2018. In 1993 Tea Research Institute of Sri Lanka came under the management of the Tea Research Act No.52 of 1993. Amendments to Sri Lanka Tea Board Law and Tea Control Act are in progress based on industry requirements to align the current laws and regulations to fulfill the global needs.”

Prior to the establishment of Sri Lanka Tea Board, promotion of Sri Lanka Tea (Ceylon Tea) was handled by the Tea Propaganda Board in the global context, which was run by the private sector. In 1976 Tea Propaganda was voted out by the parliament and Tea Propaganda was converted to the Sri-Lanka Tea Board with the powers to the tea industry.

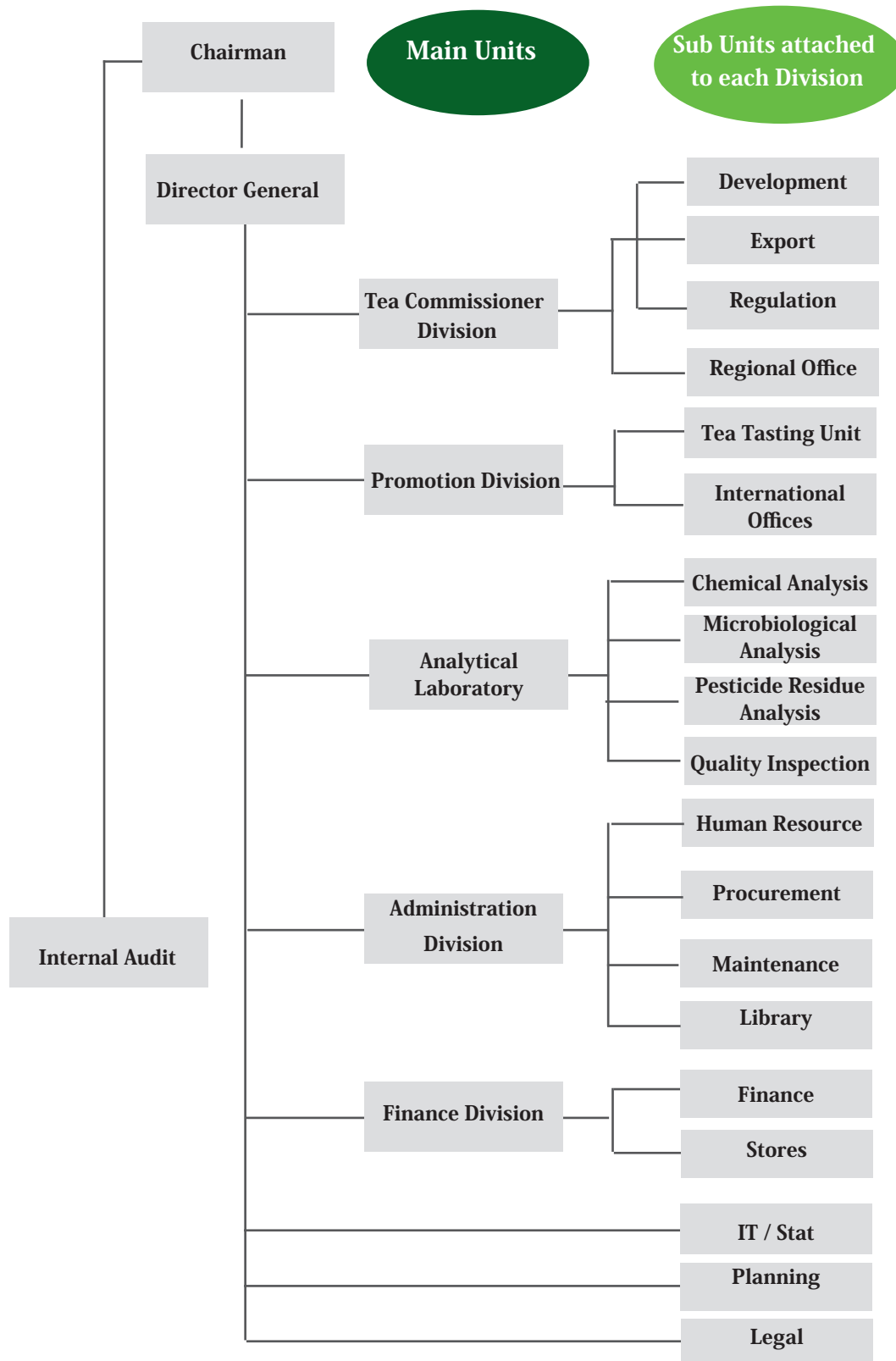
As the regulatory body, Sri Lanka Tea Board is responsible for regulating the activities of tea industry, viz. production, increase of cultivation, replanting, rehabilitating old gardens, establishment of factories and monitoring their operations. Additionally, it regulates controls and directs all institutions and organizations engaged in the management of tea estates and in the production and marketing of Tea locally and overseas. The whole process has been monitored and evaluated from factory to the shipment to maintain the “Quality of Ceylon tea” and many actions have been initiated to intensify the monitoring of quality standards of tea at the point of sale, pre-shipment, warehouses of brokers, blenders and exporters and providing advisory services on hygienic blending and storing.

Under development functions, SLTB facilitates the subsidies for upgrading factories and re-plantation of Tea, awareness programs on minimizing post-harvest damage and productivity enhancement. Additionally, Certification of quality of tea through sensory and chemical analysis is another main responsibility under tea development.

Promotional activities cover the marketing and promotion of Ceylon tea globally, collection and interpretation of tea statistics and delivering competency of the actual markets and ability to retain and expand Ceylon tea among leading markets.

Function of Sri Lanka Tea Board is monitored and advised under the purview of Ministry of Plantation Industries. Financial functions are closely monitored by the Department of Public Enterprises and especially they provide the recommendations and approvals for treasury grants.

2.0 Structure & Activities Undertaken



2.1 Tea Commissioner's Division

The Tea Commissioner's Division is one of the principal divisions of the Sri Lanka Tea Board headed by the "Tea Commissioner", appointed under the provisions of Sri Lanka Tea Board Law No.14 of 1975. The Tea Commissioner's Division administrates all matters connected with the regulatory & supervisory functions in terms of the Sri Lanka Tea Board Law No. 14 of 1975 and the Tea Control Act No. 51 of 1957 in respect of Development, Manufacturing, and Disposing of the tea industry.

Functions of the Tea Commissioner's Division have been decentralized into seven regional offices, which are located in Gampola, Bandarawela, Ratnapura, Matara, Baduraliya, Galle and Nuwaraeliya. .

Tea Commissioner's Division is responsible for regularizing the activities in the tea sector for the betterment of the Tea Industry. For achieving the efficiency the functions of the Tea Commissioner's Division are being carried out under three (03) main sections, Regulatory, Development and Export section so on.

The Tea Commissioner's Division performs following duties in furtherance of the tea industry:

- Registration/licensing and renewal of tea manufacturers and factories
- Registration and monitoring of green tea leaf dealers
- Registration and monitoring of refuse tea processing centers
- Registration of refused tea centers for auction rights
- Monitoring and advisory services for tea manufacturing process, green tea dealers and refused tea centers
- Implementing programs for improvements of green tea leaf standards and minimizing post-harvest loses
- Granting subsidies for factory modernization and replanting(Including infilling and new planting)
- Monitoring of Reasonable price payments for green leaf suppliers at factory and dealer level
- Monitoring of Good Manufacturing Practices(GMP)in tea factories and warehouses
- Collection of statistics relating to tea production and disseminating them to the related institutes
- Conducting special investigations in tea factories, dealer centers & refused tea processing centers for controlling the malpractices in the tea sector
- Sending samples for testing received by Sri Lanka Tea Board officers or Police
- Taking necessary actions according to the sample reports
- Issuing letters to the Police vesting powers for court cases
- Updating and renewal of the information under the program of tea land registration
- Granting subsidies to the tea growers(above 10 acres) under the project of "Model Tea Land"
- Approving glyphosate for the tea lands
- Implementation of Subsidy scheme for tea nursery project
- Giving export authorization for tea
- Monitoring the quality standard of tea exporting

Regulations, which were framed under the section 25 of the Sri Lanka Tea Board Law No. 14 of 1975 and delegated to the Tea Commissioner, are appended below.

- a) Sri Lanka Tea Board (Processing & Hygienic Standard for made tea) Regulations 1986
- b) Sri Lanka Tea Board Replanting & Factory Modernization Subsidy Scheme

2.1.1 Key Achievements

- Tea Replanting Subsidy of Rs. 25.18Mn was granted for 140.25 Hectares.
- Tea Factory Modernization Subsidy was granted of Rs.14.24Mn for 25 factories
- The Model Tea Land Project was initiated for providing subsidies for the tea growers (above 10 acres). Under this Rs. 9.1Mn was granted for 24 lands (persons)
- Continuation the activities relating to the tea land registration (Updating the information).
- Approving Glyphosate for the tea lands.
- Initiated the “Tea Nursery” subsidy scheme and Rs. 13.85Mn was granted for 27 Nurseries.

2.1.2 Registration of Manufacturers and Factories

Under the Tea Control Act No. 51 of 1957 the Tea commissioner's division maintains a Register of Manufacturers in relating to manufacturing of tea and the prescribed particulars relating to the tea factories of such manufacturers to be registered. The Tea Commissioner is having the authority to decide whether any person is entitled to be registered as a manufacturer in terms of the Act. Every tea manufacturer should register with the Tea Board for manufacturing and selling teas through Colombo auction.

All the factories manufacturing made tea are essential to register with the Tea Board in order to ensure that the building, equipment and manner of operations of the factory is of a standard conducive to the manufacture of good quality teas, assist in monitoring of quality of tea produce by the factory, enables control over the disposal of refuse tea and implementation of reasonable price formula.

The registered tea factories can be categorized into four(04)types according to the manufacturing process, orthodox, CTC, Green and Artisanal (handmade tea) tea so on. Every registered tea manufacturer should be produced their production data to the Tea Commissioner before 05th of next month using the format of “TC05” form formulated by the Tea Commissioner. Failure to do so, is a punishable offence according to the Tea Control Act no.51 of 1957.

Table 2.1.1 Classification of Tea Factories by Operation

Status	No. of Factories			
	High	Medium	Low	Total
Confined to Own Leaf	65	18	11	94
Own leaf & Bought leaf :-				
a) Own leaf less than 50% at total production	14	25	98	137
b) Own leaf more than 50% of total production	57	31	11	99
Bought Leaf only	08	39	260	307
Registered Tea factories in operation	170	40	427	637
Registered Tea factories not in operation	24	58	97	179
Total-Registered Tea Factories	194	98	524	816

Source : Sri Lanka Tea Board

2.1.3 Reasonable Price Payable for Bought Leaf

Under the provisions of the Tea Control Act, the factories which are engaging in bought leaf manufacture are required to pay for the bought leaf based on a formula developed by the Tea Commissioner, having regard to the price fetched at Colombo Tea Auction by made tea manufactured at those factories. The reasonable price payable by factories to green leaf suppliers is determined on the basis of monthly net sale average of such factories.

The proceeds from made tea are to be split between the leaf suppliers and factories in a ratio of 68:32. If factory sales average exceeds the monthly elevation average, the incremental revenues are shared in a ratio of 50: 50. The formula is based on an out turn ratio of 21.5% from green leaf to made tea.

2.1.3.1 Defaulted Payment

During the year under review the total defaulted payment for green leaf suppliers remained as Rs.541 Mn, as at 31st December 2019. The Rs.56 Mn also was recovered and paid to the leaf suppliers with the intervention of Tea Commissioner's division in 2020. Further accumulation of defaulted payment was interrupted by suspending their registration. If any factory was found as a defaulted payment factory for reasonable price of green tea leaf, the factory will be warned and if the defaulted amount not be paid, the registration of the factory will be suspended or cancelled or claimed from broker as per the amended Tea Board Act 1993. The restoration of registration of such factories are considered only after the settlement of the total defaulted payment.

Table 2.1.2 : Status of Defaulted Payment (in Rs.)

Region	Amount(Rs.)			Balance payment due to smallholder as at 31.12.2020 (Rs.)	Amount due from (Rs.)	
	As at 2020.01.01	Added during 2020	Recovered & paid		Functioning factories	Closed Factories
Baduraliya	47,868,679.5	-	-	47,868,679.5	4,919,055.0	42,949,625.5
Bandarawela	1,003,982.4	22,018,428.1	-	23,022,410.5	18,485,078.5	4,537,332.0
Galle	103,865,461.0	54,850,980.1	20,065,458.2	138,650,982.9	89,220,196.3	49,430,786.6
Gampola	86,820,951.1	30,350,426.6	1,807,800.9	115,363,576.8	100,621,212.1	14,742,364.7
Matara	18,037,735.0	41,082,192.3	6,322,808.4	52,797,118.6	50,264,477.0	2,532,641.6
Nuwara-Eliya	28,454,288.7	245,969.5	658,860.0	28,041,398.1	5,502,590.6	22,538,807.5
Ratnapura	255,250,277.7	126,350,400.3	27,072,491.8	354,528,185.2	182,352,912.1	172,175,273.1
Total	541,301,374.9	274,898,396.8	55,927,419.0	760,272,352.5	451,365,521.4	308,906,831.0

Source : Sri Lanka Tea Board

2.1.4 Quality Control of Green Leaf

As the Green tea leaf is the raw material for made tea production, the quality control of green leaf is vital fact for the manufacturing operations undertaken using bought leaf. If the quality green tea leaf are used in the manufacturing process eventually, the quality of the made tea would be increased and it would be an ultimate benefit for the both Tea Small holders as well as the tea manufacturers.

A Gazette notification has been published for Green Tea Leaf standards on 14th December 2010 by the Sri Lanka Tea Board. The Tea Commissioner's division is conducting following activities in order to improve the quality of green leaf.

- Licensing of Green Tea Leaf dealers
- The "B Leaf 60" program to improve the green tea leaf standard
- Rush Crop Management program during festival season
- The "Model Tea Land project"
- Subsidy scheme for Replanting
- The program of tea land registration
- Tea Nursery Subsidy Scheme

a) Licensing of Green Tea Leaf dealers

According to the Tea Control Act, it is required to obtain annual licenses from the Tea Commissioner's Division to deal in green tea leaf. Every registered green tea dealer is being monitored by the Tea Commissioner division.

Table 2.1.3: No. of Green tea licenses issued during 2020

ATC – Region	License dealers as at 01.01.2020	Renewals of Licenses	New Licenses issued	Licenses to deal in Green Tea Leaf as at 31.12.2020
Baduraliya	243	223	31	254
Bandarawela	163	160	16	176
Galle	275	252	15	267
Gampola	181	165	05	170
Matara	275	252	20	272
Nuwara-Eliya	100	88	06	94
Ratnapura	498	436	62	498
Total	1735	1576	155	1731

Source : Sri Lanka Tea Board

b) The “B Leaf 60” program to improve the green tea leaf standard

This program is being implemented to improve the leaf quality by minimizing the post-harvest damage by improving the plucking standards and transport standard. At the beginning of this program the green leaf standard prevailed as 33% of Best Leaf, 32% of Below Best and 35% of Poor. The current green leaf standard at the field is the Best Leaf 34% Below Best 20% and Poor 46%. This program was implemented with the target of maintaining best green leaf standards (Best leaf standard) at minimum level of 60% at the field.

Table 2.1.4: Regional wise green tea leaf standards.

Region	2020		
	Best	Below Best	Poor
Baduraliya	42	24	34
Bandarawela	24	19	57
Galle	42	20	38
Gampola	28	21	51
Matara	41	15	44
Nuwara-Eliya	27	20	53
Ratnapura	36	24	40

Source : Sri Lanka Tea Board

The strategies such as impose regulations on handling and transporting of green tea leaf and awareness program for stakeholders have already been implemented to achieve the target of this program.

c) Rush Crop Management program during festive season

This project is designed to minimize the crop losses during festival season due to temporally closing down of tea factories for a longer period. This project was introduced in 2005 and since then the Tea Commissioner's Division was able to control the crop lose almost completely by introducing various activities under this program.

d) The “Model Tea Land project”

The treasury has allocated funds to this project under the development activities of Sri Lanka Tea Board. This project was carried out further successfully in this year and 24 lands and Rs.9Mn were subsidized under this program.

This project has been designed with a view to achieving following objectives.

- To promote semi-mechanized sustainable tea plantations in the tea sector in Sri Lanka (This was the main objective of the project)
- To increase the tea land and labour productivity in tea sector
- To harvest a constant and steady yield throughout the year

- To increase the optimum economic life of tea plantations
- To reduce the cost of production (It is expected to reduce leaf plucking cost by 60%)
- To maintain leaf standards at moderate level
- To introduce gap standards into tea plantations enabling to obtain certifications

(Eg: Rain Forest Alliance certification)

Table 2.1.5: Subsidy Payments for Model Tea Lands

Region	Modal Tea Land Subsidy Scheme			
	No. of applications recieved	No. of Lands paid	Amount paid	No. of inspections done
Baduraliya	3	2	600,000	03
Bandarawela	3	-	-	03
Galle	4	-	-	65
Gampola	5	4	1,800,000	14
Matara	5	4	1,250,000	73
Nuwara-Eliya	5	12	4,550,000	15
Ratnapura	6	2	900,000	12
Total	30	24	9,100,000	185

Source : Sri Lanka Tea Board

e) The Subsidy Scheme for Replanting

Funds have been allocated by the Treasury for the tea development activities of the Sri Lanka Tea Board under domestic funds. The above allocated funds are utilized for the subsidy scheme of tea Re-planting during the year. Accordingly the subsidies are being granted for the corporate and private sector & estates of more than 10 acres. The target is to be provided subsidy for tea replanting, new planting & infilling. Objectives of the scheme were as follows.

- Increase the tea production
- Increase the productivity of the tea land
- Maintaining the National tea replanting rate as 3%

Funds were available for the corporate and private sectors for replanting for the year 2020.

Table 2.1.6: Subsidy Payments for Replanting/ infilling

Region	Replanting Subsidy Scheme			
	No. of applications received	Amount Paid(Rs)	Extent.Hec	No. of inspections done
Baduraliya	28	1,540,975	8.2	62
Bandarawela	33	-	-	45
Galle	03	3,182,200	14.8	265
Gampola	48	6,383,900	37.1	197
Matara	04	7,092,050	41.1	35
Nuwara-Eliya	29	5,642,500	28.7	87
Ratnapura	55	1,335,950	10.3	102
Total	200	25,177,575	140.3	793

Source : Sri Lanka Tea Board

f) The program of Tea Land Registration

All the tea lands of the Island are planning to be registered under this program. All the information regarding the tea lands are being computerized in a systematic way to the software program.

g) Tea Nursery Subsidy Scheme

A budgetary provision out of the Tea Board Funds for the year 2020 was allocated to be utilized as subsidy payments for the corporate sector and the owners of the estates who are having more than 10 acres of tea for setting up standard tea nurseries for this year. This subsidy scheme covers only the nurseries intended to setting up with minimum 100,000 tea plants at a time with a permanent structure including high shade and sprinkler irrigation system. Subsidy amount is Rs. 1,500,000.00 for minimum 100,000 tea plants size nursery. Approved nurseries should continue minimum 3 years and nursery holder, owner of the estate or CEO of the regional Plantation Company should sign an agreement with Sri Lanka Tea Board prior to release the subsidy. All the nursery activities should be according to the Sri Lanka Tea Research Institute guidelines.

Table 2.1.7: Subsidy Payments for Tea Nurseries

Region	Tea Nursery Subsidy Scheme	
	No.of Nurseries paid	Amount paid (Rs.)
Baduraliya	-	-
Bandarawela	01	600,000
Galle	03	1,550,000
Campola	-	-
Matara	13	4,200,000
Nuwara-Eliya	-	-
Ratnapura	10	7500,000
Total	27	13,850,000

Source : Sri Lanka Tea Board

2.1.5 Quality Improvement Activities

The appropriate conditions of the buildings, equipment, machineries and manner of operations are essential to maintain the good quality of made tea. Hence, if above conditions are not conducive to the manufacture of good quality made tea, The Tea Commissioner has the authority to suspend or cancel the factory registration of such under the Tea Control Act No 51 of 1957. By the Tea control Act the Tea Commissioner's Division is empowered to monitor and improve the quality of tea manufacture and the following projects have been implemented in order to improve the quality of made tea.

- Factory Modernization subsidy scheme
- Establishment of GMPS in Tea Factories & warehouses
- Surprise Inspections(Task Team Operations- TTO)
- Low NSA Strategy
- Licensing of Refused Tea processors and Improving the Good Manufacturing Practices(GMP) at Refused Tea Centers
- Auction rights for Refused tea processors

a) Factory Modernization Subsidy Scheme

Funds have been allocated by the Treasury for the tea development activities of the Sri Lanka Tea Board under domestic funds. The above allocated funds are utilized for the subsidy scheme of factory modernization for the corporate sector and private sector tea factories. Objectives of the scheme are;

- Increase the tea production
- Increase the quality of the made tea
- Introduce new technology to the tea industry
- Modernize the tea factories



Table 2.1.8: Subsidy Payments for Factory Modernization

Region	No.of applications recieved	No.of factories paid	Amount paid (Rs)	No.of inspections done
Baduraliya	03	04	2,593,333.3	17
Bandarawela	07	-	-	19
Galle	01	04	1,548,333.0	08
Gampola	03	03	1,413,739.0	10
Ratnapura	12	05	2,508,333.0	16
Matara	02	09	6,176,705.0	02
Nuwara-Eliya	-	-	-	-
Total	28	25	14,240,443.3	72

Source : Sri Lanka Tea Board

b) Establishment of Good Manufacturing Practices (GMPs) in Tea Factories

This program has been designed to provide necessary guidance for improving the quality standards of the manufacturing process of the tea factories. Under this program, 611 assessments were done using pre decided checklist comprising of 187 check items and necessary actions were taken to improve the standards of tea manufacturing process accordingly.

Table 2.1.9 : GMP Assessments done at Regional wise

Region	Assessments of GMP	No of Factories in grades			
		Excellent	Good	Average	Poor
Baduraliya	108	27	20	2	0
Bandarawela	96	23	35	1	0
Galle	147	51	31	1	0
Gampola	84	46	34	4	0
Matara	35	42	50	3	0
Nuwara-Eliya	52	21	16	15	0
Ratnapura	89	38	40	11	0
Total	611	248	226	37	0

Source : Sri Lanka Tea Board

The Tea Commissioner's division is practicing the policy that the factories which in poor grade are not allowed to renew the factory registration since 2019.

c) Surprise Inspections (Task Team Operations- TTO)

Task Team Operations are being conducted to control the malpractices in the tea Industry. A team headed by ATC is handling the operations. During the year 2020, field officers of the Tea Commissioner's Division conducted 264 emergency inspections at tea factories.

Table 2.1.10: Task Team Operations

Region	No of Inspections done
Baduraliya	50
Bandarawela	52
Galle	39
Gampola	17
Matara	41
Nuwara-Eliya	29
Ratnapura	36
Total	264

Source : Sri Lanka Tea Board

d) Low NSA Strategy

This is a project which designed for tea factories that are in the lowest rungs of the NSA ladder. The objective of the project is to bring up the NSAs of these factories to higher levels by improving the standards of green tea leaf and the standards of tea manufacture. Under this program tea factories are categorized into four groups poor, best & excellent likewise. According to the policy established there can't be prevailed poor factories in the field since 2019.

e) Licensing of Refused Tea dealers and Improvement of Good Manufacturing Practices (GMP) at Refused Tea Centers

Processing of refuse tea is a procedure of extracting consumable tea from un-denatured refused tea. Every refused tea dealer has to register in the Sri Lanka Tea Board as a refused tea processor. A scheme for issuing permits for the refuse tea processing centers has been established as per the no.51 of the tea control act of 1957. The GMP program is being carried out to provide necessary guidance for improving the quality standards of the Refused Tea Centers.

Table 2.1.11: No.of refuse tea processing centers, no.of permits & quantity Issued for 2020

Region	Registered Processors as at 01.01.2020	Renewals during the year	Newly issued during the year	No of Processing Centers as at 31.12.2020	No of Permit Issued as at 31.12.2020	RT Qty.bought by the dealers through the permits (Kg)
Baduraliya	9	10	01	11	675	3,306,724
Bandarawela	1	01	0	01	1,116	4,504,089
Galle	21	01	15	16	640	2,094,912
Gampola	262	176	08	184	2,014	9,730,564
Matara	9	01	08	09	528	1,823,403
Nuwara-Eliya	1	05	-	05	1,682	10624972
Ratnapura	2	03	0	03	1,096	4,769,463
Total	305	197	32	229	7,751	36,854,127

Source : Sri Lanka Tea Board

f) Auction rights for Refused tea processors

A system has been planned for granting approvals to the auction rights for the Refused Tea Processors. For applying auction rights, the Refused Tea Processing Centre should maintain 80% of GMP standard. Twenty (20) refused tea processing centers were granted auction rights in 2020. The objectives for granting approval to the refused tea processors for the auction rights are ;

- Giving market to the refused tea
- Improving the quality of the refused tea
- Monitoring the quality of the refused tea
- Preventing the illegal practices on refused tea market and arranging legal procedure to it
- Arranging systematic procedure for disposing absolute refused tea

Table 2.1.12: International Certification of Tea Factories

Region	No.of factories		
	HACCP	ISO 22000	Other International Certification(RA/CQC)
Baduraliya	09	09	06
Bandarawela	46	20	10
Galle	19	19	07
Gampola	36	36	83
Matara	07	21	07
Nuwara-Eliya	98	98	36
Ratnapura	23	23	07
Total	238	226	156

Source : Sri Lanka Tea Board

Tea Nursery Project-Highlights



Model Tea Garden-Highlights



2.2. Tea Exports Section

The powers and functions of the Tea (Tax & Control of Exports) Act no. 16 of 1959 and regulations laid down under the Sri Lanka Tea Board Law no. 14 of 1975 are administered by the Tea Exports Section of the Sri Lanka Tea Board. The Tea Export Section performs duties relating to registration of tea exporters, tea packers, warehouses, importers, types of tea packs, retrieval of tea, monitoring of minimum quality standard for tea, authorization of export of tea, compilation of statistics on the export of tea and monitoring of export of tea under bilateral Free Trade Agreements (FTAs) of Sri Lanka. Further to that following main operations were continued throughout the year 2020.

Export division paid attention to carry out the following special projects and to continue for the year 2020 to improve the effectiveness and efficiency in the tea exports of Sri Lanka.

1. GMP Certification for Iran Tea Exports.
2. 24hrs 7 days operations at the Sri Lanka Tea Board Export Division Sri Lanka Tea Board - Sri Lanka Customs Joint Investigation on the Tea Consignments at Sri Lanka Customs Exports Facilitation Center (EFC) to sustain the Superiority of tea Exportation.

Further to that, to safeguard and improve the quality of tea processing at all exporter warehouses, It was declared that the HACCP quality certification is a mandatory requirement for the all warehouse to process their operations. In addition to that Good Manufacturing Practices (GMP) assessment at the all exporter warehouses were conducted since 2018 and it will be repeated annually. All registered warehouses were mapped and divided into zones to allocate work to tea inspectors. A ranking system has been established from Excellent up to Poor category and warehouse registration will be given only for excellent and good categories.

2.2.1 Registrations

One of the key duties of the Tea Export Section is registration and renewal of Exporters, Packers, Warehouses and Importers, with valid business registration, registered warehouse (for storing, blending and packing of tea), a qualified tea taster with tea tasting facility and with a minimum capital (invested/paid up) of a least Rs. 1.0 Million are eligible to apply for the registration as a tea exporter.

In terms of the Sri Lanka Tea Board Regulation (Registration of Tea Packers) 1986, published in the Gazette Extra-ordinary no. 386/13 of 28th January, 1986, any person who engage in the business of packing tea for domestic consumption or in other forms of packaging it is essential to register with the Sri Lanka Tea Board. Every registration is valid only for one year period and required to renew the registration on annual basis.

Any entity registered as an exporter of tea under Tea (Tax & Control of Exports) Act no. 16 of 1959 is eligible to register as an importer of tea.

Table 2.2.1 No. of Registration of Exporters, Importers, Packers and Warehouses (2020)

Registrations	As at 01.01.2020	During year 2020 (New Registrations & Companies not renewed within the year)	Total No. as at 31.12.2020
Exporters	354	New Registrations : 33 Not Renewed during -the year : 1277	357
Packers	674	Exporter packer new registration : 33 Local packer new registration : 196 Not Renewed during the year : 1727	803
Warehouse	168	Warehouse new registration : 26 Not Renewed during the year : 535	194
Importers	113	Importer new registration : 4 Not Renewed during the year : 79	113
Produce Brokers	08		08

Source : Sri Lanka Tea Board

In terms of the Sri Lanka Tea Board Regulation (Warehousing of Tea) 1984 published in Government Gazette Extraordinary no. 326/17 of 05th December, 1984 as amended by no. 410/11 of 10th September, 1986, no. 1280/8 of 20th March, 2003, warehouses used for the storage of any quantity of tea in excess of 1000kgs of tea of any one time, and which the Sri Lanka Tea Board considers satisfactory for the purpose of storing tea, shall be registered with the Sri Lanka Tea Board in accordance with the provisions of the said regulations.

Retail containers which contain other origin specialty tea blended with Sri Lanka Teas would export under the Sri Lanka Tea Board Regulations (Import & Export) 1981. Such containers/ packs should bear the narration "A Blend of Ceylon and other origin Teas packed in Sri Lanka" or "Other Origin Teas packed in Sri Lanka" only and all containers shall be registered with the Sri Lanka Tea Board.

All registered tea exporters are required to submit CUSDECs with other required documents to the Tea Exports Section through ASYCUDA System in order to obtain the authorization for export. A team of SLTB officers inspect the tea consignment/s, ready to export to ascertain whether the tea in concern is in line with required standards for exports.

Having considered the importance of obtaining renewal certification for all registered tea exporters for their documentation purpose, we conducted a one day certificate renewal service to issue certificate for the year 2020.

2.2.2. Importation of Tea

The Sri Lanka Tea Board has issued import permits for Importation of 5,296,751.80kgs of tea However; the actual quantity of import was 4,668,230kgs during the period under review.

Table 2.2.2: Actual imports - January -December 2020

Country	Type	Imported	CIF	Value
		Qty. (Kgs)	Value (Rs.)	Rs.
China	Green Tea	1,794,705	517.80	929,303,197
	Special	101,484	556.42	56,467,568
	White Tea	6,353	1,079.39	6,857,388
	CTC	1,100	1,957.86	2,153,646
Sub Total		1,903,642	522.57	994,781,800
India	CTC	996,477	304.10	303,029,463
	Special (Black Tea)	614,458	711.67	437,289,570
	White Tea	50	7,252.00	362,600
	Decaffeinated Tea	150	1,439.90	215,985
Sub Total		1,611,135	459.86	740,897,618
Germany	Green Tea	60	2,320.68	139,241
	Special	110	2,755.67	303,124
Sub Total		170	2,602.15	442,365
Japan	Green Tea	4,100	2,543.62	10,428,860
	Special	3,240	4,030.30	13,058,180
Sub Total		7,340	3,199.87	23,487,040
Kenya	CTC	1,144,661	497.68	569,674,809
	Decaffeinated Tea	700	1,927.73	1,349,411
Sub Total		1,145,361	498.55	571,024,220
Nepal	CTC	186	7,850.41	1,460,176
	Sub Total	186	7,850.41	1,460,176
U.K.	Special	397	1,822.20	723,412
Sub Total		397	1,822.20	723,412
Grand total		4,668,230	499.72	2,332,816,631

Source : Sri Lanka Tea Board

2.2.3. Maintenance of Minimum Quality Standard

The Expert Panel of Tea Tasters appointed by the Sri Lanka Tea Board examine all the offered tea samples and samples drawn from tea factories, the unloaded consignments after import, consignments prepared for export in order to ascertain whether the made tea in concern falls under the permitted categories, conforms to ISO 3720 and free of any contamination, thereby permitting only the suitable made tea for export.

Table 2.2.3: No. of quality defects at each sampling level(2020)

Type of sampling	No. of samples drawn	No. of cases detected as below ISO and contamination
Pre auction sample drawn by export division	6211	3950
Pre auction withdrawals (by the panel)	2270	
Post auction	6119	12

Source : Sri Lanka Tea Board

2.2.4. Denaturing of tea due to unsuitability for consumption

Made tea found to be unsuitable for human consumption at the levels of pre-auction, pre-shipment and special investigations is denatured under the supervision of the Export Section. This section has denatured 98,290Kgs of made tea identified at all levels above in 2020.

2.2.5 Performance of Exports under the FTAs

Sri Lanka enjoys preferential Tariff Rate Quota (TRQ) for tea under the Indo-Sri Lanka Free Trade Agreement (ISFTA) and Pakistan-Sri Lanka Free Trade Agreement (PSFTA). However, a substantial utilization of TRQ has not been recorded in 2020.

Table 2.2.4: Utilization of TRQ under the FTAs (2020)

FTA	Quota per annum (kg)	Total exports(kg.)
India – Lanka	15,000,000.00	49,108.24
Pakistan – Lanka	10,000,000.00	45,510.00

Source : Sri Lanka Tea Board

2.2.6. Retrieval of Tea

If a consignment of tea is not accepted by the overseas buyer, the local exporter has to retrieve the same with the approval of the Sri Lanka Tea Board. The consignment is re-inspected by the SLTB prior to granting the authorization for export/re-use.

2.3 Tea Promotion Division

2.3.1. Main Functions of the Division

Tea Promotion Division is responsible for the implementation of Ceylon Tea promotional programs locally and in foreign markets classified under the following broad categories;

- I .Uni national Promotion of Ceylon Tea.
- II .Generic Promotion of tea.
- III .Brand promotion for Sri Lanka owned Lion Logo franchised brands.
- IV .Participation at International Food & Beverage Trade Fairs and Exhibitions.
- V .Compilation & dissemination of strategic market profiles on all important tea consuming countries.
- VI .Assisting Ministry of Plantation Industries on policy formulation for the Tea Sector.
- VII .Analysis of competitor activities.
- VIII .Lion Logo Trade Mark registration and monitoring as well as franchising to the private sector packers.
- IX .Process for the Protection of Ceylon Tea & other Regional Tea growing names/logos as Geographical Indications.
- X .Ozone friendly Pure Ceylon Tea Logo registration and franchising to private sector packers.
- XI .Local Tea Promotion.

2.3.2. Overseas Tea Promotion Offices & Market Coverage

Sri Lanka Tea Board presently maintains three regional overseas Tea Promotion Units attached to Sri Lanka Missions in UAE, Russia and China. The office in Dubai is responsible for tea promotion in Middle East / Gulf / North Africa regions while the office in Moscow handles the tea promotion work in the Russian Federation & CIS markets. A representative office was established in Beijing during 2015 to promote & enhance market share of Ceylon tea in China which is identified as a growing market. The Ceylon tea promotional activities in other markets are handled by the Tea Promotion Division in Colombo in collaboration with the respective Sri Lanka Missions overseas.

2.3.3. Trade Fair Participation

Sri Lanka Tea Board facilitated the participation of Sri Lankan tea exporting companies in international trade fairs in selected markets promoting 'Ceylon Tea' as a national brand and also the individual brands of participating companies.

The Sri Lanka Tea Board subsidy covers 50% of the cost on space rental and construction of the booth. The balance cost and other expenses have to be borne by the selected participants. There were 25 trade fairs planned to participate in 2020 and due to the pandemic situation, Sri Lanka Tea Board facilitated and participate only 02 trade fairs as Gulf food 2020 & Prodexpo 2020 and follow-up with Cancellations / Postponements of other schedule trade fairs during year 2020.

2.3.4. Global Promotional Campaign

The Ceylon Tea global promotional campaign has focused to launch in 12 identified target markets to promote Ceylon Tea namely Russia, Ukraine, USA, Japan, China, Germany, Australia, Chile, Saudi Arabia, Turkey, UAE and Iran.

Tenders had been called for three agencies to handle the three components consisting of:

- i) creation part of the campaign and production materials required
- ii) media component which includes media planning, scheduling and media buying; and
- iii) public relations campaign.

• Media planning, scheduling and buying

As per the selection of Dentsu Grants (Pvt) Ltd for the Consultancy Services for Media Planning, Scheduling and Buying; following items were completed for the review period

Dentsu Grants completed 3 media strategies to Japan, Germany and China for Global Campaign execution.

• Creative Developments

As per the selection of Phoenix O&M (Pvt) Ltd to undertake the creative of the Above-The-Line (ATL), Below-The-Line (BTL) and Social Media of the Global campaign following items were completed.

Sri Lanka Tea Board completed creative developments for Global Campaign and creative items were translated to 7 languages also. (Websites / 11 digital videos / leaflet, brochure and posters)

• KOLs and Search Engine Marketing

Sri Lanka Tea Board Completed tender proceeding for selection of KOLs hiring agency and Search Engine Marketing for Russia and Ukraine.

• Future Plan of the Ceylon Tea Global Campaign

On the backdrop of the prevailing COVID -19 pandemic situation around the world, to assess the effectiveness of continuing the campaign as planned was reviewed by the Promotional Marketing Committee (PMC) of the Sri Lanka Tea Board.

Having considered present global situation, PMC decided that the campaign would be better to halt for the time- being. However, the PMC gave the green-light to implement the campaign in Russia and Ukraine from October 2020 to March 2021 using only virtual promotional strategies where Search Engine Marketing and Key Opinion Leader promotion campaign (influencer Marketing Campaign) will be applied with the objective of assessing the success of the campaign as a pilot project.

2.3.5 Brand Promotion Scheme

Sri Lanka Tea Board introduced a brand promotional subsidy scheme for 2018/2019. As per the scheme, Pure Ceylon Tea brands which carry Lion Logo will be promoted by providing matching grants (50% of the promotional spend). Only Sri Lankan owned tea brands which have been registered in Sri Lanka by the Director General, National Intellectual Property Office, are eligible for promotional assistance under this scheme. The scheme will be funded from the Promotion and Marketing Levy contributed by tea exporters under Gazette No. 1677/14 of 27 October, 2010. A budgetary provision of Rs.500 million has been allocated for 2018/2019.

SLTB provided extension for Brand Promotion Scheme 2018/2019 to till 2020 end. Accordingly, SLTB evaluated and funds were disbursed to 15 projects.

2.3.6 Promotional Events and Activities

Promotional events and activities for Ceylon Tea concluded globally are listed below:

• Black Tea Campaign

Considering promotional opportunities for black tea during the pandemic situation, SLTB launched Ceylon Tea social/digital media campaigns by using 3 Digital Videos and 12 Web posts campaign in 12 countries (Russia, Ukraine, Japan, China, Australia, Germany, USA, Chile, Saudi Arabia, Turkey, UAE and Iran). Accordingly, Concept released with a frequency of one different version each week to the following Social Media / Digital platforms.

FB, Twitter, Intragram, Youtube, LinkedIn and indigenous platforms like Vkontakte (Russia), Baidu, Wechat, Sina Weibo, Xiaohongshu (China) and Facenama, Aparat (Iran).

• Sri Lanka Tea Board Introduced a Ceylon Tea Dyed Face Masks for the First Time in Sri Lanka.

Having the objective of increasing the awareness level on Ceylon Tea as a global brand, Sri Lanka Tea Board has started distributing Ceylon Tea branded face mask among the business community worldwide on complimentary basis. With the collaboration of the Ministry of Foreign Relations, arrangements have been made by Sri Lanka Tea Board to dispatch Ceylon Tea Branded face masks to over seventy five (75) Sri Lankan missions around the world.

Distribution of Dyed Face Masks-Highlights



• Sri Lanka Tea Board conducted virtual B2B and B2C sessions with the embassies

These meetings were conducted with the collaboration of SL Consulate General (Melbourne), SL Embassy in German, SL Embassy in Turkey (Ukraine) and SL embassy in Republic of Korea.



- Organizing and Conducting Familiarizations Programs for Designated Ambassadors to UAE, Germany, Pakistan, Russia, Bangladesh, South Africa
- SLTB launched Sri Lanka & Ceylon Tea Featured Supermarket mall in Ukraine



The program launched with the collaboration of Silpo Submarket Chain.

- Based on the regulations laid down by the some embassies to mitigate the impact of Covid-19, the Sri Lanka Tea Board played as an intermediary to facilitate exporters for export documents legalization through embassies
- Social Media Campaign – 6 web banners from April to May through SL missions in Overseas



Ceylon Tea Online promotion campaign during the pandemic situation; considering promotional opportunities for black tea during the pandemic situation, SLTB launched Ceylon Tea social media campaigns by using Posts and web banners. Accordingly, Concept gives out the idea that Black Tea is an immune booster that helps fight against viruses in general and stay healthy. The above web banners were released with a frequency of one different version each week to the Sri Lanka Overseas Missions with the required language adaptations.

- SLTB organized tea donations to Australia, China, Russia, Belgium, UAE, Lebanon and UK
- Press Releases on Immunity Boosting, E-Auction
- Release Web Post, Digital Video & Press Article related to the International Tea Day Celebrations
- Webinar held with Shandong Tea Association and CCPIT in China to promote Ceylon tea
- Ceylon Tea Promotion at 14th China (Qingdao) International Tea Culture Expo and Purple Sand Art Exhibition
- Social media and TV interviews done Rizhao Dazongwang Tv, Guangbo TV, Xiangcun TV to promote Ceylon tea
- Match making program arranged with Shanghai facilitator Company (Akbar Brothers participated).
- Participated at XIAMEN Tea fair with Ceylon tea agents in China ,third China International Import Expo (CIIE), Shanghai to promote Ceylon tea.
- Participated live streaming “Steart” tea promotion program.
- Tea seminars at the Embassy with Japan Tea Association
- The K-TEA Festival & Myung Won World Tea Expo is one of the prestigious international tea expos in Korea which mainly target the traditional Korean teas. The Commercial officer participated at the opening ceremony of the festival representing Sri Lanka. Sri Lanka was one of the tea-producing countries featured at the online session conducted by Ms. Sharyn Johnson (Australian Tea Masters) who presented 10 world teas. This session explored world teas from Sri Lanka, Kenya, Nepal, India, Vietnam, Rwanda, etc.
- Virtual tea tasting was organized to promote Ceylon Tea with the assistance of the Tea Board and Dilmah by the Sri Lanka Consulate in Melbourne.
- Ceylon Tea service was organized at the Sri Lanka Pavilion during SATTE Travel fair held from 8-10th January 2020 in Delhi.
- The mission in association with the Korea Tea Association and SLTB organized a "virtual Ceylon Tea Tasting Session".

2.3.7 Uni National Promotion of Ceylon Tea

Uni-National Promotion of “Ceylon Tea” relates to the publicity and advertising of Sri Lanka tea against other origin teas. The Tea Board launches uni-national promotion campaigns for Ceylon Tea in foreign markets through the Overseas Tea Promotion Units and Commercial Sections of Sri Lanka Missions abroad. Media advertising, outdoor advertising, liquid tea services, tea workshops and seminars as well as other public relation activities are the main elements of uni-national promotion activities carried out by the Board.

2.3.8 Generic Tea Promotion

The promotion of tea against other beverages for the share of the throat falls under generic tea promotion activities. Sri Lanka Tea Board is a member of the Intergovernmental Group on Tea of the FAO, USA Tea Association, International Tea Committee-UK and Japan Tea Association. Generic tea promotional work is undertaken through these organizations. The generic tea promotion mainly focuses on Tea & health concept which is promoted through consumer education and public relation activities. SLTB contributed towards the advertising budgets of Tea Associations and Councils for generic tea promotion work in selected countries in 2020 as mentioned above.

2.3.9 Registration of Ceylon Tea, Regional Names & Logos under Geographical Indications (GIs)

Sri Lanka Tea Board formulated necessary rules and regulations for protection of ‘Ceylon Tea’ and seven other agro-climatic regional teas (NuwaraEliya, Uda Pussellawa, Dimbula, Uva, Kandy, Sabaragamuwa & Ruhuna) as Geographical Indications through the provisions available under TRIPS Agreement of World Trade Organization. This would not only help to prevent the misuse of ‘Ceylon Tea’ and other regional tea growing names particularly by overseas contract packers but also add value and a premium price for Ceylon Tea marketed under GIs.

2.3.10. Trade Mark Protection



Registration of Lion Logo Trademark (712)

Sri Lanka Tea Board is the legal owner of Ceylon Tea Lion Logo Trade Mark. The registration/renewal of Ceylon Tea Lion Logo in Sri Lanka and other countries are carried out by Tea Promotion Division of the Tea Board. Lion Logo has been registered in 103 countries as 2020. The franchise to use the Lion Logo has been granted only for branded, value added tea products (Tea Bags & Tea Packs) which contains 100% Ceylon Tea and are in compliance with ISO 3720 Standard while being above a minimum reference standard to each destination and should be pre packed in Sri Lanka. During the period under review, Lion Logo registration renewals in Ukraine, Switzerland, Lebanon and China were completed. Further registration of the Ceylon Tea name in USA, Saudi Arabia and China was concluded.

2.3.11. Registration of Ozone friendly Pure Ceylon Tea Logo

Sri Lanka Tea Board has registered the Ozone Friendly Pure Ceylon Tea logo in Sri Lanka as a Certification Mark in order to promote the production of Ozone Friendly tea. Under the Montreal Protocol, Sri Lanka implemented two projects to phase out the use of Methyl Bromide for non-quarantine & pre-shipment purposes. The project on tea sector was successfully completed in 2002 by adopting environment friendly technologies without use of Methyl Bromide in the tea plantations (nurseries) and Sri Lanka received the Montreal Protocol Implementers Award in 2007. Thus, Sri Lanka became the first tea producing country in the world to manufacture Ozone Friendly tea and still is the only tea producing country to have achieved this accolade.

Nine tea exporters have obtained franchise rights from SLTB to use the Ozone friendly Pure Ceylon Tea logo for thirteen brands during the year 2020.

2.3.12 Local Tea Promotion

Only few Promotional Campaigns conducted during the year due to COVID 19 pandemic such as

- BIA Advertising Campaign, Airport Highway campaign, Railway station - advertising campaign, PEO TV Proposal – Implemented on FOC basis
- Sponsorships and Advertisement on Magazines done by promotion division as local promotional programs.
- Bi-monthly newsletter (06) issued by promotion division during the year 2020.

2.3.13 Tea Sales Centre

The Tea Sales Centre located at the SLTB premises market flag bearer range of Tea Board packs and selected tea products from twenty-Eight private sector tea companies. During the year 2020, revenue of Rs.26.93 million was generated through the sale of tea at the center which shows decrease of sales by 74.92% compared to the previous year (2019). The sale of SLTB packs earned Rs.9.18 million while private sector tea brands accounted for 17.75 million.

Introduced Tea Packet Distribution System with the aim of fulfilling customer orders in collaboration with Tea Sales center and Pick Me Distribution Service. (Only in the Colombo suburbs during the lockdown period)

2.3.14 Distribution of Tea for promotional purposes

SLTB issued Rs.4.52 Million worth of tea on a complimentary basis for promotional purposes of “Ceylon Tea”

- I. Complimentary teas to two Sri Lankan Missions overseas.
- II. Liquid tea service and distribution at International Trade Fairs.
- III. Promotional give-away to VIPs/Officials.

2.4 Tea Tasting Unit



The unit work as the one of major quality assurance body of Ceylon Tea. It is responsible for assessing the quality of tea prior to auction and export. The appearance and the flavor of the made tea shows huge variation due to some factors like different clones of the camellia sinensis plant, Impact of climatic characteristics (such as rainfall, sunshine hours and temperature), nature of topography and verity of manufacturing process. Based on the characteristics of tasted samples, well trained tea tasters assure the lity of tea samples. Unsatisfactory samples are directed for the Analytical Laboratory for further analysis.

The tasting team of Sri Lanka Tea Board consists with expert panel of tea tasters from public and private sector experts who representing all stake-holders such as Ceylon Tea Traders Association (CTTA), Ceylon Brokers Association (CBA), CPA , SLFTSHDS, TEA, PTFOA, and with the independent Panel members.

The Major activities of the unit can be listed as follows

- Maintaining the minimum quality standard and ISO 3720 and ISO 11287 at any given point of dispose of tea.
- Monitoring and ratification of Private Sales, Direct Sales and forward contracts
- Facilitates to issuing Lion Logo certificates for branded products and for the consumer packs

Evaluating Tea Tasters for new export Companies

Tea Tasting Concept and Methodology

- SLTB adopt the methodology of ISO 3103 of tea preparation of liquor using in sensory tests. Tea Tasting Terminology ISO 6078 for Black tea vocabulary/ Monograph on Tea Production in Ceylon – no: 4 – Tea Manufacture in Ceylon.

2.4.1 Maintaining the minimum quality standard and ISO 3720 and ISO 11287 at any given point of dispose of tea

Ordinary tea tasting sessions held twice a week mainly on Mondays and Thursdays with the participation of expert tea panel. During the sessions following tea samples which are directed from tea export unit of SLTB and tea samples directly received to the TTU are considered for evaluations.

- Pre-auction Teas
- Special investigation Teas
- Pre imported samples
- Direct Sales
- Daily Evaluation Pre-shipment monitoring

The panel decision on samples forwards to the Tea commissioner division and Tea Export unit to further regulations.

a)Pre-Auction teas

Two weeks prior to the sale, the eight brokers forwarded their pre-auction samples for the evaluation. Unit first visually evaluate the sample of Ex-Estate, High & Medium , Premium flowery, Low Grown Leafy, Low Grown Semi-Leafy, Low Grown-Tippy/Small and sub Catalogues of Off Grades, Dust, and Bop1A. The brokers selected by IT Division randomly .Thereafter, Organoleptic evaluation is done. Selected samples after the evaluation are offered to the panel to take a collective decision offered or not at the coming auction. The decision is conveyed to the DTC Exports.

Table 2.4.1: Details of tested and suspicious samples

Description	No of Samples Tested	No of Samples Suspected
Visual Examinations	215,920	
Organoleptic	22,126	
Pre-auction samples-		
Random basis(BSL) evaluation	6,211	1,680
Pre-auction samples		
Panel rejections for suspected liquor contamination		604
Siliceous matters		242
Crude Fiber		1,424

Source : Sri Lanka Tea Board

b)Pre-Shipment Teas

Usage of Lion Logo, ISO 3720 parameters or any other contamination prior to shipment are been tested under pre shipment sample testing. 6,119 pre-shipment samples examined under pre-shipment monitoring scheme during year 2020 and ... identified as contaminated samples.

c)Pre-Import Teas and Post-Import Teas

Pre-Imported samples directed through Export unit of SLTB are accompanied with a form to evaluate its suitability for importation and Line samples details about the origin, grade etc. are mentioned with each application

The tasting panel will evaluate the teas according to the guide lines of the SLTB circular no: OR/1/65 and its amendments. For the year 2020, TTU examined 1,346 samples as pre import samples.

On arrival of imported tea consignment, samples are drawn and forwarded by the Tea Exports Division under un-loaded reference samples for approval of Tea tasting and these samples are evaluated as against the offered sample as and when the samples on arrival . Under this scheme 654 samples are examined.



2.4.2 Ratification of Private Sale and Panel Valuation Certificate

a) Ratification of private sale

The samples accompanied with the panel have been forwarded for Tea tasting evaluations by the selling brokers with the independent broker's approval. There are standard charges for the service and it charged Rs. 500 (+VAT and NBT) per line as ratification fees. At present, the above scheme is scaled down to only for Green teas, Organic teas, and specialty teas and for small breaks which are not sold through the Colombo Auctions. Total no. of 9,592 Private sale lots examined and ratified for the year 2020.

b) Ratification of Forward Contracts

Ratification was done for few selected marks depending on the buyer's requirement for a period of time. Seller, buyer, broker and the Tea Board ratified the contract of sale. Ratification fess of Rs. 500/-+ VAT + NBT) per line as charges for the above service too.

Total forward contracts lines ratified - 175

c) Ratification of Direct Sale

The above scheme permits to producer cum Exporter to sell their products directly to the overseas buyers. In exception Green tea, Organic tea and Specialty Tea could be sold to the local buyers. Panels held at Thursdays ratified the direct sales and for considered year, sales lines 1,298 are ratified and the ratified quantity was 1.55Mn.kg.

2.4.3 Registration for Lion Logo

The Lion Logo - which is a symbol of quality and country of origin fully owned by the Sri Lanka Tea Board and Exporters who wish to depict the Lion Logo on branded consumer packs has to forward the application and the branded products for evaluation, as according to the destination and market.

The validation period of a Lion Logo certificate for Brands is three years. SLTB Grants franchise rights to use the Lion Logo on retail packets. According to the process 477 applications were processed for new brands, renewals and additional packs for the year 2020.

The monitoring processes for lion logo usage in overseas markets and local markets are being conducted to maintain quality, prestigious name of the logo and mainly for the hunting of fraudulent usage of Lion Logo. During the pre-shipment monitoring, more than 80% shipments with Lion Logo are evaluated on random sample basis. In addition to that Overseas Bureaus and Commercial Counselors of Sri Lankan embassies are forwarded Lion Logo depicted packs from overseas markets for the evaluation and reporting. Particularly randomly selected samples from the brands using the Lion Logo in local markets are also evaluated. Mainly reputed the long standing packers registration with the Tea Board who are having a reasonable market share are granted to use the Lion Logo and monitored accordingly.

2.5 Analytical Laboratory

The Analytical Laboratory of Sri Lanka Tea Board is an internationally accredited laboratory for testing tea and products originaed from manufactured tea. The Chemical Analysis Unit, Microbiological Analysis Unit & Pesticide Residues Analysis Unit are collectively functioning under Analytical Laboratory and serving the tea industry using internationally established test methodologies and equipped with high-end sophisticated equipment and trained competent technical staff. Since 2014, Tea Board Analytical Laboratory has maintained its scope of accreditation for chemical and microbiological testing regularly and then renewed its scope of Accreditation according to the ISO/IEC 17025:2017 revised Standard in the year 2020.

Work done 2020...

- Laboratory has contributed to solve several customer complaints on 'glyphosate' (Taiwan), '2- 6 DIPN' (Taiwan), 'Gluten' (Germany) and 'MCPA' (Japan) brought to the notice of the Tea Board by respective Exporters.
- Laboratory has contributed to several local complaints on 'Malto-dextrin' (Police), Ferrous Sulphate (STF) and Sugars (Tea Commissioner) with the support of the Eurofins, Germany laboratory.
- Laboratory organized Inter-Laboratory qualifying ring trials for MCPA pesticide analysis applying Japan methodology using LCMS-MS equipment, with selected reputed local testing laboratories: Industrial Technology Institute, Bureau Veritas Testing Laboratory and Intertek Testing Laboratory. As a result, the Residues Analysis Laboratory of ITI was selected and announced for the tea industry as the Tea Board authorized laboratory for MCPA testing for Japan shipments.
- Laboratory organized an Inter-Laboratory Comparison ring trials and method validation practices among the Sri Lankan food testing laboratories including the TRI, ITI and SGS Lanka Laboratory applying the TRI developed Test Methodology for sugar testing. As a result, Tea Board Laboratory was able to secure validated test methodology for tea-sugars using the High Performance Liquid Chromatography coupled with Refractive Indexed Detector.
- Tea Board introduced tea sugar testing for the tea industry stake holders at Rs. 10,000.00 cost per sample.
- Chemical Analysis Unit of the Laboratory was gained its successful Proficiency Testing (PT) qualifying for all standards under ISO 3720 Black tea standards and ISO 11287 Green Tea standards among the ten participants from reputed public and private tea testing laboratories, an important achievement shown in the 2nd Quarter 2020.
- Laboratory has engaged for a major role on the establishing of GI-finger prints for 'Ceylon Tea' through the Pilot Project Titled - 'Geochemical Approach for the Verification of the Origin of Ceylon Tea' among the tripartite: Tea Board-Atomic Energy Board-Tea Research Institute.
- Laboratory has taken action in collaboration with Tea Promotion Division and started a project to monitor local market tea quality by drawing market samples from major city super markets and the progress is under review.
- Laboratory step-up with the Tea Taster-TTU and started a project to establish 'Crude Fiber' level of BM Fanning tea for compatibility of ISO 3720 standards, by collecting BMF samples from major instant tea manufacturers.

2.5.1 Performance of the Analytical Laboratory



Image 2.5: Laboratory Staff with the Director of Analytical Laboratory

Following is the summary of the tests conducted by the three operating units of the Analytical Laboratory in 2020, compared to the work done in the previous year.

Table 2.5.1 Summary of tests performed by the Analytical Laboratory

Name of test	No. of tests	
	2019	2020
Chemical Analysis Unit		
Determination of moisture in tea	286	280
Determination of total ash in tea	281	355
Determination of water soluble ash in tea	280	353
Determination of acid in-soluble ash in tea	280	355
Determination of water extract in tea	283	189
Determination of alkalinity of water soluble ash in tea	273	356
Determination of Crude Fiber in tea	288	420
Basic Radiation Determination tests	187	150
Other Tests (Added Color, Gel, Liquor, Taint, flavour ,Chemical Identification)	5	-
Grade identification tests/ Sieve Analysis	31	27
Activities on validation, verification of test methods in Chemical unit	21	7
Microbiological Analysis Unit		
Determination of Total Plate Count	560	171
Determination of Yeast and Mould Count	563	579
Microscopical examination for dead or live insects and other Impurities/foreign matter in tea	37	28
Determination of Genetically Modified Organisms (GMO) in tea	760	280
Detection and Enumeration of Faecal Coliforms & <i>Escherichia coli</i> (<i>E.coli</i>)	562	544
Detection and Enumeration of Total Coliforms	564	544
Activities on validation, verification of test methods in Microbiology unit	28	4
Pesticide Residue Analysis Unit		
Ethion	385	*
Malathion	385	*
Cypermethrin	385	*
β Endosulfan	385	*
Bifenthrin	385	*
Bromopropylate	385	*
Tetradifon	385	*
Endo Sulphan sulphate	385	*
Sugar Analysis using HPLC RI Detector	376	5085
Activities on validation, verification of test methods in Pesticide unit	-	3
Total	8745	9240

Source : Sri Lanka Tea Board

*Denoted that the sudden breakdown of the high tech instrument in the Pesticide Residues Analysis unit, resulted to the reduced number of tests during the year 2020.

2.5.2 Involvement of the Analytical Laboratory in facilitation to the tea industry

For the review year, Analytical Laboratory has been identified 1411 numbers of tea samples out of 9240 of the total received as below the ISO 3720 & ISO 11287 minimum quality standards. The numbers of rejected tea lots under the above category, considered for three testing disciplines are summarized below.

Table 2.5.2 Performance of the Analytical Laboratory

Analysis Unit	No. of samples below the minimum quality standard
Microbiology	754
Chemical	348
Sugar/ Pesticide residual	309

Source : Sri Lanka Tea Board

2.5.2.1 Performance of the Pesticide Residues Analysis Unit

At the year ending 2020, total no. of 5,085 tests had been performed for sugar analysis which of tea samples drawn from randomly selected at tea factories & tea auctions by deploying the sampling staff (TT's) attached to Tea Commissioner's division. Out of the total tests performed in the pesticide residues analysis unit, there are 309 samples that have been identified as inferior quality tea as per the set standards for sugars, as described below.

Table 2.5.3 Performance of the Pesticide Analysis Unit

Type of pesticide test	Below the minimum quality
Fructose	48
Glucose	94
Sucrose	167

Source : Sri Lanka Tea Board

Further to that, the pesticide laboratory had participated two inter-laboratory comparisons (ILCs) for sugars (in terms of glucose, fructose and sucrose) using an in-house developed test method in collaboration with Tea Research Institute (TRI), Industrial Technology Institute (ITI) & SGS Lanka (PVT) Limited. The other Inter-laboratory comparison (ILC) was performed with 'Eurofins GmbH' lab (Germany) and SGS Lanka (Pvt) Limited lab during the Year 2020.

2.5.2.2 Performance of the Microbiology Analysis Unit

Here in below, 754 tea samples of the total 1866 received have identified as below the required standards or not suitable for human consumption, which of those samples received through the internal monitoring service. The lots belonging to those samples are been proceeded to denature and removed from the system by applying the Tea Board regulatory action convinced by the Tea Commissioner.

Table 2.5.4 Performance of the Microbiology Analysis Unit

Type of microbiology test	Below the minimum quality Standard/ Guideline
Total Plate Count	118
Yeast and Mould	372
Coliform	247
E-coli	17

Source : Sri Lanka Tea Board

2.5.2.3 Performance of the Chemical Analysis Unit

The details of test parameters confined to the samples forwarded to the laboratory by the Tea Commissioner, of which were suspected and confirmed then destroyed due to the unsatisfactory conditions considered for minimum quality standards for tea, are summarized below.

Table 2.5.6: Performance of the Chemical Analysis Unit

Type of chemical test	Below the minimum quality Standard/Guideline
Crude fiber content	256
Alkalinity content	20
Water extract	1
Siliceous matter-acid insoluble	4
Total ash	3
Water soluble ash	1
Moisture	63

Source : Sri Lanka Tea Board

2.5.2.4 Performance of the Quality Inspection Unit

The Quality Management officer has involved and assist for the Tea Export Section to attend 78 official site sampling/ re-samplings as requested by the Tea Commissioner or the Deputy Tea Commissioner (Exports) during the intervening year 2020. Tea Board has an established procedure for scientific sampling implemented by the Laboratory for special investigation since the accuracy of all lab test results are rely on the representation and the correctness of the drawn tea sample.

2.5.3 Status of Laboratory and its upgrading program

- The Analytical laboratory of Sri Lanka Tea Board was re-evaluated for accreditation under 2017 standards and accredited. The scope of accreditation for chemical and microbiological testing was successfully qualified for its transition from ISO 17025:2005 old version to ISO/IEC 17025:2017 new version with effect from 16/09/2020, a great achievement of the Analytical laboratory
- To maintain the laboratory accreditations status, it is required to maintain the accuracy of test results by using up-to-date calibrated scientific equipment which used for the chemical, pesticide and microbiological testing labs, then took actions to get equipment calibration during the 1st Quarter, 2020. There are more than 500 Nos. of different chemicals; standards and consumables stocks have to be maintained by the three sections of the Analytical Laboratory for performed testing on routing basis. Then work towards to introduce 'e-inventory control system'.
- Action taken to furnish the laboratory with modernized equipment aiming to provide better services for the Sri Lanka tea industry using the approved budget 2020.
- On request of the Tea Board, the Department of Management Services had granted to creation of four positions of Assistant Directors in Quality, Chemical, and Pesticide & Microbiological for the Laboratory.

2.6 Administration Division

Administration Division of SLTB is responsible for formulation, implementation, monitoring and evaluation of all Human Resources Management and Human Resources Development activities, Legal activities implementing and maintaining of Information Technology services, coordinating and facilitating of Planning, Monitoring & Evaluation activities of the Board, dissemination of Statistical information, Managing and Maintenance of SLTB Library, Procurement activities, Security and Transport activities of the Board.

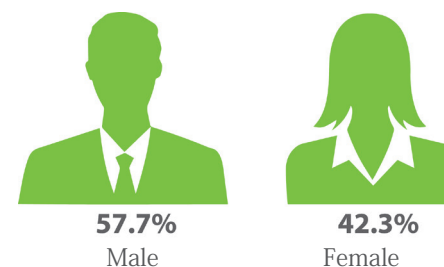
2.6.1. Staff Strength

Table 2.6.1: Current Staff Strength of SLTB

Category	No of Staff		Total
	Male	Female	
Senior Level	4	2	6(2.2%)
Tertiary Level	35	19	54(20.1%)
Secondary level	54	90	144(53.8%)
Primary Level	59	5	64(23.9%)
Total	152(56.7%)	116(43.3%)	268(100%)

Source : Sri Lanka Tea Board

Chart 2.6.1. Gender Distribution of Staff



Among above , 15 staff members ended their service at SLTB in 2020 due to retirements and resignations. Among them 15 members were retirements and 3 staff members terminated service by submitting resignations.

2.6.2. Training Programs

Foreign Training Programmes and Local Team Building activities budgeted for the current year could not be organized due to the pandemic situation prevailed in the country and globally. But few members participated for local training programs and most of them conducted as virtual trainings.

Table 2.6.2: Local Training programs by employee category

Category	No of Employees Trained
Senior Level	02
Tertiary Level	08
Secondary Level	14
Primary Level	03
Total	27

Source : Sri Lanka Tea Board

2.7 Internal Audit Unit

Purpose of the Internal Audit unit is to enable the internal audit functions effectively and efficiently to allocate its Financial, Administrative and Human Resources to meet the expectations of the key stakeholders such as Government of Sri Lanka, Tea Factory Owners, Tea Traders, Tea Estate Owners, tea sector workers and publics in Sri Lanka. Internal Audit unit also helps Tea Board to accomplish its objectives by bringing a systematic disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

Due to the pandemic situation Audit Committee met one time during the year under review and respective Heads of Divisions / Offices attended the meetings of the Committee by invitation on need basis. Recommendations were made to the Board of Directors along with the Minutes & followed-up to ensure that appropriate corrective action is taken.

2.8 Information Technology Unit

In 2020 IT Division started and carried out many projects such as completion of the development of the Tea System , POS system and deployed the Disaster Recovery solution at Nuwara Eliya regional office.

2.8.1. Tea Value Chain System

The management of the board would have access to the most accurate and up-to-date information on the value chain enabling them to make the right decision to steer the board in the right direction. Though the project got stuck, due to COVID 19, most of the requirement gathering sessions have been conducted via Online. The project is at the latter stage of finalizing the requirement Analysis and planning to sign off by 2022.

2.8.2. Renovation of official SLTB website - www.srilankateaboard.lk

To aware the industry heritage and offered services of the organization, we are in the process of revamping the official website with new features including search engine optimization, user friendliness, responsiveness, mobile compatibility, good formatting, effective navigation and fast load times. Due to the pandemic situation , the project has been dragged and currently it's in the development stage. SLTB is planning to complete development of the project by the end of the year 2021

2.8.3. Achievements in 2020

Sri Lanka Tea Board has won the Bronze Award at Best Web 2020 on Government Sector which was organized by LK Domain Registry . It was a historical moment as this is the first time SLTB has won this type of award in a competition for the Official website. LK Domain Registry has conducted the BestWeb.lk competition annually since 2009 and this is the tenth time it is being conducted. Today, an organization needs an attractive and effective website as its front door. BestWeb.lk is a web-based competition providing an exclusive opportunity to promote and popularize web presence in Sri Lanka.



3.0 Industry Profile

No doubt year 2020 added to the history of Ceylon tea, emerging as the most challenging year. The year dawned with the unprecedented challenge of covid-19 Outbreak. This pandemic situation impacted the Sri Lankan economy profoundly and the tea sector had also been vulnerable to this pandemic. Throughout the year travel ban and curfew was imposed time to time by the government to mitigate the outbreak. Though it has negatively affected the Sri Lankan economy, the tea industry was able to manage many drawbacks successfully. The annual tea production recorded during the year 2020 was 278.9 Mn Kg, vis-a-vis 300.12 Mn kg of the corresponding period, recording a 21.3Mn kg decrease (7%). Total Production of High grown was 62 Mn kg for January to December 2020 while it has recorded 1% decrease vis-a-vis 63Mn kg from January to December 2019. Medium grown production of 46.7Mn Kg shows 1% decrease of 0.4Mn Kg when compared to the 47.17 Mn Kg during the year 2019. The total production of Low grown was also 170 Mn kg and recorded 11% decrease when compared with previous year figure of 190 Mn Kg.

Orthodox was the major component of the Ceylon tea which has been recorded 253 Mn Kg during the year 2020 and it was recorded as 274 Mn Kg during the corresponding period of 2019. However it has recorded 8% decrease when compared to 2019. Also Cumulative CTC Production for the year 2020 showed a slight increase of 2% while it was recorded as 24 Mn kgs in review year. However green tea production represented 23 % decrease producing 2 Mn Kg in 2020 and 2.6 Mn Kg in 2019.

The year 2020 was not good in all times due to covid 19 changing the world in many ways. Unexpectedly pandemic affected the human activities and it was a death blow to the economy. However Ceylon Tea performed well in some aspects despite the gloom and doom of tea. One of the major achievements of Ceylon tea during the pandemic situation was changing the world famous outcry auctioning system to a digital platform to hold overnight virtually. The live tea auction was held for more than 125 years and is no longer available in Ceylon tea sales.

This harrowing pandemic affected over 80 million people involved in the tea industry all over the world during the year. Almost all the tea growers, producers and providers of livelihoods are the severely affected groups during this pandemic. Most of the countries began to lock down their countries to stop the outbreak of covid19 and Sri Lanka also took the decision to lock down the whole country by mid-march of 2020 while essential services and industries were going on. However first quarter of year 2020 recorded a production decline by 27% when compared to corresponding period of 2019 and it leads to a lower production during the second & third quarter too. Nevertheless fourth quarter of the review year produced 77.4 Mn kg compared to 67.1 Mn Kg produced during the corresponding period in 2019. It showed 15% increase during the fourth quarter of 2020 when compared to 2019.

In view of the negative features and other global market trends confronted the cumulative Colombo tea auction average prices has increased US\$ 3.39 per Kilo as against US\$ 3.07 per kilo during the previous year. Consequently, the Colombo tea auction price showed a nominal decrease from Rs. 545.02 to Rs.628.21 in comparison to 2019.

A total of 265,569 MT of tea was exported from Sri Lanka during the year generating revenue of LKR 230.17 billion (US\$ 1.2billion) (Including Re exports). The average FOB price reached LKR 866.70(US\$ 4.67) per Kg. The total export volume (with Re ex) recorded a decrease of 27,087MT during the review year while exports earnings reduce 10%.

3.1 Distribution of Tea Lands

The Total Extent of cultivation in Sri Lanka is 202,540(provisional) ha at present. The breakdown of tea lands along with their management criteria is Private (60%), and State sector (40%). Tea cultivation is distributed within few districts in the country mainly in wet zone areas due to the suitable climate conditions for tea cultivation.

3.2 Tea Production

Sri Lanka national tea production declined to a 278.8 Mn Kg from 300.1 Mn Kg during the year 2020. However it recorded 21mn Kg deficit (7 % decline) when compared to 2019.

Sri Lanka produces tea cultivation in variety of elevations, with the bulk being low grown tea. Tea is cultivated in elevations ranging from sea level to 600 meters, and essentially has a stronger flavor and color. High grown tea is cultivated in altitudes of over 1,200 meters and is generally regarded as being of superior quality, with a unique taste and aroma.



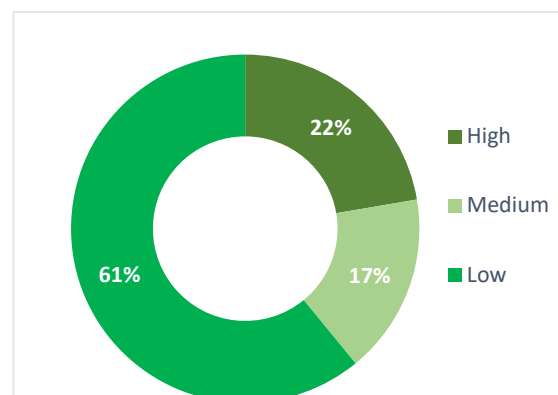
As such, higher income levels and the resultant rise in demand have pushed up for the low-grown tea in recent times and Tea production in Low Elevation contributed more than two third (61%) of national tea production whilst high and medium accounted for 22% and 17 % respectively.

Table 3.1 : Tea production by Elevation

Elevation	Qty Kg
High	62,242,494
Medium	46,732,256
Low	169,877,015
Total	278,851,765

Source: Sri Lanka Tea Board

3.1 Chart: Elevation wise total tea production(%)

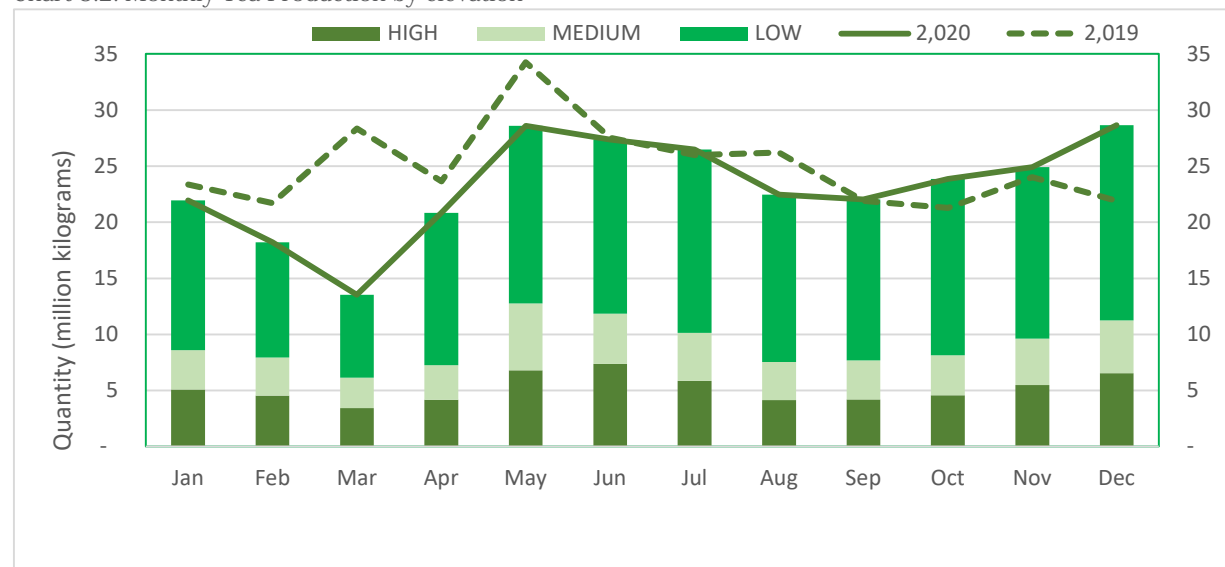


Source : Sri Lanka Tea Board

3.2.1. Monthly Tea Production

Throughout the year low grown production provided a major contribution to the national tea production for every months of the year. This year highest monthly tea production recorded in December and May while lowest recorded In March. However highest quantity recorded in the review year was 29 Mn Kg and lowest was 14 Mn kg. Unfortunately the year began with the covid 19 outbreak and In the middle of the March country was locked down for a few months. Under this circumstances March tea production declined at once due to it took sometimes to adjust according to the health guidelines released by the government. However it was able to do the rest of the months normalized and as a result of all the above reasons cumulative tea production decreased by 7%.

Chart 3.2: Monthly Tea Production by elevation



Source : Sri Lanka Tea Board

3.2.2. Agro Climatic District wise Analysis

Rathnapura and Galle continued to be at the top of the list of agro district-wise tea production with 48Mn.kg. and 37 Mn.kg respectively. As a whole Uva agro region reflected an increase when compared to 2019 and as well all Sub districts under the low grown has recorded a decrease. Overall low grown has produced 156.7Mn Kg in the review year while it was 176.9Mn kg in 2019.

Table 3.2 :Agro Climatic District wise Tea production

Agro Climatic District	2020 (Kg.)	* 2019(Kg.)	Change (Kg.)	%
Nuwara Eliya	2,858,604	3,224,893	(366,289)	(11)
Western				
Ramboda	1,832,914	1,835,212	(2,298)	(0)
Pundaluoya	3,564,815	3,757,804	(192,989)	(5)
Agarapathana	4,536,186	5,502,557	(966,370)	(18)
Nanuoya/Lindula/Talawak	8,062,390	9,014,602	(952,213)	(11)
Patana/Kotagala	4,475,252	3,820,764	654,489	17
Hatton/Dickoya	7,844,983	7,353,296	491,688	7
Bogawantalawa	5,612,580	5,729,970	(117,391)	(2)
Upcot/Maskeliya	5,049,048	5,792,133	(743,085)	(13)
Total -Western	40,978,167	42,806,337	(1,828,171)	(4)
Medium				
Watawala/Ginigat/Notron	2,163,883	1,602,682	561,201	35
Pussellawa/Hewaheta	6,005,389	6,136,278	(130,890)	(2)
Kotmale	876,354	821,148	55,207	7
Campola/Nawalapitiya/Do	17,718,123	18,609,887	(891,764)	(5)
Nilambe/Hantane/Galaha	1,447,513	1,582,180	(134,667)	(9)
Kadugannawa	4,642,927	5,851,934	(1,209,008)	(21)
Madulkelle/Knuckles/Ran	3,383,210	3,698,221	(315,011)	(9)
Hunasgiriya/Matale/Yakde	1,386,413	1,034,738	351,674	34
Balangoda/Rakwana	8,027,660	7,764,480	263,181	3
Total -Medium	45,651,470	47,101,548	(1,450,077)	(3)
Uda Pussellawa				
Udapussellawa/Halgranoy	3,944,295	3,493,639	450,656	13
Maturata	935,085	1,851,921	(916,836)	(50)
Total-Uda Pussellawa	4,879,380	5,345,560	(466,180)	(9)
UVAS				
Koslanda/Haldumulla	817,742	716,941	100,801	14
Haputale	3,598,688	2,950,758	647,930	22
Bandarawela/Poonagalla	2,520,658	2,691,370	(170,713)	(6)
Malwatte/Welimada	2,858,823	3,085,071	(226,248)	(7)
Demodara/Haliella/Badull	9,543,215	8,605,150	938,064	11
Ella / Namunukula	1,737,631	1,461,490	276,141	19
Passara/Lunugalla	3,011,099	2,601,666	409,433	16
Madulsima	3,657,828	2,607,817	1,050,011	40
Total-Uvas	27,745,683	24,720,262	3,025,421	12
Low Grown				
Deniyaya	12,942,346	14,338,749	(1,396,402)	(10)
Galle	37,496,469	43,786,962	(6,290,493)	(14)
Kalutara	18,444,550	22,485,555	(4,041,005)	(18)
Kegalle	6,439,832	7,037,251	(597,419)	(8)
Kelani Velli	7,310,799	7,874,180	(563,381)	(7)
Kandy/Matale/Kurunegala	3,829,102	4,115,010	(285,908)	(7)
Matara	11,941,807	15,016,653	(3,074,845)	(20)
Morawake	5,620,667	6,062,701	(442,034)	(7)
Ratnapura	47,734,905	51,055,836	(3,320,931)	(7)
Balangoda	4,977,985	5,149,175	(171,191)	(3)
Total Low Grown	156,738,462	176,922,070	(20,183,608)	(11)
Total	278,851,765	300,120,670	(21,268,904)	(7)

*Revised : Source : Sri Lanka Tea Board

3.2.3 District wise Tea Production

During the year under review, it is evident that major high grown production reported from the Nuwara Eliya district and the highest low grown production reported from the Ratnapura district. Both districts contributed to the national tea production by 16% & 22% respectively. Also Rathnapura District recorded the highest production in all three elevations while Hambantota reported the lowest production in all three elevations

Table 3.3: District wise Tea Production (in Kgs)

Administrative District	High	Medium	Low	Total
	Qty Kg	Qty Kg	Qty Kg	Qty Kg
Badulla	16,761,796	11,360,549	-	28,122,345
Colombo	-	-	1,049,512	1,049,512
Galle	-	-	37,256,583	37,256,583
Hambantota	-	-	125,973	125,973
Kalutara	-	-	17,466,761	17,466,761
Kandy	733,818	19,789,096	10,486,181	31,009,095
Kegalle	-	244,929	9,282,363	9,527,292
Matale	-	1,681,986	315,197	1,997,183
Matara	-	67,827	30,976,390	31,044,216
Monaragala	-	-	-	-
Nuwara Eliya	44,590,574	11,393,365	945,188	56,929,126
Ratnapura	156,307	2,194,505	61,972,868	64,323,680
Total	62,242,494	46,732,256	169,877,015	278,851,765

Source : Sri Lanka Tea Board

3.2.4 Production Analysis by Green Leaf Collection Method

The total tea production of a factory comprised with the green tea leaf collected from their own estates or other estates as well the leaf bought from the other suppliers. The following table illustrates the district wise leaf collection methods that contributed for total production for year 2020. Below calculation indicates the green leaf production that we received by multiplying the made tea production in to 4.65 Kg, that we use as a standard formula in the tea industry.

Table 3.4: District wise Green Leaf Production (in Kgs)

Administrative District	High Qty Kg	Medium Qty Kg	Low Qty Kg	Total Qty Kg
Badulla	77,942,350	52,826,552	-	130,768,902
Colombo	-	-	4,880,231	4,880,231
Galle	-	-	173,243,109	173,243,109
Hambantota	-	-	585,774	585,774
Kalutara	-	-	81,220,440	81,220,440
Kandy	3,412,254	92,019,297	48,760,742	144,192,293
Kegalle	-	1,138,920	43,162,988	44,301,908
Matale	-	7,821,234	1,465,666	9,286,900
Matara	-	315,393	144,040,212	144,355,605
Monaragala	-	-	-	-
Nuwara Eliya	207,346,168	52,979,147	4,395,122	264,720,437
Ratnapura	726,828	10,204,446	288,173,837	299,105,111
Total	289,427,599	217,304,990	789,928,121	1,296,660,709

Source : Sri Lanka Tea Board

3.2.5 Production Analysis by Processing Method

3.2.5.1 Black Tea and Green Tea Production

In 2020 the Orthodox Tea production recorded a decrease of 8% & CTC recorded an increase of 2% respectively. During the year under review, overall Black tea production has decreased by 21Mn.Kg (7%). Meanwhile Green tea production showed 23% decrease when comparison to previous year.

3.2.5.2 Instant Tea and Bio Tea Production

In comparison to year 2019 Instant tea & BIO tea showed a decrease of its production by 1,289MT and Bio tea reflected a decrease of its production by 21MT in 2020. Especially 99% of Instant tea is recorded from tea factories in high elevation.

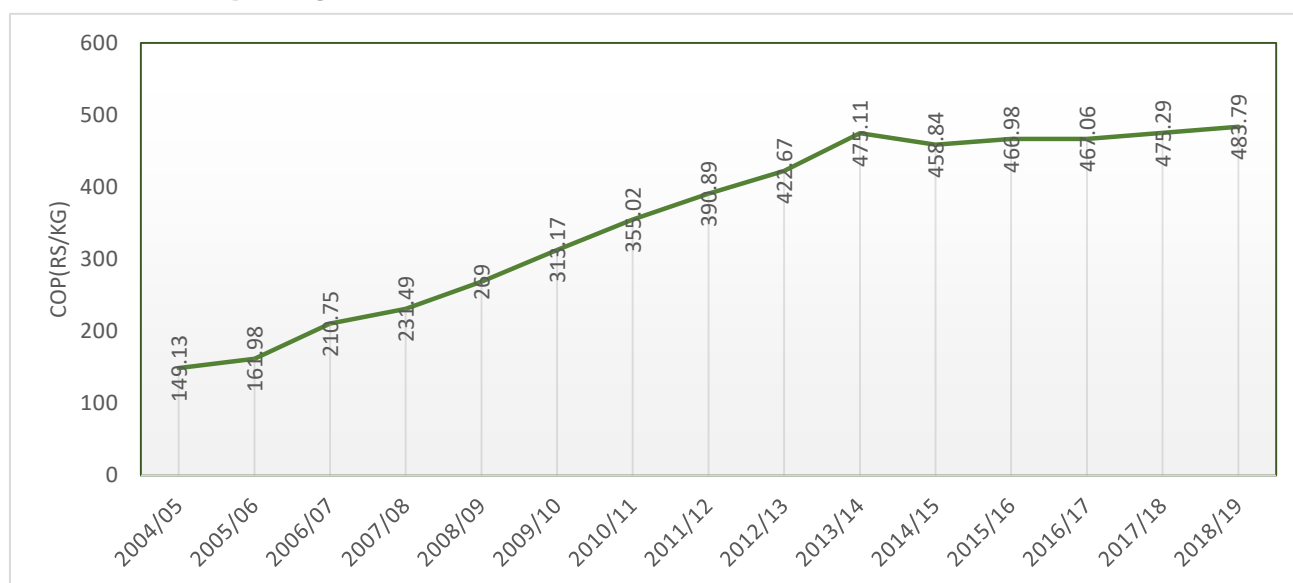
3.2.6 Cost of Production of Made Tea

Productivity and cost of production (COP) are inter-related and increasing cost of production continues to be a worrying phenomenon in the plantations sector. Labor productivity in tea has a greater relationship with COP as tea production system needs larger quantity of labor. Sri Lanka has highest COP among major tea producing countries. This has affected the country's competitiveness in the global arena.

The cost of production per kilogram of made tea has rapidly increased during the last decade. Increase in labor cost and higher prices of inputs had specially affected the production cost. The annual cost of tea production, compiled by the Department of Census and Statistics for 2019/2020, was Rs.492.48 per Kg which is an increase of 1.8% against 2018/19.

Note: It was unable to collect information for COP questionnaires due to prevailing situation of covid 19 pandemic. Therefore the COP for 2019/2020 represented as an estimated figure.

Chart 3.3: Total cost per kilogram of made tea



Source: Census & Statistics Department

3.3 Tea Sales

Sri Lanka tea industry was able to maintain the local tea sales prices at a good rate in year 2020. The National average of Rs.628.21 per kg in 2020 showed an increase of Rs.83 compared to Rs.545.02 per kg in 2019. The monthly tea prices prevailed during the year 2020 was in between Rs.580 and Rs.700 per kg. All elevation has recorded a significant growth when comparison with previous year. It is important to mention that low grown has recorded the highest price of Rs.666 per kg among all three elevations.

Annual sales quantity of 268.2 Mn. kg of tea was sold in 2020 against 301.9 Mn.kg in 2019 which was recorded 34 Mnkkg decline (11%) for the review year including Public, Private and Direct sales.

3.3.1 Mode of Sales

Public auction is the main mode of sales of tea manufactured in factories. A quantity of 261.7 Mn.Kg was sold under the Colombo Tea Auction in 2020. Private sales accounted for 5 Mn.Kg and the rest about 1.5Mn kg sold through direct sales.

3.3.2. The Colombo Tea Auction

The Colombo Tea Auction conducted by Ceylon Chamber of Commerce under Colombo Tea Traders Association and during the 2020 they were handled 51 auctions. The public auction recorded a decrease of 32Mn.Kg (11%) while average price reported Rs.85 per Kg increase at the Colombo Tea Auction during 2020.

3.3.3. Elevation-wise Sales

In all three elevations, unit prices fetched are increase when compared to last year, however quantity has a negative growth.

Elevation	Quantity (Mn.kg.)			
	2019	2020	Change	%
High	59.97	56.46	(3.51)	(5.85)
Medium	52.14	47.56	(4.58)	(8.78)
Low	189.81	164.21	(25.60)	(13.49)
Total Sales Q	301.92	268.24	(33.68)	(11.16)
Unit Price (Rs./Kg.)				
High	509.4	580.90	71.50	14.04
Medium	470.96	554.28	83.32	17.69
Low	576.62	665.88	89.26	15.48
Total Sales P	545.02	628.21	83.19	15.26

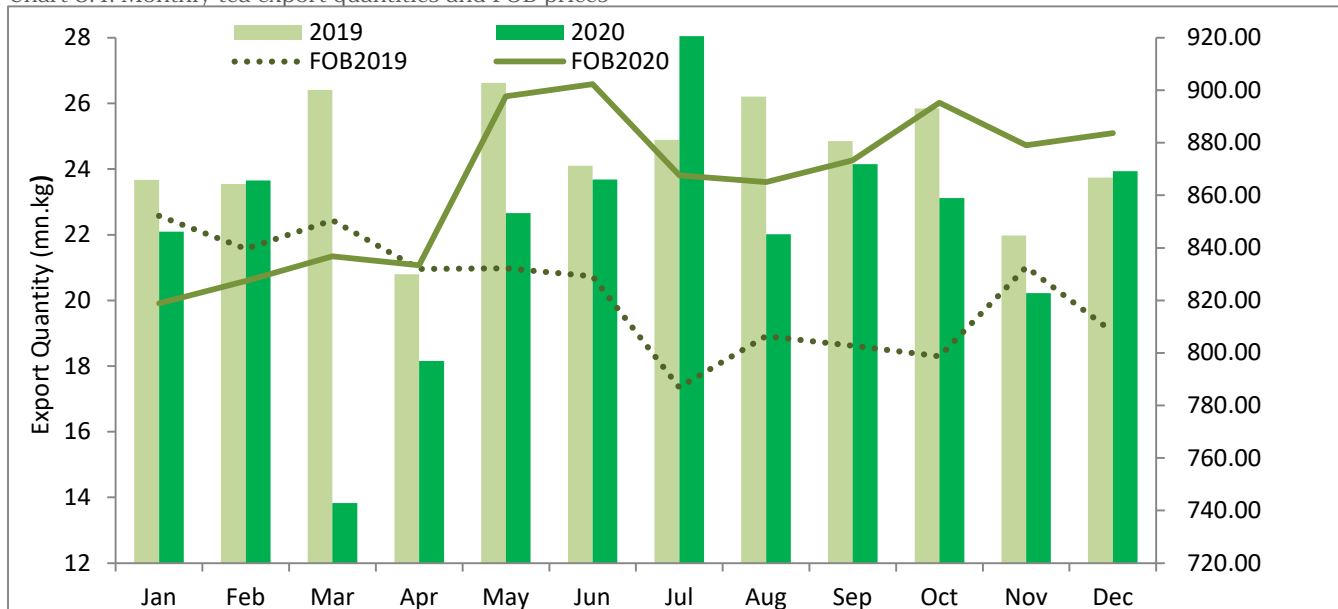
Source : Sale report-All sale Elevation wise-SLTB

3.4 Tea Export

Tea exports (with Re exports) totaled for the review year 265.6 Mn kg recording a degrowth of 27 Mn Kg vis-à-vis 292.7 Mn Kg recorded for the year 2019 whilst earnings of Rs 230.2 Bn recorded a loss of Rs. 10 Bn vis-à-vis Rs.240.6 Bn of January to December 2019. The average annual unit FOB price was Rs.866.70 per kilogram in 2020 and comparatively it was recorded as Rs 822.25 per kilograms in previous year by reflecting an increase of Rs 44. In world tea market Sri Lanka became as third tea export country in volume and enduring as third earner in value term which could remarked the blooming tea potential as premium -quality tea from Ceylon in the global tea market.

Intense competition from rivals has adversely affected to the nation's competitive position and this has been exacerbated by the higher production cost of tea and poor yield in Sri Lanka. Meanwhile, the country's continues dependency on orthodox tea as opposed to CTC teas could further erode its market share among global consumers' rapidly changing preferences.

Chart 3.4: Monthly tea export quantities and FOB prices



Source: Sri Lanka Customs

3.4.1. Annual Tea Exports -2020

Table 3.6: Monthly Total tea exports 2020- Volume & Unit Value

Package	End December 2020		
	Qty (Kg)	Value (Rs)	FOB (Rs/Kg)
Exports			
Black			
Bags	18,327,423	27,369,531,704	1,493.36
Bulk	116,960,915	88,079,515,543	753.07
Packets (1Kg-3Kg)	1,017,975	752,398,948	739.11
Packets (3Kg-5Kg)	18,296,831	14,471,722,027	790.94
Packets (4g-1Kg)	69,872,720	62,208,072,325	890.31
Packets (5Kg-10Kg)	27,301,825	17,741,677,418	649.83
Black Total	251,777,689	210,622,917,965	836.54
Green			
Bags	752,051	2,244,893,392	2,985.03
Bulk	358,143	425,770,040	1,188.83
Packets (1Kg-3Kg)	3,395	5,857,434	1,725.16
Packets (3Kg-5Kg)	5,674	12,359,438	2,178.26
Packets (4g-1Kg)	847,413	1,379,710,035	1,628.14
Packets (5Kg-10Kg)	20,307	39,335,283	1,937.01
Green Total	1,986,984	4,107,925,622	2,067.42
Instant			
Bags	-	-	-
Packets (>3Kg)	2,810,033	4,065,717,121	1,446.86
Packets (4g-1Kg)	500	775,924	1,551.85
Instant Total	2,810,533	4,066,493,045	1,446.88
Re Exports			
Re Export	8,994,167	11,372,582,174	1,264.44
Black			
Bags	3,845,312	4,471,520,029	1,162.85
Bulk	1,289,680	875,459,151	678.82
Packets (1Kg-3Kg)	80	662,173	8,244.19
Packets (3Kg-5Kg)	46,181	125,766,527	2,723.36
Packets (4g-1Kg)	1,586,820	1,500,140,903	945.38
Packets (5Kg-10Kg)	54,099	73,082,603	1,350.90
Black Total	6,822,172	7,046,631,386	1,032.90
Green			
Bags	1,058,091	3,020,833,943	2,854.99
Bulk	224,204	173,995,261	776.06
Packets (1Kg-3Kg)	3,784	4,798,516	1,268.19
Packets (3Kg-5Kg)	53	27,651	518.78
Packets (4g-1Kg)	818,251	1,044,103,045	1,276.02
Packets (5Kg-10Kg)	35,006	41,754,316	1,192.78
Green Total	2,139,389	4,285,512,732	2,003.15
Instant			
Bags	158	308,556	1,952.89
Packets (>3Kg)	32,448	40,129,500	1,236.74
Instant Total	32,606	40,438,056	1,240.21
Grand Total	265,569,374	230,169,918,806	866.70
RTD	1,809	4,292,047	2,371.97

Source : Sri Lanka Customs

3.4.2 Tea Export analysis according to Categories

In general, preferences for tea vary substantially, depending on the origin and quality of the leaves. For instance, Middle Eastern and CIS countries demand for low-grown, orthodox, strongly flavored tea produced primarily in Sri Lanka.

In 2020, Total tea exports including re-exports in different categories of Black, Green & Instant showed a decrease its both volume and value. Usually black tea export percentage remains approx. 97% every year and green tea percentage is around 2% while instant remains at approx. 1%.

Total export volume showed 9% decrease with 27 Mn.Kg quantity change. Both exports and re-exports separately showed decrease of its volume and value. Furthermore Exports & re exports quantities decrease by 9% & 8% respectively while its values decrease from 4% & 11% respectively. However, cumulative exports earnings were ended up with US\$ 1,240 Million in 2020 relating to the US\$ 1,346 Million in 2019 and accomplished a 8% decrease.

3.4.3. Value added Tea Exports

The global preferences are rapidly changing into value added tea categories where Sri Lanka should adopt to these market changes in order to maintain its traditional market position in the globe. Exports of value added teas that is volume less than 3kg in form of tea packets, tea bags and instant teas recorded a share of 38% of the total export volume for year 2020 and it generated Rs.108 Bn export income remarking the value share as 47%.

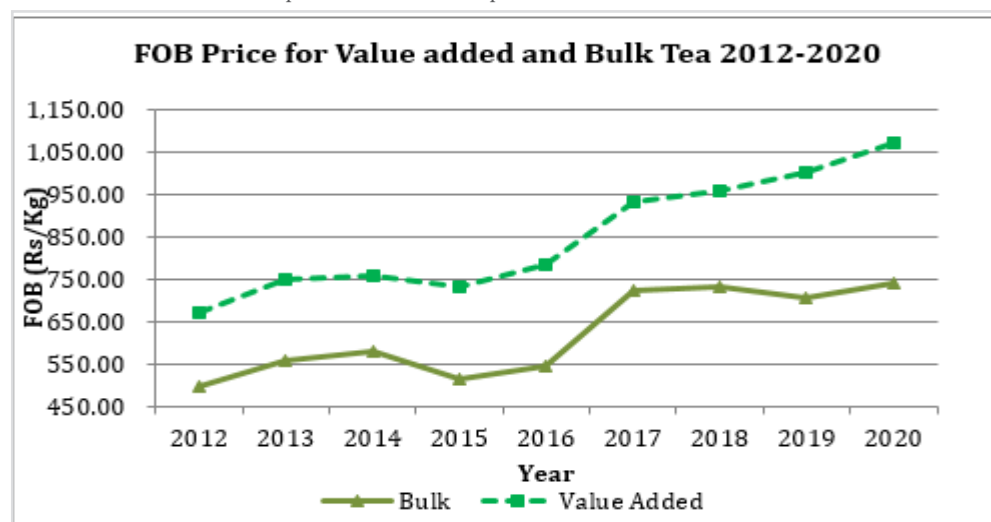
Table 3.7: Annual Value Added tea exports – 2020

Export type		Quantity(Kg)	Value(Rs)	FOB(Rs/Kg)
Export	Black	89,218,119	90,330,002,977	1,012.46
	Green	1,602,860	3,630,460,861	2,264.99
	Instant	2,810,533	4,066,493,045	1,446.88
Sub Total		93,631,512	98,026,956,883	1,046.94
ReExport	Black	5,432,212	5,972,323,105	1,099.43
	Green	1,880,125	4,069,735,504	2,164.61
	Instant	32,606	40,438,056	1,240.21
Sub Total		7,344,943	10,082,496,665	1,372.71
Total		100,976,455	108,109,453,548	1,070.64

Source: Sri Lanka Customs

FOB price for Bulk and Value added teas are shown in the below graph. Fob price for the value added tea is higher than Bulk tea prices. Further promotions on value added tea exports will positively contributed to the Sri Lankan economy than bulk tea exports. During the year under review, FOB prices for both value added and bulk tea have reflected an increase. Up to 3Kg export categories have been taken as value added tea.

Chart 3.5: Value added exports & bulk tea exports



Source: Sri Lanka Customs

3.4.4 Main Destinations of Sri Lanka Tea Exports

In the past UK, Pakistan, Egypt had relatively higher market share for Ceylon tea, but unfortunately they were not even in the first 25 exports destination at present. However Turkey regained the first place in 2020 among the main Sri Lankan tea export destinations by importing 14.6% of total Ceylon tea exports while recorded 0.5% decrease compare to 2019. Turkey was the largest export destination for Ceylon tea in 2017 too and had imported 13.09% of total tea exports. Iraq has come to the first place in 2018 surpassing the Turkey's position in 2017. However Turkey comes to the first place in 2019 by importing 39 Mn kg of Ceylon tea exports and maintained the Turkey's position in the first place once again in year 2020 too.

Russia retain as the first export destination for Ceylon tea up to 2013, but with the Turkey's demand for Ceylon tea and political and economic uncertainties caused Russia to become the second largest export destination in term of volume in 2014. Again Russia became the 1st exports destination in 2015 and retained the same position for the year 2016 too. However since 2017 to 2020 Russia has come to the third place of importing Ceylon tea and Iraq has gained the second position by surpassing the Russia's position of importing Ceylon tea.

Iraq was the second export destination with 13% export share in 2020 and it showed 13% decrease of export volume compared to 2019. The average FOB prices for Iran showed a high price among top ten countries in 2020 which was achieved Rs.915/= per kg. Meanwhile the top ten countries of Russia, China, Chile have increased their portion of Ceylon tea imports and Turkey, Iraq, Iran, Azerbaijan, Syria, UAE, Libya imported low portion in 2020 when comparison to 2019. However top 10 exports destination reported 8% decrease of Ceylon tea exports compare to 2019.

Table 3.8: Main Destinations of Sri Lankan Tea Exports 2020

Country	2020				2019				
	Rank	Quantity (kg)	FOB RS/Kg	Export share (%)	Rank	Quantity (kg)	FOB RS/Kg	Export share (%)	Growth (%)
Turkey	1	38,866,312	796.55	14.64	1	39,087,245	739	13.36	(0.57)
Iraq	2	33,377,320	575.54	12.57	2	38,408,064	520	13.12	(13.10)
Russia	3	29,608,373	825.16	11.15	3	29,068,027	821	9.93	1.86
Iran	4	15,127,067	914.63	5.70	4	22,263,830	811	7.61	(32.06)
China	5	14,123,418	754.71	5.32	6	11,870,397	756	4.06	18.98
Azerbaijan	6	10,303,102	909.69	3.88	7	11,721,185	808	4.01	(12.10)
Syria	7	9,536,804	879.75	3.59	8	10,985,901	888	3.75	(13.19)
Chile	8	9,419,055	714.04	3.55	12	7,231,265	631	2.47	30.25
UAE	9	8,670,346	804.95	3.26	9	9,901,241	723	3.38	(12.43)
Libya	10	7,806,247	692.20	2.94	5	12,329,315	661	4.21	(36.69)
Top 10 Total		176,838,044	768.87	66.59		192,866,470	720	65.90	(8.31)
Grand Total		265,569,374	866.70	100.00		292,657,282	822	100.00	(9.26)

Source : Sri Lanka Customs

Russia secured the third place in the list of main destinations of Ceylon Teas, while UAE retained its position in the ninth place with an export volume share of 3.26%. The Middle East is Sri Lanka's largest export destination as a region; demand has been expanding robustly due to strong oil prices. Top 10 pure Sri Lankan tea exporting destinations are accounted for 66% of the totality. As for earnings, Iran & Azerbaijan maintained significantly the higher FOBs with respect to the average unit FOB price attained. Furthermore total export revenue exceeded Rs. 230 Bn in 2020 recording a decrease of its earnings with compared to 2019. However, Sri Lankan bulk teas exports have now tilted towards the Middle East as a result of other regions are used to drink tea bags.



Table 3.9: Tea exports quantities and Ranking for top 20 countries by package type

Country	Qty kg							Rank						
	Bags	Bulk	Packets (>3kg)	Packets (1kg-3kg)	Packets (3kg-5kg)	Packets (4g-1kg)	Packets (5kg-10kg)	Bags	Bulk	Packets (>3kg)	Packets (1kg-3kg)	Packets (3kg-5kg)	Packets (4g-1kg)	Packets (5kg-10kg)
TURKEY	96,149	3,652,657	-	176,775	1,657,550	14,337,911	13,456,279	16	11	11	3	3	1	1
USA	12,995	9,168,337	-	25,136	9,225	399,303	5,512,070	19	5	11	7	14	15	2
CHILE	285,997	9,729,081	469	308,402	11,528,894	13,784,316	3,229,153	11	3	8	1	1	2	3
JORDAN	293,252	11,696,795	352,702	56,256	9,388	130,738	1,584,287	10	2	1	5	13	18	4
RUSSIA	285,320	5,678,863	9	4,834	39,993	1,541,597	1,119,730	12	7	10	8	8	11	5
JAPAN	716,911	4,557,582	11,595	-	48,500	47,951	228,986	8	8	5	12	7	20	6
CHINA	72,167	3,902,383	20,178	-	190,894	100,613	217,799	17	10	4	12	4	19	7
TAIWAN	697,199	562,572	-	94,500	4,442,145	3,528,054	212,335	9	17	11	4	2	5	8
UAE	218,246	3,295,285	-	-	1,300	945,883	96,020	13	12	11	12	15	12	9
SYRIA	161,601	4,091,124	124,925	26	10	2,013,173	40,289	14	9	2	11	16	9	10
IRAN	1,934,798	306,760	-	-	-	2,410,082	28,440	2	19	11	12	17	7	11
SAUDI ARABIA	860,987	24,016,245	-	747	11,615	4,701,816	16,964	7	1	11	10	11	4	12
GERMANY	1,029,829	2,610,337	27,218	926	14,336	2,016,318	8,380	5	14	3	9	10	8	13
IRAQ	1,258,461	1,140,004	-	-	-	572,526	7,310	4	16	11	12	17	14	14
LIBYA	1,004,751	324,147	2,291	-	-	1,559,563	5,400	6	18	6	12	17	10	15
UKRAINE	99,764	3,178,073	-	213,860	59,526	208,205	3,289	15	13	11	2	6	17	16
HONG KONG	1,970,449	1,745,200	120	35,290	141,655	2,910,012	1,501	1	15	9	6	5	6	17
POLAND	12,994	9,673,819	-	-	28,580	587,470	240	20	4	11	12	9	13	18
AZERBAIJAN	28,188	-	-	-	-	7,778,059	-	18	20	11	12	17	3	19
NETHERLAND (HOLLAND)	1,632,425	7,548,443	1,085	-	10,800	226,302	-	3	6	7	12	12	16	19

Source: Sri Lanka Customs



3.4.4.1 Exports of Black Tea

Black tea recorded 97% (259Mn.Kg) of total tea exports and contributed to the total exports revenue 95% (Rs.218Bn). Among the all black tea export destinations, Top twenty accounted 86% of volume and 83% by value. Russia remains as the prime Sri Lankan Black tea importer up to 2013 and in 2014 Turkey acquires the first place among highest import of Ceylon black tea. Then again Russia comes to the first place among prime Sri Lankan black tea imports (11.9%) in year 2015 by importing 35.74Mn.Kg. However In 2016 Iran comes to the 1st place by importing 33.90 Mn Kg (12%) of Black Tea. In 2017 Turkey comes to the first place among prime Sri Lankan black tea importers contributing volume share of 13.41%. In 2019 Turkey has come to the top of the black tea exporter list by importing Mn 39.05 Kg. Again Turkey imported 38.8 mn kilos black tea from Sri Lanka in the review year while its maintaining the first position of Ceylon black tea exporter list.

Table 3.10: Top 20 Black tea exports destination and market share 2020 (With Re ex)

Country	Quantity (Mn.kg)	Value (Rs.Bn)	FOB (Rs/kg)	Volume Share (%)	Value Share (%)	Qty Growth (%)
Turkey	38.83	30.91	796.02	15.01	14.20	(0.58)
Iraq	33.36	19.18	574.87	12.90	8.81	(13.08)
Russia	29.03	23.51	809.90	11.23	10.80	2.60
Iran	15.12	13.83	914.45	5.85	6.35	(32.05)
China	13.72	10.16	740.62	5.31	4.67	19.74
Azerbaijan	10.29	9.35	908.58	3.98	4.30	(12.17)
Syria	9.53	8.39	879.65	3.69	3.85	(13.20)
Chile	9.36	6.60	705.07	3.62	3.03	30.71
UAE	8.50	6.81	800.39	3.29	3.13	(9.82)
Libya	7.58	5.26	694.36	2.93	2.42	(38.05)
Saudi Arabia	6.59	8.27	1,254.79	2.55	3.80	(1.59)
Germany	6.24	5.80	930.00	2.41	2.67	(12.07)
Japan	5.60	5.59	999.18	2.16	2.57	(25.67)
USA	5.20	4.68	901.27	2.01	2.15	(18.87)
Jordan	4.66	4.67	1,002.22	1.80	2.15	(9.54)
Taiwan	4.39	3.48	792.00	1.70	1.60	(9.18)
Ukraine	4.14	3.88	935.71	1.60	1.78	(9.10)
Hong Kong	3.76	2.79	741.69	1.45	1.28	0.51
Poland	2.84	3.46	1,215.53	1.10	1.59	(14.75)
Netherlands (holand)	2.60	3.14	1,207.15	1.01	1.44	(14.65)
Top 20 Totals	221.34	179.75	812.08	85.59	82.58	(9.04)

Source : Sri Lanka Customs

First five black tea export destinations maintain their volume share in between 5% - 15%

3.4.4.2 Exports of Green Tea

Green tea encountered 2% (4.1Mn.Kg) of total tea exports and revenue contributed by 4% (Rs.8.4Bn) of its total revenue during the year 2020. Among the all green tea export destinations, Top twenty represented 82% of volume and 79% by value. Out of leading twenty importers of Green teas, Russia recorded a considerable volume of 0.6 Mn.kg while UK, Australia, Netherlands recorded high FOB prices for year 2020. Otherwise almost all the top 20 green tea exports destinations were recorded high FOB Prices while Libya recorded low Prices. However it recorded a degrowth of green tea exports contribution of the top 20 destination in the review year when compared to 2019.

Table 3.11: Top-Twenty Destinations of Green Tea 2020 Exports

County	Quantity ('Kg)	Value (Rs.Mn)	FOB (Rs/kg)	Volume Share (%)	Value Share (%)	Qty Growth (%) ('19Vs'20)
RUSSIA	579,853	921,349,174	1,588.94	14.05	10.98	(25.31)
USA	483,073	1,247,504,246	2,582.44	11.71	14.86	(15.70)
UKRAINE	414,345	563,234,866	1,359.34	10.04	6.71	4.77
NETHERLAND (HOLAND)	289,978	842,111,613	2,904.05	7.03	10.03	(0.57)
LIBYA	231,184	143,656,990	621.40	5.60	1.71	125.74
SAUDI ARABIA	213,010	421,575,591	1,979.13	5.16	5.02	41.00
UAE	167,137	173,343,056	1,037.13	4.05	2.07	(64.44)
POLAND	134,477	293,727,646	2,184.22	3.26	3.50	(13.73)
NIGERIA	104,091	236,408,947	2,271.17	2.52	2.82	18.14
FRANCE	101,327	275,279,620	2,716.76	2.46	3.28	(6.32)
TAIWAN	91,056	108,360,147	1,190.04	2.21	1.29	(11.07)
AUSTRALIA	88,462	273,246,885	3,088.87	2.14	3.26	(23.36)
UNITED KINGDOM	84,877	398,103,513	4,690.37	2.06	4.74	(24.99)
GERMANY	68,564	111,219,517	1,622.13	1.66	1.33	(21.21)
CHILE	59,711	125,430,995	2,100.65	1.45	1.49	(15.42)
BELARUS	57,106	85,009,165	1,488.61	1.38	1.01	(14.28)
CANADA	56,897	133,648,368	2,348.94	1.38	1.59	53.08
CHINA	51,137	111,242,507	2,175.38	1.24	1.33	(22.90)
UZBEKISTAN	46,475	60,999,467	1,312.53	1.13	0.73	(32.91)
NEW ZEALAND	42,098	115,438,284	2,742.12	1.02	1.38	(6.90)
Top 20 Totals	3,364,858	6,640,890,597	1,973.60	81.55	79.12	(13.40)

Source : Sri Lanka Customs

3.4.4.3 Exports of Instant Tea

Ireland is playing a vital role for Ceylon Instant tea market being leading instant tea importing country from Sri Lanka and responsible for an import volume 2.2Mn.Kg. (78%) of Instant tea. China, Germany, Pakistan & USA maintained later positions in the list of major instant tea exports destinations respectively. During the review year, total Instant tea exported 2.8Mn Kg and respective value recorded as Rs 4.1 Bn .

3.4.4.4 Exports of Ready to Drink (RTD) Teas

For 2020, Total RTD exports could carry Rs.4.3Mn of export revenue by exporting 1,809 liters of RTD teas. Maldives played a vital role in RTD market by importing 1,054 liters and it generated Rs.3.5 Mn. earnings to the country. Australia and India were other major markets for Ceylon RTD exports. However during last two years it was noticed that Sri Lankan RTD market was gradually declining.

3.5. Global Tea Industry Background

Tea is one of the most frequently consumed hot beverages in the world, second only to water. As a natural beverage it is popular among all the ethnic groups in the world and almost all the age groups too. Among the Sri Lanka's exports particularly tea has played a vital role in the National economy and Social Development from the inception of its illustrious history. The commodity based product has made inroads as a significant contributor of Sri Lanka's exports earnings, whilst this segment is also amongst the largest employers in the country.

Amongst tea producing countries, the principal producers are China, India, Kenya, Turkey & Sri Lanka. In the review year Sri Lanka has failed to position in the 4th place and Turkey has come to the forth surpassing the Sri Lanka's position. Meanwhile Vietnam dropped the fifth place in the main producing list. These five countries account for 85% of world production and 80% of global exports. While China was mainly instrumental for the surge in world tea crop, African Continent particularly Kenya also registered a bumper harvest. However considering the Sri Lankan scenario in the global tea industry, the year 2020 performed was moderate with key performance indicators of exports, production, Auction prices and revenue performances (exports) compared to the other tea producing members.

3.5.1. Global Tea Cultivation

Total extent planted with tea in the world was estimated to be more than 4.8 million hectares at the end of the year 2020.

Table 3.12: Highest Tea Extent Records

Country	2015(Ha)	2016(Ha)	2017(Ha)	2018(Ha)	2019(Ha)	2020(Ha)
China	2,810,000	2,920,000	3,059,000	2,985,800	3,065,500	3,165,130
India	566,660	577,480	590,000	636,560	636,560	636,560
Sri Lanka*	188,000	202,839	202,540	202,540	202,540	202,540
Kenya	209,426	218,538	232,742	234,300	269,430	269,430
Vietnam	125,000	134,000	134,000	130,000	130,000	130,000
Indonesia	119,361	118,100	116,500	115,300	114,300	113,500
Myanmar	79,000	80,000	80,000	81,000	81,400	81,400
Turkey	77,500	77,000	77,000	83,000	83,000	83,000
Bangladesh	53,500	59,000	59,000	59,300	61,000	65,429
Japan	39,300	43,100	42,400	41,600	40,600	39,100

Source: Annual ITC Bulletin of Statistics - 2021

*Estimated Area registered as Planted

According to the International Tea Committee (ITC), largest tea extent is found in China (62.08%) and they are rapidly expanding their tea extent annually. Tea area in Kenya also reached to a higher extent in 2015 to 2020. The top-ten countries of tea growing are bearing 94% of total tea extent.

3.5.2 Global Tea Consumption

Annual tea consumption and triennial average per capita tea consumption during the three years period of 2018-2020 reveal that the consumption was highest in China, recording 2,289 Mn.kg. Although the per capita consumption is low this was recorded as 1.64 kg. Turkey showed the highest per capita consumption 3.2 kg per head with 263.27 Mn kg of annual consumption. Libiya also showed a high per capita consumption recording a 2.64 kg per head.

Table 3.13: Country-wise Tea Consumption Statistics

Country	2016-18		2017-19		2018-20	
	Total	p hd	Total	p hd	Total	p hd
Libya	17.07	2.80	17.83	3.02	15.33	2.64
Afghanistan	38.77	1.37	30.77	1.02	27.87	0.91
Turkey	251.00	3.09	252.30	3.04	263.27	3.20
United Kingdom (a)	107.81	1.62	106.77	1.59	107.60	1.61
Morocco	70.95	2.04	73.05	2.07	74.23	2.09
Ireland Republic	8.66	1.79	9.76	2.00	10.38	2.10
Taiwan	36.14	1.29	36.67	1.31	36.55	1.30
Qatar	4.00	1.45	4.19	1.51	4.28	1.53
Sri Lanka	28.96	1.35	29.16	1.35	29.53	1.36
Hong Kong	11.26	1.52	11.85	1.59	12.37	1.65
Chile	20.66	1.11	20.25	1.09	21.45	1.12
Syria	11.10	0.65	10.70	0.60	9.85	0.64
Egypt	93.02	0.96	99.86	1.00	98.85	1.00
Iraq	42.30	1.12	43.50	1.13	43.23	1.11
Iran	76.83	0.94	81.87	1.00	78.23	0.94
China	2,050.33	1.48	2,152.67	1.55	2289.00	1.64
India	1,036.00	0.82	1,083.33	0.84	1091.00	0.83
CIS	248.90	0.85	245.33	0.83	239.23	0.82
Pakistan	180.18	0.85	190.81	0.89	216.34	1.01
USA	125.61	0.39	120.96	0.37	114.09	0.35
Japan	103.87	0.82	104.21	0.82	100.05	0.79
Indonesia	94.00	0.36	94.33	0.35	95.33	0.36
Bangladesh	82.33	0.51	82.83	0.50	85.17	0.51
Poland	36.59	0.96	37.37	0.98	38.78	1.02
Germany	29.69	0.36	28.07	0.34	24.93	0.30

Source: Annual ITC Bulletin of Statistics – 2021
Total: Mn kg, P hd : kg

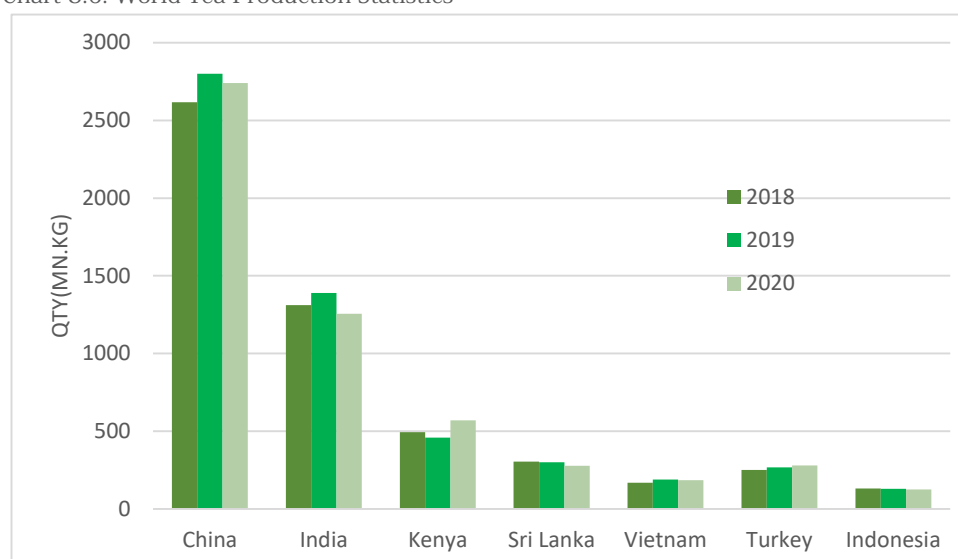
3.5.3 Global Tea Production

Global tea production reached up to 6 Bn. kg during the year 2020 and it showed 2% decrease compare to year 2019. China, India, Kenya, Turkey, Sri Lanka, Vietnam and Indonesia represented around 90% of global tea production for year 2020. Although India and China are still the largest tea producers, these 2 nations' considerable domestic consumption has rendered and Kenya the largest global exporters of this commodity.

Sri Lanka became the fifth largest tea producer in the global producer list with the production declining of Ceylon tea in year 2020. Meanwhile Turkey has come to the forth place surpassing the sri lanka's position. There were some reasons affected to go down the Ceylon tea production during the review year. However sri lanka share of the global tea production is 4.63% in year 2020.

China occupies the highest position with 2,740 Mn.kg with a share of world production of 45.5 % and India stayed at second with an annual production of 1,256 Mn.kg. with a share of 21% of world Tea Production in 2020. Kenya is placed as the third with its manufacturing level at 570 Mn.kg. and 9% share. As the fourth contributor to the world tea production Turkey produced 280 Mn kg with a share of 4.66% in 2020.

Chart 3.6: World Tea Production Statistics



Source : Sri Lanka Customs

3.5.4 Global Tea Sales

Colombo Auctions handled 268 Mn.kg of tea for average price per kilogram at US\$ 3.39 for year 2020. However, volume traded in Mombasa Auctions also maintained over 500 Mn.kg and Kolkata Auctions had traded considerable volume of 128 Mn kg in 2020. When considering the major auction centers in the world it is noticeable, Colombo auction holds the record for the highest average price fetched for the last many years.

Table 3.14: Statistics of Major Tea Auctions (Qty. - in Mn.kg, Avg. Unit Price - in US\$/kg.)

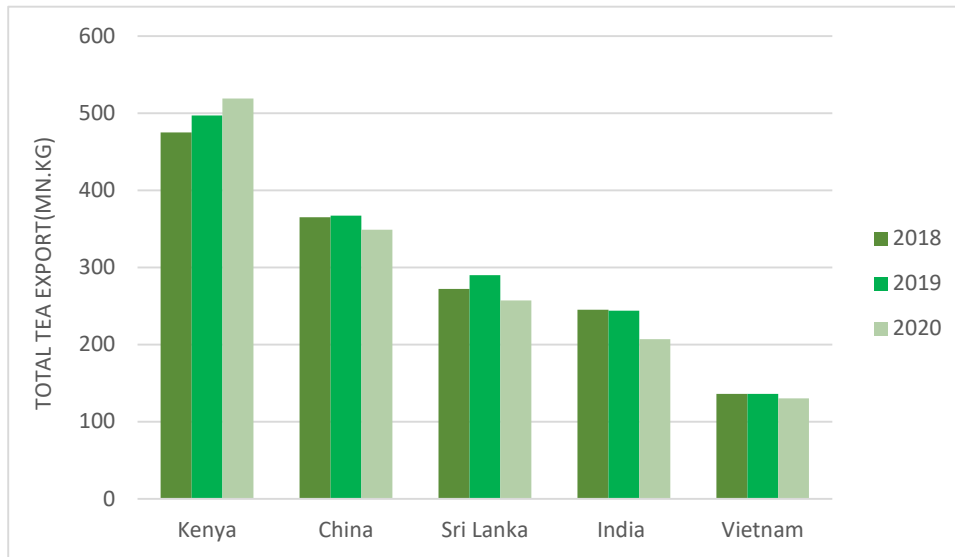
Auction Centre	2018		2019		2020	
	Qty.	Price	Qty.	Price	Qty.	Price
Chittagong	79	3.12	85	2.31	82.99	2.05
Cochin	48	1.81	42	1.66	41.52	1.92
Colombo	288	3.60	298	3.07	268.24	3.39
Guwahati	177	2.13	150	2.09	162.52	2.69
Jakarta	-	-	-	-	-	-
Kolkata	159	2.46	168	2.43	132.60	2.91
Limbe	9	1.84	9	1.46	5.98	1.44
Mombasa	458	2.43	454	2.04	516.80	1.93

Source: computed from ITC Web Site

It was the only auction center that exceeds USD 3.00 per Kg. in 2020. During the review period, Chittagong, Kolkata, and Guwahati auction centers exceeded the 2 dollars per Kg. and Kolkata holds the second largest average auction price while Guwahati holds the third position.

3.5.5 Global Tea Exports

Chart 3.7: Major Tea Exporters



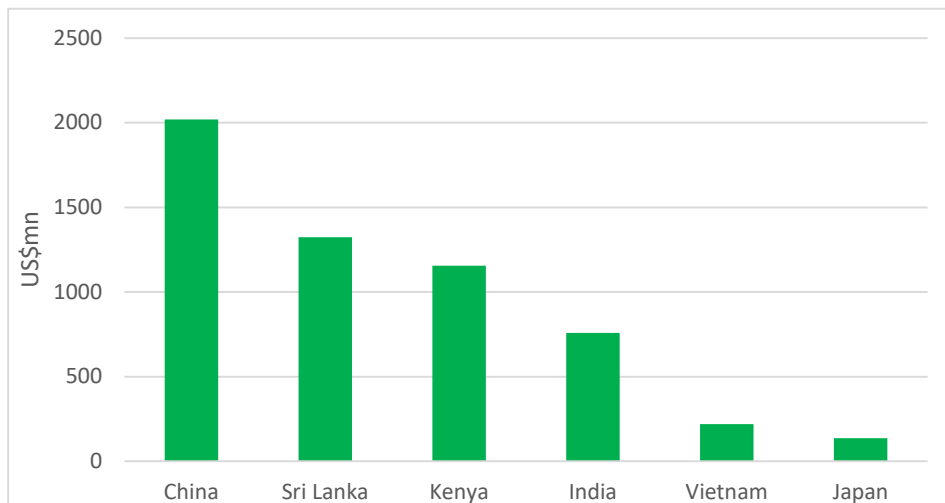
Source: Supplement to Annual ITC Bulletin of Statistics – 2021

Note: Sri Lankan Figure with excluding Re-exports

Global tea exports during 2020 showed shrinkage of 80 Mn.kg (4%) as against the previous year. China & India showed a negative growth of its exports by 5% & 17% respectively against 2019. Kenya showed an increase of its export quantities and obtaining 5 % growth compared to the year 2019. The three largest exporters, viz, Kenya, China and Sri Lanka accounted for more than 62% of global exports.

The leading tea exporting countries with their export revenues in year 2020 are listed below. It reveals that China recorded as largest income earner from tea exports. This reveals that Kenya has earned as the third largest export earner. As the Second largest export revenue earner Sri Lanka was able to continue 1.2 billion US dollar industry status with its pure Sri Lankan tea exports.

Chart 3.8: Top Most Exports Revenue



Source: Annual ITC Bulletin of Statistics – 2021

3.6. Ceylon Tea Markets

3.6.1 Russia and CIS Region

RUSSIA

Basic Economic Indicators

Population	146.2 Million (2020)
GDP	US\$ 1.47 trillion (2020)
GDP Growth Rate	-3.0%
Per Capita Income	US\$ 10068.5
Inflation Rate	4.9% (Annual)
Exchange Rate	USD: 1 = RUB 73.88
Tea Market Size	140,000 MT - 180,000 MT

Russia has imported 151,624 MT of tea in 2020 with a value of USD 412 million. In 2019 the total volume of the tea imported was equal to 150,326, which is 0.8% less than in 2020.

Table 3.6.1 Country-wise tea imports to the Russian Federation for 2020

Country	Volume (MT)	Value (USD Mn.)	Market Share Volume	Market Share Value
Sri Lanka	31,780	124	21	30
India	32,488	92	21	22
Kenya	23,755	53	16	13
China	21,381	39	14	9
U.A.E	4,514	22.89	3	6
Vietnam	15,471	24.85	10	6
Indonesia	7,649	13.58	5	3
Kazakhstan	3,186	14	2	3
Germany	490	6	0.3	1.5
Zimbabwe	1540	2.8	1.02	0.7
Iran	0	0	0	0
Azerbaijan	294	1.5	0.2	0.4
Tanzania	1765	3.33	1.2	0.8
Argentina	2,885	4	1.9	0.97
Others	4,426	11.05	2.9	2.7
Total	151,624	412		

Source: Russian Customs Information Agency

Volume in MT & Value in USD Mn.

UKRAINE

Population	41 million
GDP	US\$ 154.8 Billion (2020)
GDP Growth Rate	US\$ 3756 (2020)
Per Capita Income	-4.2 %
Inflation Rate	3.1 %
Exchange Rate	USD 1= Hryvna 28.26
Tea Market Size	17,000- 26,000 MT

There was no significant negative effect of COVID-19 on the consumption of tea in Ukraine in 2020. Just as with coffee, Ukrainians consume tea on a habitual basis, especially when the consumption is home based.

Tea Export of Sri Lanka to Ukrain in 2020 accounted for 4,428MT with the value of US\$22.36million.

Table 3.6.2 Importation of Teas to Ukraine

Country	2018		2019		2020	
	MT	Market Share %	MT	Market Share %	MT	Market Share %
India	3,954	24.07	3,306	20.6	3,183	18.46
Sri Lanka	3,559	21.66	4,121	25.8	4,428	25.68
UAE	2,312	14.07	1,859	11.6	1,361	7.89
China	2,138	13.01	2,004	12.6	2,087	12.1
Kenya	1,726	10.51	1,748	10.9	2,484	14.4
Vietnam	1,388	8.45	1,676	10.5	1,750	10.1
Indonesia	666	4.05	543	3.4	657	3.8
Azerbaijan	173	1.05	210	1.3	264	1.5
Argentina	163	0.99	54	0.3	140	0.8
Iran	104	0.63	12	0.1	12	0.1
Poland	75	0.46	94	0.6	208	1.2
Georgia	56	0.34	98	0.6	80	0.5
Others	116	0.71	276	1.7	592	3.4
Total (MT)	16,430		16,001		17,246	

Source: Trade Map- International Trade Statistics

AZERBAIJAN

Population	10 Million (2020).
GDP	US\$ 41.67 Billion (2020)
GDP Growth Rate	US\$ 14,499
Per Capita Income	-4.3%.
Inflation Rate	2.8%
Exchange Rate	USD 1 = AZN (Azerbaijan New Manat) 0.6
Tea Market Size	7,000 MT- 15,000 MT

Source: ITC – Trade Map

Table 3.6.4 Total annual tea imports to Azerbaijan

Year	2016	2017	2018	2019	2020
MT	12,609	13,585	12,958	14,096	13,885
Value in USD (Million)	45	54	50	55	56

Source: State Custom Committee in Azerbaijan

The total tea volume imported in 2020 has slightly decreased in comparison with 2019 (-0.87%).

Table 3.6.3 Country wise tea imports to Azerbaijan

Country	2019		2020	
	MT	Market Share	MT	Market Share
Sri Lanka	12,115	85.8	11,302	80.8
India	581	4.1	534	3.8
Russia	820	5.8	1022	7.3
Kenya	158	1.1	218	1.2
Iran	26	0.2	59	0.4
China	196	1.5	166	1.2
Vietnam	110	0.7	614	4.4
Turkey	20	0.2	27	0.2
Germany	3	0.1	7	0.1
Others	78	0.5	35	0.3
Total (MT)	14,107		13,984	

Source: ITC-Trade Map

KYRGYZSTAN

Population	:6.6 Million (2020).
GDP	US\$ 7.74 Billion (2020)
GDP/ PER CAPITA	US\$ 1,173
GDP Growth Rate	-8.6%.
Inflation	9.7%.
Exchange Rate	USD 1 = KGS (Kyrgyzstani Som) 82
Tea Market Size	3,000 MT- 12,000 MT

Source: ITC – Trade Map

Kyrgyzstan has imported 11,989 MT of tea in 2020 from all origins which demonstrates a dramatic increase in overall tea exports compared to the year 2019.

Russia and Kazakhstan are the leading tea exporting nations to Kyrgyzstan with a market share of 76% in 2020. Sri Lanka is ranking 3rd among other tea exporting countries, with a market share of 8.6% which is 12% less than in the previous year.

Table 3.6.5 Total tea imports by Kyrgyzstan

Country	2018 (MT)	2019 (MT)	Market Share in 2019	2020 (MT)	Market Share in 2020
Russia	1,324	1,209	25	4,563	38
Sri Lanka	958	992	20.7	1,028	8.6
Kazakhstan	543	399	8.3	4,606	38
China	790	705	14.6	888	7.4
Iran	390	89	1.9	85.2	0.7
Kenya	536	510	10.7	459	3.8
Pakistan	228	353	7.4	421	3.5
Viet Nam	169	171	3.5	58.6	0.5
UAE	71	35	0.7	0	0
Turkey	28	7	0.2	7.8	0.1
Indonesia	33	48	0.9	24	0.2
India	161	289	6	146.4	1.2
Others	36	1	0.1	22.7	0.2
Total (MT)	5,267	4,807		11,989	

Source: Trade Map- International Trade Statistics

MOLDOVA

Population	4.04 Million
GDP	US\$ 11.24 Billion
GDP/ PER CAPITA	US\$ 4,268
GDP Growth Rate	-4.3%.
Inflation	0.39%
Exchange Rate	USD 1 = Moldovan Lei 18.94
Tea Market Size	700 MT – 1,000 MT

Source: ITC – Trade Map

Table 3.6.7 Total tea imports to Moldova

Year	2019	2020
MT	948	930
Value in USD (Million)	7.8	7

Source: National Statistics Bureau of Moldova

In the year 2020 the tea import to Moldova has slightly decreased (-1.9%).

ARMENIA

Population	2.97 Million
GDP	US\$ 40.79 Billion
GDP Growth Rate	US\$ 4.315
Per Capita Income	-4.5%.
Inflation Rate	3.7%.
Exchange Rate	USD 1 = AMD (Armenian Dram) 508
Tea Market Size	3,000 MT – 5,000 MT

Source: ITC – Trade Map

Russian Federation, Sri Lanka and Georgia are the main tea exporters to Armenia.

Table 3.6.6 Total tea import to Moldova in 2020

Country	2020	
	Qty. (MT)	Market Share
Russia	638	69%
Poland	61	7%
Ukraine	127	14%
Sri Lanka	46	5%
Vietnam	0.1	0.01%
China	12	1.3%
India	1	0.1%
Others	45	4.8%
Total	930	

Source: ITC – Trade Map

Table 3.6.7 Total tea import to Armenia in 2020

Country	2020 (MT)	Market Share
Sri Lanka	83	16.5%
China	2.78	0.6%
India	6.8	1.3%
UAE	22.5	4.5%
Georgia	113	22%
Russia	265	52.6%
Ukraine	1.65	0.3%
Other	9.27	1.8%
Total (MT)	504	

Source: ITC – Trade Map

3.6.2 Middle East & North African (MENA) Region

In spite of all the uncertainties and the turbulences in the MENA countries during 2020, the region has contributed nearly 51% of total off-takes from Sri Lanka to the world. Even in respect of value terms, a 47.45% contribution is registered, a performance worthy of emulation. When re-export data has not been taken into consideration, the tea markets of Iran, Iraq, Turkey, UAE, Syria, Libya, Kuwait, Jordan, Saudi Arabia, Lebanon, Egypt, Bahrain, Qatar, Oman and have combined recorded the import of 130,359 Metric Tons of Ceylon Tea during 2020 out of a total off-take volume of 256,575 MT to all destinations. It reflects a share of exactly 50.81% in quantity terms and a 47.45% share in value terms. Thus, MENA Region has once again proved its indispensable nature for the survival of Ceylon Tea.



Table 3.6.8. Direct tea exports from Sri Lanka to the Middle East & North African (MENA) Region*

Country	2020 (MT)	Value (Rs. Billion)	2019 (MT)	Value (Rs. Billion)
Turkey	38,818	30.9	39,033	28.8
Iraq	33,215	19.0	38,363	19.9
Iran	14,730	13.5	21,920	17.8
Libya	7,617	5.3	12,255	8.1
Syria	9,444	8.3	10,904	9.6
UAE	8,343	6.7	9,281	6.6
Kuwait	1,789	2.1	2,212	2.4
Jordan	4,566	4.6	5,071	4.6
Saudi Arabia	6,577	8.5	6,490	7.2
Lebanon	2,519	2.5	2,775	2.8
Egypt	2,450	1.9	2,080	1.5
Bahrain	71	0.1	68	0.1
Qatar	164	0.2	229	0.3
Oman	55	0.1	118	0.1
Sub Total	130,359	103.8	150,799	109.8
Total Sri Lanka Exports/Value	256,575	218.8	282,832	227.9
MENA Region Ceylon Tea Share from total Sri Lanka Exports	50.81%	47.45%	53.32%	48.17%

Source: Sri Lanka Customs

* Not include data related to re-export of tea.

IRAN

Iran with purchases recorded at 14,730 MT against 21,920 MT in 2020 has registered decrease of 7,190 Tons (48.82%) and is the 3rd largest importer in the region and also value was recorded 13.5 Billion Rupees against 17.8 Billion Rupees when compare with Year 2019.

long term credit has become almost mandatory for the business with Iran and not a comfortable arrangement. Further, the Iranian Riyal has deteriorated to a very low level to Dollar and strengthened marginally, sending ripples throughout the buyer seller partnership. Again, a clearly noticeable trend is the penetration by Indian teas to the Iranian market gradually replacing Ceylon Teas. As a result of escalating tensions with the U.S. Though formal imports of tea have shown a decline, it is to be noted that informal imports through various borders have been taking place. Despite the decline, Iran is still the fourth largest export destination for Ceylon Tea.

Table 3.6.9. Ceylon tea exports to Iran

Year	Bags	Bulk	Packs	Packs (>3 Kg)	Total qty (Kg)	Value (Rs.)	FOB (Rs. /Kg.)
2016	117,286	28,314,802	5,165,981	0	33,598,069	22,236,709,479	661.84
2017	17,986	26,007,579	1,013,855	0	27,039,419	24,039,926,740	889.07
2018	13,276	23,097,323	436,062	0	23,546,661	20,590,941,715	874.47
2019	12,338	21,677,016	230,829	0	21,920,182	17,806,625,539	812.34
2020	7,477	14,526,607	195,432	0	14,729,516	13,525,584,933	918.26

Source: Sri Lanka Customs

IRAQ

The Iraq is the 2nd largest buyer of Ceylon Teas and off-takes are recorded at 33,215 MT by end of 2020 as against 38,363 MT during same period of 2019 reflecting a drop of 5,148 Tons (15.50%). The average FOB price of Ceylon Tea for 2020 works-out to Rs 573.26 per kilo.

Table 3.6.10. Ceylon Tea Exports to Iraq

Year	Bags	Bulk	Packs	Packs (>3 Kg)	Total qty (Kg)	Value (Rs.)	FOB (Rs. /Kg.)
2017	210,310	14,967,496	19,763,572	0	34,941,379	20,972,963,985	600.23
2018	172,515	19,431,850	18,745,871	400	38,350,636	22,277,418,660	580.89
2019	130,617	20,854,174	17,378,275	0	38,363,065	19,918,484,354	519.21
2020	89,526	18,766,486	14,358,598	0	33,214,609	19,040,645,195	573.26

Source: Sri Lanka Customs

TURKEY

The hub status of Turkey for tea was slightly diluted during the year under review. But Turkey is the leading Ceylon Tea importer in year 2020. Turkey has imported 38,818 MT in 2020 as against 39,033 MT in 2019. The volume has drop by 215 MT when compare with past year (2019) with the percentage drop of 0.55% compare to the previous year.

Table 3.6.11. Ceylon Tea Exports to Turkey

Year	Bags	Bulk	Packs	Packs (>3 Kg)	Total qty (Kg)	Value (Rs.)	FOB (Rs. /Kg.)
2016	292,625	17,264,112	9,503,305	0	27,060,042	14,429,009,882	533.22
2017	270,098	21,229,348	16,309,545	0	37,808,990	27,853,256,653	736.68
2018	258,814	19,680,761	15,505,874	0	35,445,448	26,417,738,189	745.31
2019	301,022	21,229,333	17,503,152	25	39,033,532	28,823,235,601	738.42
2020	254,373	24,481,003	14,083,057	0	38,818,433	30,898,768,804	795.98

Source: Sri Lanka Customs

UNITED ARAB EMIRATES

The role of UAE also got undermined due to the difficulties in trading with Iran in particular which resulted in the re-export trade slowing down. The available statistics show that UAE has imported 8,343 MT in 2020 as against 9,281 MT in 2019 registering a drop on Ceylon Tea volumes by 938 Tons (11.24%). However, UAE remained as the 9th largest importer of tea from Sri Lanka.

Table 3.6.12. Ceylon Tea Exports to Exports to UAE

Year	Bags	Bulk	Packs	Packs (>3 Kg)	Total qty (Kg)	Value (Rs.)	FOB (Rs. /Kg.)
2016	481,615	12,562,582	4,785,241	23	17,829,461	10,323,566,291	579.02
2017	362,123	9,030,327	5,833,977	0	15,226,428	11,092,211,983	728.48
2018	501,115	7,889,034	2,302,348	6,750	10,699,247	7,516,999,044	702.57
2019	380,558	6,599,333	2,301,178	0	9,281,069	6,617,572,032	713.02
2020	245,274	6,655,543	1,442,137	9	8,342,963	6,692,138,587	802.13

Source: Sri Lanka Customs

SYRIA AND LIBYA

Syria and Libya are both suffering from serious internal conflicts. Both destinations are captive markets for Ceylon Tea. However, both Libya and Syria have drop off-takes from Sri Lanka. In 2020 Libyan off-takes have been estimated at 7,617 MT from 12,255 MT in 2019 a decrease of 4,638 tons (60.88%). Similarly, Syria has imported 9,444 MT in 2020 showing a decrease of 1,460 MT from 10,904 MT in 2019.

Table 3.6.13. Ceylon Tea Exports to Syria

Year	Bags	Bulk	Packs	Total qty (Kg)	Value (Rs.)	FOB (Rs. /Kg.)
2016	905,645	6,690,410	4,366,940	11,962,994	7,796,201,433	651.69
2017	624,297	4,769,427	1,882,092	7,275,816	6,109,479,313	839.70
2018	1,123,349	6,123,790	2,661,536	9,908,675	8,969,898,096	905.26
2019	894,087	6,214,845	3,795,275	10,904,207	9,675,137,557	887.28
2020	679,393	5,142,052	3,622,554	9,443,999	8,340,258,208	883.13

Source: Sri Lanka Customs

Table 3.6.14. Ceylon Tea Exports to Libya

Year	Bags	Bulk	Packs	Total qty (Kg)	Value (Rs.)	FOB (Rs. /Kg.)
2016	15,692	0	12,600,994	12,616,686	6,605,615,230	523.56
2017	47,930	41,000	10,744,150	10,833,080	7,294,199,620	673.33
2018	4,932	10	13,395,388	13,400,330	8,893,932,081	663.71
2019	35,082	113,800	12,106,550	12,255,432	8,084,360,106	659.66
2020	20,448	0	7,596,959	7,617,407	5,295,239,996	695.15

Source: Sri Lanka Customs

KUWAIT

A substantial drop is registered by Kuwait from 2,212 MT to 1,789 MT for 2020. The decline is 423 MT (23.66%) mainly due to the tight border controls with Iran & Iraq. Jordan & Kuwait both confined their imports to the domestic requirement. As such,

Table 3.6.15. Ceylon Tea Exports to Kuwait

Year	Bags	Bulk	Packs	Total qty (Kg)	Value (Rs.)	FOB (Rs. /Kg.)
2016	496,097	1,032,645	1,957,519	3,486,261	2,230,760,655	639.87
2017	538,663	134,864	1,688,203	2,361,730	2,164,033,210	916.29
2018	532,597	52,820	1,578,670	2,164,087	2,109,399,598	974.73
2019	628,582	47,563	1,536,416	2,212,561	2,427,680,050	1,097.23
2020	582,711	41,945	1,164,174	1,788,830	2,069,373,951	1,156.83

Source: Sri Lanka Customs

JORDAN

The purchases by Jordan are also decreased by 505 MT from 5,071 MT in 2019 to 4,566 MT in 2020.

Table 3.6.16. Ceylon Tea Exports to Jordan

Year	Bags	Bulk	Packs	Total qty (Kg)	Value (Rs.)	FOB (Rs. /Kg.)
2016	2,185,904	15,500	1,675,937	3,877,341	3,106,022,244	801.07
2017	2,118,569	307,051	2,153,873	4,579,493	4,214,303,810	920.26
2018	2,160,601	173,871	2,251,642	4,586,114	4,244,647,565	925.54
2019	2,208,886	143,148	2,719,474	5,071,507	4,627,822,607	912.51
2020	1,822,087	335,200	2,408,908	4,566,195	4,602,366,542	1,007.92

Source: Sri Lanka Customs

LEBONON

In Lebanon, Ceylon Tea exports which stood at 2.1 million kilos in 2012 has grown to 2.8 million kilos in 2013 and further increased to 3.4 million kilos in 2014 but declined to 2.4 Million kilos in 2015 and jumped to 4.08 Million kilos in 2017. Some volumes may be transported to Syria through the common border. The tea exports of Sri Lanka to Lebanon in 2020 accounted for 2,519 MT with the value of Rs.2,529million. In comparing with the tea export statistics of 2019, it has been recorded a 10.15% and 9.65% drop of Sri Lanka tea exports to Lebanon in volume term and value term respectively.

Table 3.6.17. Ceylon Tea Exports to Lebanon

Year	Bags	Bulk	Packs	Total qty (Kg)	Value (Rs.)	FOB (Rs. /Kg.)
2016	128,889	100,458	3,217,857	3,447,204	2,478,113,748	718.88
2017	263,514	107,443	3,718,151	4,089,108	3,702,850,128	905.54
2018	140,104	99,817	3,289,044	3,528,966	3,372,181,839	955.57
2019	102,967	86,591	2,585,616	2,775,175	2,802,235,077	1,009.75
2020	170,734	197,479	2,151,012	2,519,226	2,529,907,793	1,004.24

Source: Sri Lanka Customs

EGRPT

The highly price conscious Egyptian tea market usually dominated by African (especially Kenyan) CTC teas have purchased 3.6 million kilos of Ceylon Tea in 2012, 2.0 million kilos and 2.8 million kilos of tea from Sri Lanka in 2013 and 2014 respectively but increased off-takes to 3.0 Million kilos in 2016 and dropped to 1.3 Million kilos in 2017. When the Mombasa Auction prices are very strong, Egypt usually looks at Sri Lanka & India to cover-up their deficit. However, Egypt has imported 2,450 MT in 2020 as against 2,212 MT in 2019. Egypt also imported Ceylon Tea for re-exports to Libya.

Table 3.6.18. Ceylon Tea Exports to Egypt

Year	Bags	Bulk	Packs	Packs (>3 Kg)	Total qty (Kg)	Value (Rs.)	FOB (Rs. /Kg.)
2016	61,781	1,652,588	1,333,675	0	3,048,044	1,571,398,241	515.54
2017	53,296	523,960	780,309	720	1,358,285	982,480,785	723.32
2018	66,004	1,165,070	779,558	1,440	2,012,073	1,554,709,265	772.69
2019	628,582	47,563	1,536,416	0	2,212,561	2,427,680,050	1,097.23
2020	53,425	1,615,431	780,364	1,215	2,450,435	1,948,442,179	795.14

Source: Sri Lanka Customs

3.6.3 Far East Oceania Region

JAPAN

Japan has always been among the top 10 major markets for Ceylon Tea. Sri Lanka mainly exports Black Orthodox tea to Japan and dominates the black tea market. Japan has always remained as an important outlet for Ceylon Teas. Particularly, during the Uva seasonal quality period and even during Dimbula season, Japan is a favourite supporter at the Colombo Auctions. Traditionally, Sri Lanka used to ship around 5 to 11 MKgs of tea annually to Japan. Japan has established itself as the most sophisticated tea market in the world. Whether it is in product quality, product cleanliness and safety, packaging innovations, technological progress, traceability and transparency in the supply chain, nature and environment friendliness, social responsibility and sustainable development in the industry, Japan commands the top position in the global tea market today.

The tea exports of Sri Lanka to Japan in 2020 accounted for 5,502 MT with the value of Rs.5,355 million. In comparing with the tea export statistics of 2019, it has been recorded a 25.48% and 21.81% drop of Sri Lanka tea exports to Japan in volume term and value term respectively.

Table 3.6.19. Ceylon Tea Exports to Japan

Year	Bags	Bulk	Packs	Packs (>3 Kg)	Total qty (Kg)	Value (Rs.)	FOB (Rs. /Kg.)
2016	594,921	6,924,875	145,529	55	7,665,379	5,432,535,848	708.71
2017	599,495	7,169,454	51,145	30	7,820,125	6,734,310,116	861.15
2018	664,433	6,620,019	47,484	1,680	7,333,616	6,801,799,958	927.48
2019	650,716	6,688,973	40,523	4,320	7,384,532	6,850,058,309	927.62
2020	672,402	4,774,765	43,947	11,595	5,502,710	5,355,817,413	973.31

Source: Sri Lanka Customs

CHINA

The economy of the China grew by 2.3 percent in year 2020, with major economic targets achieving better-than-expected results though country faced hardship during the year due to the Covid -19 pandemic. The constant improvement in the economic structure with protecting domestic industries were the key elements that strengthened country's high-quality development.

Economic analysts expect the country's consumption to be shaped by a booming middle-income group, fast urbanization and technology advances, among other trends, in the coming years. China also performed better than initially foreseen at the start of the pandemic, as Chinese consumers including 400 million millennials in the country have returned to almost all everyday activities latter part of the year 2020

Although large cities still contributed to a larger amount of consumption, that of lower-tier cities and rural regions continued to grow fast. A report from Morgan Stanley predicted that consumption in China's smaller cities could triple by 2030 from 2020.

China is the world's biggest tea market with 400,000 tea shops around the country. The country exported nearly 365Mkgs and imported 42Mkgs per year. According to the Sri Lanka Customs statistics, direct exports from Sri Lanka to China during 2020 were 13.88Mkg at a value of approximately USD 56.36 million. It reflected an increase of 19.93% in volume terms over same period of 2019 and value increased by 15.72% or US\$ 7.65million. Ceylon tea exports growth rate slowed during the year 2020 due to the effects of HORECA sector malfunction due to Covid -19 pandemic. The largest growth is registered from bulk tea exports. Especially, adding more value, instant tea exports of 352,402 Kgs registered during 2020 for the Chinese RTD market.

Table 3.6.20. Ceylon Tea Exports to China

Year	Bags	Bulk	Packs	Packs (>3 Kg)	Total qty (Kg)	Value (Rs.)	FOB (Rs. /Kg.)
2016	213,625	6,941,115	307,897	0	7,462,636	4,511,365,346	604.53
2017	277,719	8,900,374	279,961	14,260	9,472,315	7,162,246,132	756.12
2018	250,655	8,545,027	285,307	76,980	9,157,969	7,049,346,676	769.75
2019	222,041	10,756,974	250,267	345,780	11,575,062	8,708,146,997	752.32
2020	271,039	13,072,966	186,108	352,402	13,882,514	10,457,244,261	753.27

Source: Sri Lanka Customs

Tariff rates applicable for tea: VAT 10% + TAX 7.5 = 17.5% for CIF value

Non-Tariff barriers: China custom imposed flavored tea ban from March, 2019. Adding fruit particles, flower particles, any other herbal particles with tea are banned.

AUSTRALIA

Several decades ago, Australia was a predominantly loose tea market where "Ceylon Tea" ruled the day as the undisputed major supplier. However, the multinationals, slowly but steadily introduced tea bags which has become the most popular type today with a retail market share of approx. 80%. Few decades ago, when Ceylon tea was the market leader, Australia used to import around 30 m. kgs per annum. However, with other competing beverages expanding the share of the throat and consumer market transforming into tea bags, the total imports have relegated to around 12 to 13 m. kgs per year.

Indonesia and Papua New Guinea was the two leading bulk tea suppliers to Australia during the entire 1990s are now on a declining trend. Sri Lanka continued to be the major shipper of tea bags and loose tea packs. India emerged as the largest tea exporter to Australia since the year 2004 due to Tetley brand of Tata Global Beverages and Lipton brand of Unilever.

Table 3.6.21. Tea Imports in to Australia

Country	2016	2017	2018	2019
India	2,600	2,400	2,200	2,400
Sri Lanka	2,100	2,400	2,300	2,300
Indonesia	1,700	1,700	1,300	2,100
China	1,900	2,000	2,100	400
Hong Kong	250	300	340	360
Kenya	40	-	-	10
United Kingdom	280	300	300	200
Papua New Guinea	1,000	950	1,000	1,100
Other Countries	930	1,070	1,060	950
Total	10,800	11,120	10,600	9,820
Re-exports	200	220	200	220
Net Imports	10,600	10,900	10,400	9,600

Source: ITC Bulletin

Table 3.6.22. Ceylon Tea Exports to Australia

Year	Bags	Bulk	Packs	Packs (>3 Kg)	Total qty (Kg)	Value (Rs.)	FOB (Rs. /Kg.)
2016	1,595,376	326,788	445,094	3,964	2,371,221	3,126,062,748	1,318.33
2017	1,855,089	280,807	532,920	0	2,668,815	3,987,876,596	1,494.25
2018	1,413,069	303,820	398,164	0	2,115,053	3,417,964,634	1,616.02
2019	1,948,481	271,261	585,481	30	2,805,252	4,637,692,074	1,653.22
2020	972,836	282,645	356,943	60	1,612,484	2,585,156,997	1,603.21

Source: Sri Lanka Customs

Sri Lanka's tea export to Australia has registered an increasing trend in 2019 compared to 2018. However, there is dropping in tea exports from Sri Lanka to Australia in 2020 due to Covid 19 pandemic crisis.

SOUTH KOREA

Coffee consumption in Korea is widespread and growing rapidly. Tea consumption is also becoming more popular due to health-conscious consumers.

Retail sales of tea in Korea experienced positive demand in 2020 in light of the impact of COVID-19 and social distancing measures which encouraged greater caution amongst local consumers in terms of visiting foodservice outlets, and resulting in declining volume sales of the latter channel. As the government encouraged consumers to adopt work or study from home measures, longer periods of time spent in the home resulted in greater tea-drinking opportunities, boosting demand for all tea types and formats in the category.

The emergence of the pandemic and a greater shift towards home consumption of tea has also had an impact on packaging formats. There has been a notable uptake in larger family size packaging formats as tea consumption per household increased in 2020 with longer periods of time spent at home amid school closures and a higher number of companies adopting work from home policies.

Table 3.6.23. Total Tea Imports of South Korea (HS Code: 0902), (Value in USD 1,000 and Weight in kg)

Year	Value	Weight	Weight Change	Weight % Change
2016	10,466	825,047	18,351	2%
2017	16,004	1,187,599	362,552	44%
2018	20,851	1,514,054	326,455	27%
2019	20,039	1,509,824	-4,230	0%
2020	21,220	1,373,514	-136,310	-9%

Source: ITC 2021

The South Korean consumers are generally tech-savvy. This has a strong influence in the way they shop. Most of the young population in South Korea use social media and other online platforms to search for information about the potential products and share their experiences on those products using product reviews. According to the recent surveys by private companies such as Embrain Trend Monitor has found that 79% of South Korean consumers check user reviews before making purchases while 74% has mentioned that they have written evaluations or reviews. As these tech-savvy consumers depend highly on virtual means not only to judge the value of the products, but also to find best products at best prices, an online/social media campaign to promote Ceylon Tea and its health benefits may contribute to increase the demand for Ceylon Tea products in Korea market in the long term.

The tea exports of Sri Lanka to South Korea in 2020 accounted for 238.78 MT with the value of Rs.308.89 million. In comparing with the tea export statistics of 2019, it has been recorded a 12.86% drop in volume term and 4.96% increase of Sri Lanka tea exports to South Korea in value term.

Table 3.6.24. Ceylon Tea exports to South Korea

Year	Bags	Bulk	Packs	Packs (>3 Kg)	Total qty (Kg)	Value (Rs.)	FOB (Rs. /Kg.)
2016	10,010	86,227	11,237	0	107,473	98,863,059	919.88
2017	14,176	154,224	13,698	4,032	186,130	211,271,230	1,135.07
2018	24,363	118,960	18,598	5,092	167,012	222,735,666	1,333.65
2019	18,585	231,064	17,374	7,002	274,025	294,307,710	1,074.02
2020	30,974	171,394	30,825	5,587	238,780	308,894,360	1,293.64

Source: Sri Lanka Customs

3.6.4. North and South American Region

USA

USA is considered as the 03rd largest importers of tea in the world after Russia and Pakistan. The consumers have shown greater preference for ready to drink tea due to flexibility, convenience and as a healthier alternative to sugary laden beverages. Among the US beverage consumers there is a demand for beverages that are closer to nature. Consumers, especially millennials, demand “less processed” food and drink, driving companies to remove artificial ingredients.

Argentina remains as the major supplier of tea to USA with a share of 36.4%, followed by China, India, Sri Lanka, Vietnam, and Indonesia. Major Green tea suppliers were China and Japan. In respect of value terms, China was the top import source of tea to USA in 2020 followed by Japan, Argentina and India.

Table 3.6.25. Tea imports to USA

Country	2016	%	2017	%	2018	%	2019	%	2020	%
Sri Lanka	5458	4.2	5245	4.2	5829	4.9	6906	5.9	6214	5.9
India	15141	11.5	14722	11.7	12748	10.7	12599	10.8	13716	13.0
Indonesia	4082	3.1	3637	2.9	3357	2.8	4991	4.3	3759	3.6
Vietnam	6023	4.6	6857	5.4	6561	5.5	5402	4.6	4993	4.7
China	19389	14.8	16939	13.4	16983	14.2	16327	13.9	11512	10.9
Kenya	3129	2.4	3171	2.5	2003	1.7	2212	1.9	2428	2.3
Argentina	53230	40.6	52111	41.3	49195	41.2	43881	37.4	38447	36.4
Malawi	9220	7.0	7422	5.9	5651	4.7	6543	5.6	4615	4.4
Others	15440	11.8	16224	12.8	17058	14.3	18316	15.6	20010	18.9
Total	131112		126328		119385		117177		105694	

Source: ITC 2021

Table 3.6.26. Ceylon Tea Exports to USA

Year	Bags	Bulk	Packs	Packs (>3 Kg)	Total qty (Kg)	Value (Rs.)	FOB (Rs. /Kg.)
2016	823,284	1,392,534	2,125,706	177,940	4,519,463	3,747,335,202	829.15
2017	563,956	1,294,654	2,041,389	137,606	4,037,606	3,844,081,759	952.07
2018	538,552	1,842,866	2,051,453	210,800	4,643,670	4,374,047,532	941.94
2019	583,794	3,358,000	2,179,269	135,332	6,256,395	5,379,452,336	859.83
2020	441,335	2,633,053	1,750,159	27,168	4,851,715	4,285,775,822	883.35

Source: Sri Lanka Customs

Exports from Sri Lanka during 2019 were 6,256 MT with a value of approximately 5.4 billion rupees. A quantity of 4,851 MT of Ceylon Tea with a value of 4.28 billion rupees was exported during the year 2020.

CANADA

Growing consumer interest in health and wellness has led to increased awareness of tea's functional benefits. Canadians drink over 10 billion cups of tea each year and Canadian population is 35,881,659. Black standard tea remains the dominant type, and accounts for 84% off-trade volume sales of tea. Canada has imported 14,287MT of Black tea during 2019 and 767 MT was from Sri Lanka with 5% market share in 2021 (ITC Bulletin).

Table 3.6.27. Tea imports to Canada (in MT)

Country	2016	2017	2018	2019	2020
India	2847	3249	2500	3031	2811
Sri Lanka	756	709	733	716	767
Indonesia	194	183	197	136	206
China	1132	918	786	498	408
Japan	43	33	63	54	61
Vietnam	27	16	18	12	05
Kenya	972	954	1091	1095	897
Malawi	157	81	52	24	35
Tanzania	76	102	74	0	0
UK	3301	3442	3188	3185	3424
Germany	197	162	135	142	197
Other Europe	214	213	306	481	501
USA	5253	4922	4561	4208	3940
Argentina	165	226	198	205	293
Other countries	422	523	621	811	742
Total	15756	15733	14523	14598	14287

Source: ITC 2021

The tea exports of Sri Lanka to Canada in 2020 accounted for 445 MT with the value of Rs.580 million. In comparing with the tea export statistics of 2019, it has been recorded a 12% and 8% decrease of Sri Lanka tea exports to Canada in volume term and value term respectively.

Table 3.6.28. Ceylon Tea Exports to Canada

Year	Bags	Bulk	Packs	Total qty (Kg)	Value (Rs.)	FOB (Rs. /Kg.)
2016	117,892	165,505	133,088	416,486	484,912,387	1,164.30
2017	104,475	311,798	171,725	587,997	696,188,048	1,184.00
2018	88,194	239,478	134,181	461,853	567,139,263	1,227.97
2019	86,969	285,475	135,040	507,483	627,831,800	1,237.15
2020	79,548	205,544	159,765	444,857	579,756,375	1,303.24

Source: Sri Lanka Customs

3.6.5 European Region

FRANCE

Traditionally French consumers are fonder of coffee than tea. However, tea increasingly attracts new consumers and manufacturers are expected to maintain their efforts to reinforce the loyalty of occasional consumers.

Black tea with market volume of 8,425MT represents 49% of total imports while green tea with a volume of 8,901MT holds 51% share. About 75% of teas imported into France are in pre-packed form while only 25% are imported in bulk form. China is the largest supplier of black tea with a share of 19% followed by Sri Lanka (16%), Germany (16%) and Belgium & Lux. Supply of Green tea is also dominated by China with a major share of 40% followed by Germany (23%) and Belgium (3%).

Country	2016	2017	2018	2019
India	541	554	764	706
Sri Lanka	1032	1157	1132	1367
China	1661	1602	1520	1590
Kenya	16	0	3	1
United Kingdom	601	463	439	392
Belgium & Lux.	1287	1335	1317	911
Germany	953	1086	1078	1343
Other	2204	2187	2265	2115
China (G)	4393	4318	5068	3590
Belgium(G)	421	360	323	290
Germany (G)	1156	1776	1610	2068
Other(G)	2473	2590	2663	2953
Total Imports	16738	17428	18182	17326

Source: International Tea Committee Bulletin 2020

Table 3.6.30. Ceylon Tea exports to France

Year	Bags	Bulk	Packs	Packs (>3 Kg)	Total qty (Kg)	Value (Rs.)	FOB (Rs. /Kg.)
2016	151,758	195,264	316,067	0	663,088	619,791,211	934.70
2017	100,732	283,134	277,016	0	660,883	728,983,533	1,103.05
2018	87,106	277,752	443,421	28	808,307	866,429,048	1,071.91
2019	117,473	236,559	397,530	1,280	752,842	863,055,913	1,146.40
2020	123,244	182,030	314,193	171	619,637	793,366,065	1,280.37

Source: Sri Lanka Customs

UNITED KINGDOM

"Ceylon Tea" is a well-known and established brand in the UK market. In recent years Sri Lankan tea exports (based on the export value) to the UK market have dropped significantly to the 5th place recording a market share of 4.1% behind Kenya, India, Malawi and Poland which account for 42%, 14%, 7% and 6.4% respectively. Further, Sri Lanka is the 7th supplier for black tea and accounts for 2.7% of black tea imports to the UK.

Sri Lanka's market share in the UK has shrunk mainly as a result of price competition. However, there are creative Sri Lankan exporters successfully selling Ceylon Tea in the niche market, which highlights a key opportunity to reposition Ceylon Tea in the luxury segment. The tea exports of Sri Lanka to United Kingdom in 2020 accounted for 964 MT with the value of Rs.1,369 million. In comparing with the tea export statistics of 2019, it has been recorded a 3.39% and 18.22% decrease of Sri Lanka tea exports to United Kingdom in volume term and value term respectively.

Table 3.6.31. Ceylon Tea Exports to United Kingdom

Year	Bags	Bulk	Packs	Packs (>3 Kg)	Total qty (Kg)	Value (Rs.)	FOB (Rs. /Kg.)
2016	187,715	614,889	154,444	2	957,050	1,168,146,373	1,220.57
2017	210,128	842,662	152,725	1,000	1,206,515	1,628,712,009	1,349.93
2018	212,934	538,120	199,418	0	950,473	1,594,092,563	1,677.16
2019	204,422	571,006	222,351	0	997,779	1,675,067,750	1,678.80
2020	187,079	535,603	241,246	0	963,928	1,369,850,226	1,421.11

Source: Sri Lanka Customs

3.6.6 South Asia Region and Other Countries

INDIA

The tea market in India is being driven by the healthy production and consumption of the beverage. In 2020, nearly 1.10 million tons of tea was consumed in the country. The market in the country is projected to witness a further growth in the forecast period of 2021-2026, growing at a CAGR of 4.2%. In 2026, the tea industry in India is expected to attain 1.40 million tons.

The tea industry in India is being driven by the high penetration of the beverage in the country across socio-economic classes. India's healthy economic growth and the subsequent rise in the middle-class population are also proving to be catalysts for the industry's growth as the consumers are preferring premium brands.

Main Brands of Ceylon Tea available in the market: Dilmah Brand (Northern and Eastern States).

Other Importer Tea Brands available in the market: Twinings, Lipton, Tazo, Yorkshire tea, TWG tea, Tetley

Market leaders: Tata Global Beverages Limited, Hindustan Unilever Limited, Gujarat Tea Processors & Packers Ltd, Amar Tea Private Ltd, Organic India Private Ltd, Duncans Industries Ltd, Pataka Industries Private Ltd.

Ceylon tea Exported to India in 2020 accounted for 613 MT with the value of Rs.455 million.

Table 3.6.32. Total Import of Tea to India

Year	Qty (M. Kg)	CIF Value (Mn.US\$)	Unit Price (US\$/Kg)
2016	20.97	42.49	2.03
2017	21.12	45.97	2.18
2018	24.92	50.62	2.03
2019	15.85	33.9	2.14
2019 (Jan-Nov)	14.67	31.79	2.17
2020 (Jan- Nov) *	21.14	50.01	2.37

Source: India Tea board

Table 3.6.33. Ceylon tea Exports to India

Year	Bags	Bulk	Packs	Packs (>3 Kg)	Total qty (Kg)	Value (Rs.)	FOB (Rs. /Kg.)
2016	18,837	1,060,255	2,626	0	1,081,718	724,703,863	669.96
2017	12,574	255,588	2,992	8,797	279,951	244,099,530	871.94
2018	14,062	824,377	2,092	30	840,561	820,261,593	975.85
2019	5,364	3,337,202	5,737	9,503	3,357,806	3,086,226,902	919.12
2020	5,789	596,890	1,559	9,091	613,329	455,070,810	741.97

Source: Sri Lanka Customs

SOUTH AFRICA

Black Tea market in South Africa accounts for 27,000 Metric Tons per year. Total hot drink market is worth USD 600 million. South Africa imports black tea from Malawi, Sri Lanka, Zimbabwe, Tanzania and Kenya. Malawi is the key tea exporter to South Africa accounts for 14,000 to 18,000 Metric Tons per year.

Rooibos is the most popular local commercial tea variety grown in South Africa and a part of them exports to other countries too (6,000 Metric Tons per year). However, from last 20 years the yield of the Rooibos Tea shows a downturn continuously and average producer prices increase in moderate level. In 2014 they have protected the trademark under the Geographical Indicator (GI). Market for the specialty teas and value-added tea products such as ice tea become more popular in this market than traditional tea leaves and bags. Currently the Lipton produces the canned and iced tea for the South Africa Market and they are very popular in the shelves in super market chains. Tetley is the upcoming Tea brand in South Africa.

Five Roses is the top tea brand in South Africa (having more than 50% of the market share) which produces number of tea varieties including the Ceylon Blend. Dilmah, Basilur and Tea 4U supply the pure Ceylon Teas to South Africa but not in considerable quantities. Basilur Tea opened an "Authentic Tea & Coffee House" in South Africa with a dedicated corner for "Pure Ceylon Tea".

Table 3.6.34. Importation of Black Fermented Tea (Volume in Metric Tons)

Country	2016	2017	2018	2019	2020
Malawi	18,518	16,744	12,212	11,445	12,852
Zimbabwe	3,761	4,288	4,867	5,156	4,545
Tanzania	1,884	2,898	1,464	2,041	2,585
Sri Lanka	2,035	1,763	1,715	1,616	2,681
Kenya	715	599	673	567	690
Total	27,680	27,051	21,905	20,824	23,353

Source: Trade Map & South African Revenue Service (SARS)

Table 3.6.35: Importation of Black Fermented Tea under HS 090240 (Black fermented tea and partly fermented tea, whether or not flavored, in immediate packings of > 3 kg) Values in USD Thousands

Country	2016	2017	2018	2019	2020
Malawi	26,817	25,780	19,385	17,943	17,198
Zimbabwe	4,795	5,696	6,883	6,750	5,428
Tanzania	4,305	6,417	3,300	3,726	4,584
Sri Lanka	7,629	8,237	7,926	5,850	6,386
Kenya	2,318	1,953	2,070	1,408	1,619
Total	45,864	48,081	39,564	35,677	35,215

Source: Trade Map & South African Revenue Service (SARS)

Table 3.6.36. Importation of Black Fermented Tea under HS 090230 (Black fermented tea and partly fermented tea, whether or not flavored, in immediate packings of ≤ 3 kg)

Country	2016	2017	2018	2019	2020
Malawi	25	51	26	23	8
Zimbabwe	28	54	29	83	48
Tanzania	0	1	0	0	0
Sri Lanka	186	349	172	282	123
Kenya	0	1	8	4	12
Total	239	456	235	392	191

Source: Trade Map & South African Revenue Service (SARS)

PAKISTAN

In 2020 South Africa has imported 614 Metric Tons from the countries other than the above specified and exported 4,853 Metric Tons of South African Origin Black Fermented Teas to the world. South Africa has re-exported 5 Metric Tons of Black Teas during the year concern.

Tea market of Pakistan has been dominated by Kenya and East African Countries. The Pakistani consumers are used to the taste of Kenyan tea. Present Ceylon tea exports to Pakistan are very minimum, approximately 150.79MT in 2020 and increase from 129.74MT from the year 2019. Tea exports from Sri Lanka are decreasing due to price competitiveness and preferences for mainly CTC type of teas.

Table 3.6.37. Ceylon Tea Exports to Pakistan

Year	Bags	Bulk	Packs	Packs (>3 Kg)	Total qty (Kg)	Value (Rs.)	FOB (Rs. /Kg)
2016	12,373	940,366	3,503	0	956,242	439,999,498	460.13
2017	10,681	115,880	2,341	0	128,902	83,807,971	650.17
2018	2,705	30,170	2,277	600	35,752	31,688,607	886.33
2019	5,893	103,991	2,720	17,135	129,740	107,974,724	832.24
2020	919	120,040	0	29,835	150,794	146,290,092	970.13

Source: Sri Lanka Customs



4. FINANCIAL REVIEW

STATEMENT OF FINANCIAL POSITIONAs at 31st December 2020

	Notes	2020 (Rs.)	2019 (Rs.)
ASSETS			
Non-current Assets			
Property, Plant and Equipment	F	834,002,398.10	839,699,291.15
Prepaid Leasehold Right to Land	G	2,580,107.81	2,656,493.41
Intangible Assets	H	18,683,407.32	21,441,486.01
		855,265,913.23	863,797,270.57
Current Assets			
Inventories	I	35,975,522.72	21,543,060.18
Trade and Other Receivables	J	86,978,501.12	81,831,001.78
Deposits and Prepayments	K	45,623,918.19	94,038,878.47
Other Financial Assets	L	7,621,289,731.25	7,780,196,624.51
Loans	M	2,210,370,586.25	1,786,381,806.21
Cash & Cash Equivalents	N	151,302,423.72	230,219,655.62
		10,151,540,683.25	9,994,211,026.77
Total Assets		11,006,806,596.48	10,858,008,297.34
EQUITY AND LIABILITIES			
Contributed Capital		672,012,201.85	672,012,201.85
Retained Earnings		(138,037,671.84)	(117,001,094.04)
Promotion and Marketing Levy	O	9,151,390,517.56	9,003,547,466.93
Revaluation Reserve		537,223,480.50	509,766,985.70
Total Equity		10,222,588,528.07	10,068,325,560.44
Non-Current Liabilities			
Employee Benefit Obligations	P	70,461,681.09	67,074,289.96
		70,461,681.09	67,074,289.96
Current Liabilities			
Income Tax payable	R	34,614,463.63	72,653,169.38
Trade and Other Payables	S	678,318,079.34	514,186,766.60
Bank loan	Q	-	135,682,622.16
Bank Overdraft	T	823,844.35	85,888.80
		713,756,387.32	722,608,446.94
Total Liabilities		11,006,806,596.48	10,858,008,297.34

The accounting policies on pages 76 to 86 and Notes on pages 87 to 95 form an integral part of these Financial Statements. The Board of Directors is responsible for the preparation and presentation of these Financial Statements. These Financial Statements were approved by the Board of Directors and signed on their behalf.

Director Finance

Date: 19/12/20

Director General

Date:

Chairman

Date:

Director

Date:

INCOME STATEMENT**For the year ended 31st December 2020**

	Notes	2020 (Rs.)	2019 (Rs.)
INCOME			
	A	455,013,176.55	474,268,569.86
EXPENDITURE			
Tea Sector Development Expenditure	B	(63,979,702.12)	(71,841,824.18)
Administrative Expenses	C	(442,916,930.49)	(436,658,015.58)
Operating Surplus / (Deficit)		(51,883,456.06)	(34,231,269.90)
Finance Income	D	47,487,608.47	82,771,112.22
Finance Expenses	E	(6,335,483.30)	(29,239,913.43)
Surplus / (Deficit) Before Taxation		(10,731,330.89)	19,299,928.89
Tax paid on Interest Income	R	(10,716,323.56)	(16,624,405.41)
Surplus / (Deficit) After Taxation		(21,447,654.45)	2,675,523.48

The accounting policies on pages 76 to 86 and Notes on pages 87 to 95 form an integral part of these Financial Statements.

STATEMENT OF OTHER COMPREHENSIVE INCOME**For the year ended 31st December 2020**

	2020 (Rs.)	2019 (Rs.)
Surplus / (Deficit) for the period	(21,447,654.45)	2,675,523.48
Revaluation surplus / (loss)	27,456,494.80	1,553,729.16
Surplus / (Deficit) for the period	6,008,840.35	4,229,252.64

The accounting policies on pages 76 to 86 and Notes on pages 87 to 95 form an integral part of these Financial Statements.

STATEMENT OF CHANGES IN EQUITYYear Ended 31st December 2020

	Contributed Capital (RS.)	Promotion & Marketing Levy (RS.)	Revaluation Reserve (RS.)	Retained Earnings (RS.)	Total (RS.)
Balance as at 01 st January 2018	672,012,201.85	6,806,198,361.00	508,216,543.00	(172,191,903.00)	7,814,235,202.85
Promotion and Marketing Levy (Note -O)	-	631,890,344.00	-	-	631,890,344.00
Adjustments	-	36,422,096.00	-	4,668,051.00	41,090,147.00
Surplus for the year 2018	-	-	-	43,977,748.00	43,977,748.00
Balance as at 31st December 2018	672,012,201.85	7,474,510,801.00	508,216,543.00	(123,546,104.00)	8,531,193,441.85
Balance as at 01 st January 2019	672,012,201.85	7,474,510,801.00	508,216,543.20	(123,546,104.00)	8,531,193,442.05
Promotion and Marketing Levy (Note -O)	-	1,082,860,694.06	-	-	1,082,860,694.06
Adjustments	-	446,175,971.87	1,550,442.50	3,869,486.48	451,595,900.85
Surplus for the year 2019	-	-	-	2,675,523.48	2,675,523.48
Balance as at 31st December 2019	672,012,201.85	9,003,547,466.93	509,766,985.70	(117,001,094.04)	10,068,325,560.44
Balance as at 01 st January 2020	672,012,201.85	9,003,547,466.93	509,766,985.70	(117,001,094.04)	10,068,325,560.44
Promotion and Marketing Levy (Note -O)	-	148,907,390.13	-	-	148,907,390.13
Adjustments	-	(1,064,339.50)	-	411,076.65	(653,262.85)
Surplus for the year 2020	-	-	27,456,494.80	(21,447,654.45)	6,008,840.35
Balance as at 31st December 2020	672,012,201.85	9,151,390,517.56	537,223,480.50	(138,037,671.84)	10,222,588,528.07

The accounting policies on pages 76 to 86 and Notes on pages 87 to 95 form an integral part of these Financial Statements.

STATEMENT OF CASH FLOWYear Ended 31st December 2020

	2020 (Rs.)	2019 (Rs.)
Cash Flows From Operating Activities		
Net Profit from Operations	(21,447,654.45)	2,675,523.48
Adjustments for		
Depreciation of PPE	43,153,712.06	30,799,910.41
Profit or Loss disposal of PPE	-	(2,377,637.84)
Amortization of Lease hold lands	76,385.60	76,385.60
Amortization of Intangible assets	3,953,111.71	3,606,230.43
Gratuity provision	18,461,431.13	17,741,359.04
Finance expenses	6,335,483.30	29,239,913.43
Finance income	(47,487,608.47)	(82,771,112.22)
Write back of bad & doubtful debtor	-	(25,000,000.00)
Provision for taxation	10,716,323.56	16,624,405.41
	35,208,838.89	(12,060,545.74)
Operating Profit before Working Capital Changes	13,761,184.44	(9,385,022.26)
Decrease / (Increase) in Inventories	(15,170,750.99)	16,772,511.35
Decrease / (Increase) in Trade and Other Receivables	(7,669,328.84)	374,052.22
Decrease / (Increase) in Deposit & Prepayment	48,414,960.28	(3,004,191.42)
Decrease / (Increase) in Trade & Other Payables	171,595,789.11	(399,563,109.16)
Decrease / (Increase) Income Tax Payables	(35,298,324.06)	18,485,612.08
Loan to RPC'S	(423,988,780.04)	(930,525,563.21)
	(262,116,434.54)	(1,297,460,688.14)
Cash Generated from Operations	(248,355,250.10)	(1,306,845,710.40)
Gratuity Paid	(15,074,040.00)	(3,186,104.04)
Taxation	(13,456,705.65)	(16,573,682.88)
Net Expense for promotional activities	147,843,050.63	1,529,036,665.93
Net Cash From Operating Activities	119,312,304.98	1,509,276,879.01
Cash Flows (used in) Operating Activities	(129,042,945.12)	202,431,168.61
Cash Flows (used in) Investing Activities		
Cash received from sale of PPE	-	2,763,276.80
Finance income	47,487,608.47	82,771,112.22
Acquisition Intangible Assets	1,195,033.02	(3,875,581.77)
Acquisition of Property Plant & Equipment	(13,793,605.58)	(50,539,114.26)
Investments including P & M Levy	158,906,893.26	112,471,235.49
Net Cash Flows used in Investing Activities	191,405,863.13	143,590,928.48
Cash Flows Used in Financing Activities		
Finance expenses	(6,335,483.30)	(29,239,913.43)
Bank Loan	(135,682,622.16)	(211,161,451.84)
Net Cash Flows / (Used in) Financing Activities	(142,018,105.46)	(240,401,365.27)
Net Increase / (Decrease) in Cash and Cash Equivalents	(79,655,187.45)	105,620,731.82
Cash and Cash Equivalents at the beginning of the year	230,133,766.82	124,513,035.00
Cash and Cash Equivalents at the end of the year	150,478,579.37	230,133,766.82

The accounting policies on pages 76 to 86 and Notes on pages 87 to 95 form an integral part of these Financial Statements.



NOTES TO THE FINANCIAL STATEMENTS

Year Ended 31st December 2020

1. CORPORATE INFORMATION

General

The Sri Lanka Tea Board (SLTB) was established on the 1st of January 1976, under the Sri Lanka Tea Board Law No.14 of 1975, as amended by Act No.17 of 1985, No. 44 of 1990, No.29 of 2003 and No. 44 of 2006. The Head office is located at No. 574, Galle Road, Colombo 3.

SLTB prepares financial Statements for the twelve months period ended 31st December 2020 and these financial statements are authorized by the board of directors on 24th February 2021.

Principal Activities

The objectives of the Sri Lanka Tea Board are regulation, development of the tea industry in Sri Lanka and Promotion of Sri Lanka Tea (Ceylon Tea) globally. It is the authority responsible for regulating the activities of the tea industry, viz. production, cultivating new area and replanting, rehabilitating old gardens, the establishment of factories and their operation. It also regulates the conduct of the auctions, monitors quality standards and regulates the sales, exports, brokers, warehousing and shipping of tea. SLTB also regulate control and direct all institutions and organizations engaged in the management of tea estates and in the production and marketing of tea.

2. BASIS OF PREPARATION

2.1 Basis of preparation and adoption of SLAS (SLFRS and LKAS) effective for the financial period beginning on or after 01 January 2012.

The Financial Statements have been prepared in accordance with Sri Lanka Accounting Standards comprising SLFRS and LKAS as issued by the Institute of Chartered Accountants of Sri Lanka.

2.2 Basis of Measurement

The financial statements have been prepared on a historical cost basis.

The financial statements are presented in Sri Lankan Rupees.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Significant Accounting Policies

The following are the significant accounting policies used by SLTB in preparing these financial statements.

3.2 Property Plant and Equipment

Property, plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing component parts of the property, plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, the SLTB derecognizes the replaced part, and recognizes the new part with its own associated useful life and depreciation. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in the income statement as incurred.

3.3 Depreciation

Depreciation is calculated on straight line method on the cost or valuation based on estimated useful lives of property Plant and equipment are as follows.

Freehold Buildings	50 years
Office Equipments	02 - 20 years
Furniture & Fittings	01 - 20 years
Motor Vehicles	10 years
Computer Equipment	05 years
Library Books	05 years
Laboratory Equipments	03 - 10 years

3.4 Revaluation

Due to some of the Assets reached to the scrap value, Revaluation was done to the entire Assets except land and Buildings.

The gain and losses on revaluation of the assets recognized in other comprehensive income and in the statement of changes in equity.

3.5 Capital work in progress

Capital expenses incurred during the year, which are not capitalized as at the balance sheet date are shown as Capital work in progress, whilst the capital assets which have been capitalized during the year and put to use have been transferred to Property Plant & Equipment.

3.6 Leasehold Land

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date, whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement. Estimated useful lives of Lease assets are as follows.

Leasehold Land	50 years
----------------	----------

3.7 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in the income statement in the year in which the expenditure is incurred. Estimated useful lives of intangible assets are as follows.

Intangible Assets As At 31.12 . 2020

Intangible Assets	Expected useful life
POS System – Sales Counter	1 years
Licence for SOL Server standard 2012	2 years
Hsenid Software System	5 years
Finpac Software	6 years
Software Package for B 60 Subsidy	4 years
Hsenid Software-Producing MSL/Co:	4 years
Factory Moder :/Replanting Software	4 years
Jumla version Website	2 years
Finpac module integration	6 years
FINPAC Fixed Assets Module	10 years
hSenid – TI Module Software	3 years
DMS- Tea Land Registration Software	10years
Hsenid HR System	3 years
DMS – Tea land Data Management System	10 years
Hsenid Payroll module	5 years
POS Inventory Control System	5 years

3.8 Taxation

Sri Lanka Tea Board paid income tax only for interest income earned. Relevant details are disclosed in Note R to the Financial Statements. The tax rates and tax laws used to compare the amount are those that are enacted or substantively enacted on the reporting date

3.9 Inventories

Inventories are recognized at cost and net realizable value whichever is lower after making due adjustments for obsolete and slow moving items which are valued at 'First In First Out' basis.

3.10 Cash & Cash Equivalents

Cash and cash equivalents comprise cash in hand and bank, other short-term highly liquid investments.

4. LIABILITIES AND PROVISIONS**4.1 Retirement Benefit Obligations****4.1.1 Defined benefit plan – Retirement Gratuity**

SLTB is liable to pay Gratuity in terms of the Payment of Gratuity Act No.12 of 1983. The liability for gratuity to an employee arises only on completion of five years of continued service with SLTB. In order to meet this liability, Actuarial valuation was carried out in 2019 by the professionally qualified form of actuaries Messer Actuarial & Management Consultants (Private) Limited. and current year provision was carried out by Sri Lanka Tea Board using the Projected Unit Credit (PUC) method as recommended by Sri Lanka Accounting Standards No. 19 “ Employees Benefits”. The resulting difference between the brought forward provision at the beginning of the year and the carried forward provision at the end of the year is dealt with in the Statement of other comprehensive income.

The principal assumptions used in the calculations are as follows.

Expected Annual average salary
- 1.01% to 1.03%

Increment rate

Interest rate / discount rate - 5.03%

Staff turnover factor - 6 %

Accordingly the present value of the Defined benefit obligation (PVD BO) as at 31st December 2020 with respect employees in service based on the assumptions and methodology explained amounting to Rs.70,461,681.13

4.1.4 Defined Contribution Plans- Employee Provident Fund & Employee Trust Fund

SLTB contributes to Employees' Provident Fund contribution and Employees' Trust Fund contribution is covered by relevant contribution funds in line with respective regulation. Obligations for contributions to the plans covering the employees are recognized as an expense in the income statement.

Employees' Provident Fund

SLTB and Employees contribute to provident fund at 15% and 10% respectively on gross salary.

Employees' Trust Fund

SLTB contributes 3% on gross salary to the Employees' Trust Fund

5. INCOME STATEMENT

For the purpose of presentation of the Income Statement, the function of expenses method is adopted as it represents fairly the elements of Board performance.

Government Grants

Government grants under the capital vote are entirely used for the payment of development subsidies for factory modernization subsidy Scheme and Tea Replanting Subsidy Scheme. A government grant under the recurrent vote is used for the payment of salaries to employees.

5.1 Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the SLTB and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable taking into account contractually defined terms of payment.

The following specific recognition criteria must also be met before revenue is recognized:

Sale of goods

Revenue will be recognized upon satisfaction of performance obligation. Sri Lanka Tea Board expects the revenue recognition to occur at a point in time when control of the asset is transferred to the customer, generally on delivery of goods.

Rendering of services

Revenue from rendering of services is recognized in the accounting period in which the services are rendered or performed.

Other Income

Other income is recognized on an accrual basis.

Interest income

For all financial instruments measured at amortised cost and interest bearing financial assets classified as available for sale, interest income or expense is recorded using the effective interest rate (EIR), which is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. Interest income is included in finance income in the income statement

5.2 Expenses

All expenditures incurred in the running of the business have been charged to income in arriving at the surplus for the year. Repairs and renewals are charged to Income and Expenditure in the year in which the expenditure is incurred.

Sri Lanka Tea Board has maintaining three overseas offices. All the expenses other than salaries of the three officers attached to the said units have been accounted under Promotional & Marketing levy as maintenance Expenditure of each units (Moscow, UAE & China).

6. LIABILITIES AND PROVISIONS

6.1 Pending Court Cases As At 31st December 2020

No	Case No.	Court	Parties	Cause of Action	Present Status
1	Arbitration	ICLP Arbitration Centre	Sri Lanka Tea Board – Claimant K.T.E.N. Subasena – Respondent	SLTB claims loss and damage of Rs. 1,617,017.37 in connection with the refusal and wilful failure to perform and discharge the respondent's obligations under the Contract for Roof repair, water proofing, toilet floor, walls and colour washing at SLTB. Cross claim of Rs. 6,321,360.15 by the Respondent against the SLTB	Reserved for Arbitration Award
2	DMR 00780/11	District Court, Colombo	F. Hewakuruppu – Plaintiff Sri Lanka Tea Board – Defendant	An order to Re-pay Rs. 1,143,600/- to the petitioners by SLTB who has charged the same as registration fee, Legal Interest.	Trial on 23.01.2021
3	30430 M	District Court, Ratnapura	S.M.S. Pushpakumara – Plaintiff Sri Lanka Tea Board & two others – Defendants	Claim Rs. 756,077.35 as the payment for green leaf supplied by the Plaintiff to the Tea Factory operated by the 2nd Defendant, legal interest and cost of litigation	Summons Returnable of the 3rd Respondent on 22.01.2021
4	CA (Writ) 184/2020	Court of Appeal	Harangalla Plantation (pvt) Ltd. – Petitioner Sri Lanka Tea Board, Chairman, Director General & Tea Commissioner- Respondents	Interim order suspending the operation of suspension/ cancellation of Harangalla Tea Factory Writ of Certiorari quashing the decisions to cancel/ suspend of Harangalla Tea Factory Writ of Prohibition on placing restrictions on Licensed Tea Brokers pertaining to the purchase of made tea from Harangalla Tea Factory, Cost	Argument on 08.02.2021
5	CA (Writ) 185/2020	Court of Appeal	Wikiliya Plantations (pvt) Ltd., Sesame Senhora Tea Company (pvt) Ltd., Sanrose Teas (pvt) Ltd., Yara Valley (pvt) Ltd., Harangalla Plantation (pvt) Ltd. – Petitioner Sri Lanka Tea Board, Chairman, Director General & Tea Commissioner- Respondents	Writ of Prohibition prohibiting the canceling/ suspending the registration of any one or more of the 5 factories :- without conducting a due and proper inquiry & on the samples already taken, - until security / integrity/ chain of custody of samples could be safeguarded/ assured in accordance with best practices & standards, - on the purported basis that the said factories have failed to obtain / submit HACCP certification, Cost	Argument on 08.02.2021



6	CA (Writ) 195/2020	Court of Appeal	Kurugama Tea Factory (pvt) Ltd. – Petitioner Sri Lanka Tea Board, Chairman, Director General & Tea Commissioner- Respondents	Interim order • suspending the operation of suspension/ cancellation of registration of Kurugama Tea Factory • suspending the operation of documents P2 & P3 • preventing tea brokers from purchasing made tea from the Petitioner Writ of Certiorari quashing – • the cancellation/ suspension of registration of Kurugama Tea Factory • documents P2 & P3 Writ of Prohibition prohibiting the Respondents placing restrictions on Licensed Tea Brokers pertaining to the purchase of made tea from Kurugama Tea Factory, Cost	Inquiry on 21.01.2021
7	CA (Writ) 196/2020	Court of Appeal	N.M.M. Brothers (pvt) Ltd. – Petitioner Sri Lanka Tea Board, Chairman, Director General & Tea Commissioner- Respondents	Interim order suspending • the operation of suspension/ cancellation of registration of Dehiwatte Tea Factory • suspending the operation of P2 & P4 • preventing tea brokers from purchasing made tea from the Petitioner Writ of Certiorari quashing the cancellation/ suspension of registration of Dehiwatte Tea Factory & quashing documents P2 & P4 Writ of Prohibition prohibiting the Respondents placing restrictions on Licensed Tea Brokers pertaining to the purchase of made tea from Dehiwatta Tea Factory, Cost	Inquiry on 21.01.2021
8	CA (Writ) 197/2020	Court of Appeal	Elbrahim Sithy Ridaya & 4 others – Petitioner Sri Lanka Tea Board, Chairman, Director General & Tea Commissioner- Respondents	Interim order suspending – • the operation of suspension/ cancellation of registration of Rosyth Tea Factory • suspending the operation of P2 & P3 • preventing tea brokers from purchasing made tea from the Petitioner Writ of Certiorari quashing the cancellation/ suspension of registration of Rosyth Tea Factory & documents P2 & P3 Writ of Prohibition prohibiting the Respondents placing restrictions on Licensed Tea Brokers pertaining to the purchase of made tea from Rosyth Tea Factory, Cost	Inquiry on 21.01.2021

9	CA (Writ) 198/2020	Court of Appeal	G. Savarimuthu Retty & sons (pvt) Ltd. – Petitioner Sri Lanka Tea Board, Chairman, Director General & Tea Commissioner- Respondents	Interim order suspending the operation of • suspension/ cancellation of registration of Uplands Tea Factory • suspending the operation of P2 & P3 • preventing tea brokers from purchasing made tea from the Petitioner Writ of Certiorari quashing the cancellation/ suspension of registration of Uplands Tea Factory & documents P2 & P3 Writ of Prohibition prohibiting the Respondents placing restrictions on Licensed Tea Brokers pertaining to the purchase of made tea from Uplands Tea Factory, Cost	Inquiry on 21.01.2021
10	CA (Writ) 199/2020	Court of Appeal	Gatagahewala Plantation (pvt) Ltd. – Petitioner Sri Lanka Tea Board, Chairman, Director General & Tea Commissioner- Respondents	Interim order suspending • the operation of suspension/ cancellation of registration of Gatagahewala Tea Factory & the operation of P2 & P3 • Preventing tea brokers from purchasing made tea from the Petitioner Writ of Certiorari quashing the cancellation/ suspension of registration of Gatagahewala Tea Factory & documents P2 & P3 Writ of Prohibition prohibiting the placing of restrictions on Licensed Tea Brokers pertaining to the purchase of made tea from Gatagahewala Tea Factory, Grant Cost	Inquiry on 21.01.2021
11	CA (Writ) 200/2020	Court of Appeal	H.M. Rumeshe Rangana – Petitioner Sri Lanka Tea Board, Chairman, Director General & Tea Commissioner- Respondents	Interim order • Suspending the operation of suspension/ cancellation of registration of New Fernland Tea Factory & the operation of P2 & P3 • Preventing tea brokers from purchasing made tea from the Petitioner Writ of Certiorari quashing the cancellation/ suspension of registration of New Fernland Tea Factory Writ of Certiorari quashing documents P2 & P3 Writ of Prohibition prohibiting the restrictions on Licensed Tea Brokers pertaining to the purchase of made tea from New Fernland Tea Factory, Cost	Inquiry on 21.01.2021



12	CA (Writ) 337/2020	Court of Appeal	Maskeliya Plantations PLC – Petitioner Sri Lanka Tea Board, Chairman, Director General & Tea Commissioner- Respondents	Interim order • staying the operation of documents marked P8 & P5 • Preventing Respondents from preventing tea brokers from purchasing tea from Craig Estates/ sale of tea Writ of Certiorari quashing the cancellation/ suspension of registration of Craig Tea Factory Writ of Certiorari quashing documents P8, P5 & P6 Writ of Prohibition prohibiting the restrictions on Licensed Tea Brokers pertaining to the purchase of made tea from Craig Tea Factory, Cost	Inquiry on 25.02.2021
13	CA (Writ) 364/2020	Court of Appeal	Samrin Holding (Pvt) Ltd. Rangana – Petitioner Sri Lanka Tea Board, Chairman, Director General & Tea Commissioner- Respondents	Interim order • suspending the operation of suspension/ cancellation of registration of Samrin Tea Factory & the operation of P7 & P8 • preventing issuing directions to tea brokers from withdrawing tea from tea Auction and sale of tea Writ of Certiorari quashing the cancellation/ suspension of registration of Samrin Tea Factory Writ of Certiorari quashing documents P7 & P8 Writ of Prohibition prohibiting the restrictions on Licensed Tea Brokers pertaining to the purchase/ sale of made tea from Samrin Tea Factory, Cost	Inquiry on 25.02.2021
14	CA (Writ) 443/20	Court of Appeal	Mathurata Plantations Limited – Petitioner Sri Lanka Tea Board, Chairman, Director General & Tea Commissioner- Respondents	Interim order • suspending the operation of suspension/ cancellation of registration of High Forest Tea Factory & the operation of P4 & P3 • preventing issuing directions to tea brokers from cataloguing, selling or purchasing made tea Writ of Certiorari quashing the cancellation/ suspension of registration of High Forest Tea Factory Writ of Certiorari quashing documents P4 & P3 Writ of Prohibition prohibiting the restrictions on Licensed Tea Brokers pertaining to the purchase/ sale of made tea from High Forest Tea Factory, Grant Cost	Support for interim relief on 12.01.2021

15	SC/HC/LA 69/2018	Supreme Court	Colombo Business School – Claimant Petitioner Appellant Sri Lanka Tea Board & Attorney General – Respondent Respondent Respondent	Set aside the judgment of the Commercial High Court of Colombo dated 18.05.2018 (issued dismissing the petition of Colombo Business School (CBS) (petitioner) who had claimed damages Rs. 4,938,785.81 together with 20% interest thereon from 23.09.2003 until the dates of Arbitration Award (14.11.2012) Legal Interest, Statutory charges Cost of litigation Rs. 750,000/-) Re trial before the Commercial High Court of Colombo Cost	Reserved for Judgment
16	SC FR 429/16	Supreme Court	H.M.M. Sedara & 23 others – Petitioner Sri Lanka Tea Board & 30 others – Respondent	Order to provide a suitable promotional post/ path for the clerical and Allied services of SLTB and promote to the next promotional grade, Cost	Argument on 31.03.2021
17	SC FR 333/18	Supreme Court	K.B.P.S. Lakshman - Petitioner Sri Lanka Tea Board – Respondent	Quash the appointments of 21st – 24th Respondents Promote the Petitioner to the ATC position Compensation of Rs. 1.5 Million, Cost of Litigation	Argument 10.05.2021
18	SC/SPL/LA 238/2020	Supreme Court	Sesame Senhora Tea Company (pvt) Ltd. – Petitioner- Petitioner Sri Lanka Tea Board, Chairman, Director General & Tea Commissioner- Respondents - Respondents	Interim order • suspending the operation of P7 & P9 • Restraining from imposing restrictions on Licensed Brokers Set aside the Judgment of Court of Appeal Enter a judgment as prayed by the Petitioner- Petitioner Cost	Notice Returnable and Support on 19.01.2021

7. RELATED PARTY TRANSACTIONS

7.1 Transactions with State and State Controlled Entities

In the normal course of its operations, SLTB enters into transactions with related parties. Related parties include the Government of Sri Lanka (State as the ultimate owner of SLTB), various government departments, and State controlled entities. Particulars of transaction and arrangements entered into by SLTB with the State and State controlled entities which are individually significant and for other transactions that are collectively, but not individually significant are as follows.

Nature of Transaction

Transaction:

Revenue	215,000,000	202,500,000
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In the year 2001 Sri Lanka Tea Board has entered into agreement with JEDB to use the properties of JEDB for Ceylon Tea Museum for 30 years. Additionally Sri Lanka Tea Board has given Rs. 35 Million Temporary loan to JEDB.

**7.2 Fixed Assets purchased for
Tea House (Tea Moment) were
temporary transferred to Sri
Lanka Cashew Corporation on
return basis**

7.3 Sri Lanka Tea Board has released 02 vehicles to NIPM.

The above 02 vehicles had been transferred to NIPM based on the instructions given by the MPI on temporary basis.

8. KEY MANAGEMENT COMPENSATION

SLTB key management personnel include the Board of Directors. Mr. S.A.Siriwardana Director General of Sri Lanka Tea Board is serving as the member of the Board of Ceylon Tea Museum.



	2020 (Rs.)	2019 (Rs.)
Short term employment benefits	1,135,920	1,856,980

Additional Disclosures

Sri Lanka Tea Board has entered into Rent agreements for obtaining premises for commercial and other operations. The Contracts awarded before the ending of the financial year (31st December 2020) which does not have physical commitment as of the Balance Sheet date worth Rs.99.3 Mn.

Reigonal Office	Division	Name and address	Agreement Period	Monthly Rental (Rs.)
Baduraliya	Ingiriya	Mrs. B. A. Seetha Bamunusiunghe, 04 th lane, Elsmore Estate, Panadura road, Ingiriya	2020. 01.01 - 2021. 12. 31	15,000.00
	Elpitiya	Mrs. I. G. Kamalawathi, "Kamala Grocery", Igala, Elpitiya	2019. 04. 01 2021. 03. 31 Peoples Bank 073-2-001-7-6667717	15,000.00
	Mathugama	Mr. Tharinda Kumaraage, Horegodakattiya, Iddagoda, Mathugama	2020. 09. 01 2022. 08. 31 BOC Mathugama 7659956	15,000.00
Galle	Yakkalamulla	Mr. N. G. Jayathilaka, 13 post, Thellabura, Nakiyadeniya, Galle	2020. 01. 01 2021. 12. 31	15,000.00
	Galle	Mr. K. H. Ariyadasa, No. 31/1/A, Sri Maha abodhi road, Dehiwala	2020. 06. 02 2022. 06. 01 Commercial Bank, Union Place 8480032798	15,000.00
	Nagoda	Mr. J. K. Amarawardena, No 229, Universal City, Hapugala, Wakwella	2020. 06. 03 2022. 06. 02 BOC Karapitiya 83045954	15,000.00
	Hiniduma	Mr. W. K. Dimuthu Sacith, "Sachith", Thawalama South, Thawalama	2020. 01. 01 2021. 12. 31	15,000.00

Matara	Deniyaya	Mrs. Champa Namali, "Santhi", 51 Junction, Deniyaya	2020. 03. 15 2022. 03. 14 Commercial Bank 8111016179	15,000.00
	Kotapola	Mr. B. G. S. Madurasath, C/O Gamage Stores, Galdholagawahena, Galdhola, Kotapola	2019. 07. 01 2021. 06. 30 Regional Development Bank Deniyaya 226010108531	15,000.00
	Urubokka	Mr. E. A. Wanniarachchi Dodamkoratuwa, Ginnaliya road, Urubokka	2019. 12. 01 2021. 11. 30	15,000.00
Matara	Akuressa	Mrs. P. Nalini Priyanka Mahakurundu watta, Matara road, Akuressa	2020. 11. 01 2022. 10. 31	15,000.00
	Morawaka	Mrs. E. Karunawathi 551, Dishanwaliya Asala, Polgasvila, Morawaka	2020. 07. 01 2022. 06. 30 Ruhuna Development Bank Morawaka 11663	15,000.00
Ratnapura	Rakwana	Mr. J. M. U. S. Muhamdiram No. 33/7, Main street, Telecom road, Rakwana	2019. 01. 12 2021. 01. 11 (2019. 01. 06 2021. 01. 11) for 2020. 01. 01 - 2020. 01. 01	5,500.00
	Balangoda	Mr. H. K. H. Sri Priyal Ellepola, Balangoda	2019. 06. 01 2021. 05. 31	7,500.00
	Kalawana	Mr. G. P. M. S. Chandra Padmasiri Wewalkandura, Kalawana	2020. 03. 31 2021. 04. 01 Terminate in 2021. 02. 20	15,000.00
Bandarawela	Passara	Dr. G. Dayananda No. 16, Pakir Saibu Estate, Passara town (East), Passara	2019. 02. 01 2021. 01. 31	15,000.00
	Hali Ela	Mr. V. M. N. R. Kumaradasa No. 149/15, Station road, Hali Ela	2020. 05. 31 2021. 04. 31	15,000.00

Gampola	Gampola	Mr. W. A. G. U. Wijesinghe 173/A, Mahara, Gampola	2020. 08. 01 2022. 07. 31	15,000.00
	Udunuwara	Mrs. K. D. S. Senadeera 8/2, Naranwala, Gampola	2020. 08. 08 2022. 08. 07	15,000.00
	Mathale	Mrs. R. P. Karunasekara, "Rasika", Weragama, Kaikawala Mathale	2020. 05. 01 2022. 04. 22	15,000.00
Nuwaraeliya	Norwood	Mr. S. Chandra Sekara Pnibindu, Fruithill, Hatton	2019. 03. 01 2021. 02. 28	15,000.00
	Kothmale	Mr. D. M. P. G. A. K. Dasanayake, Shawanthi, Harangalagama, Nawalapitiya	2019. 05. 01 2021. 04. 30	15,000.00
	Walapane	Mrs. J. M. Deepa Priyangani, Watarakgoda, Wathumulla, Walapane	2020. 01. 01 2022. 01. 01	15,000.00
New house - 570/1, Galle road, Colombo 03.		Mr. Harsha Wijeweera	2 years from 1/2/2021	100,000.00
Trico Logistic Pvt. Ltd.			26/11/2019 - 25/11/2021	55,000.00
Mr. G. J. Amarathunga - Matara Regional Office			1/1/2021 - 1/1/2023	100,000.00
Mrs. Rosanthi de Silva - Galle Regional Office			11/3/2020 - 10/3/2022	135,000.00

NOTES TO THE FINANCIAL STATEMENTSYear Ended 31st December 2020

		2020 (Rs)	2019 (Rs)
A. INCOME			
Grant from Treasury - Recurrent		160,000,000.00	160,000,000.00
Capital & Development		55,000,000.00	42,500,000.00
Income from laboratory	Note 1	2,461,600.00	11,499,885.50
Interest transferred from P & M Levy		70,000,000.00	60,000,000.00
Registration and Renewal Income	Note 2	153,106,639.00	158,958,440.56
Net Profit from Commercial Activities	Note 3	6,499,934.51	8,480,969.15
Nuwaraeliya Sales Counter & Circuit Bungalow	Note 4	1,342,302.00	915,250.00
Other Income	Note 5	6,602,701.04	31,914,024.65
		455,013,176.55	474,268,569.86
B. TEA SECTOR-DEVELOPMENT EXPENSES			
Tea Factory Modernization Subsidy Scheme		28,611,865.18	16,939,169.96
Tea Replanting Subsidy scheme		31,008,775.00	25,560,830.04
Subsidy Scheme For High Shades Tree		151,632.00	-
GMP Improvement		3,081,740.50	2,236,559.18
Survey of Tea Land		1,089,874.44	-
JAICA Project		-	95,590.00
Model Tea Land Expenses		35,815.00	27,009,675.00
		63,979,702.12	71,841,824.18
C. ADMINISTRATION EXPENSES			
Personnel Emoluments	Note 6.1	224,058,642.38	211,280,911.54
Other Administrative Expenses	Note 6.2	44,562,832.55	53,914,319.88
Traveling Expenses	Note 7	16,931,533.04	13,020,407.15
Supplies and Requisites	Note 8	14,537,191.70	15,412,280.67
Repairs and Maintenance	Note 9	18,677,271.25	28,050,245.39
Depreciation of PPE	Note F	41,347,318.34	28,966,113.59
Amortization of Intangible Assets	Note H	3,953,111.71	3,606,230.43
Amortization of Leasehold Properties	Note G	76,385.60	76,385.60
Utilities and Other Expenses	Note 10	78,772,643.92	82,331,121.33
		442,916,930.49	436,658,015.58
D. FINANCE INCOME			
Interest on Investments		38,318,830.39	57,377,667.82
Interest on RPC wages Loan		9,168,778.08	25,393,444.40
		47,487,608.47	82,771,112.22
E. FINANCE EXPENSES			
Interest Expenses			
- Peoples Bank PLC		6,177,048.53	20,620,265.63
- Bank of Ceylon PLC		-	8,294,177.80
Bank charges		158,434.77	325,470.00
		6,335,483.30	29,239,913.43



NOTES TO THE FINANCIAL STATEMENTS

Year ended 31st December 2020**F. PROPERTY, PLANT AND EQUIPMENT****F.1 Head office & regional offices**

	Cost or valuation as at 01-01-2020	Additions	Revaluation	Disposals/ transfers	Adjustments	Cost or valuation as at 31-12-2020
Free Hold Land	376,300,000.00	-	-	-	-	376,300,000.00
Buildings	428,177,020.27	9,401,643.57	-	-	-	437,578,663.84
Motor & Other Vehicles	37,586,773.00	-	26,330,000.00	5,175.00	33,844,840.00	30,066,758.00
Plant & Machinery	45,390,362.77	210,870.00	489,300.00	-	8,561,382.80	37,529,149.97
Office Equipment	29,218,813.13	778,540.00	1,931,400.00	10,950.00	5,886,245.98	26,031,557.15
Furniture & Fittings	47,918,358.59	2,083,232.40	7,099,738.00	113,645.77	14,154,949.30	42,832,733.92
Library Books	383,044.26	59,424.50	-	-	-	442,468.76
Computer - Hardware	46,288,288.74	5,420,798.80	6,611,495.00	99,700.00	16,241,791.32	41,979,091.22
Laboratory Equipments	102,819,519.25	1,448,081.06	-	-	-	104,267,600.31
	1,114,082,180.01	19,402,590.33	42,461,933.00	229,470.77	78,689,209.40	1,097,028,023.17

WORK IN PROGRESS

Building & Other	13,470,000.00	3,805,584.34	-	9,401,643.57	3,798,356.43	4,075,584.34
	13,470,000.00	3,805,584.34	-	9,401,643.57	3,798,356.43	4,075,584.34
	1,127,552,180.01	23,208,174.67	42,461,933.00	9,631,114.34	82,487,565.83	1,101,103,607.51

provision for depreciation	Accumulated Depreciation As At 01.01.2020	Charge For The Year	Revalue Adjustment	Disposals	Adjustments	Accumulated Depreciation As At 31.12.2020
Buildings	62,690,068.36	9,124,556.40	-	-	-	71,814,624.77
Motor & Other Vehicles	28,813,527.67	14,667,333.33	25,453,718.67	5,175.00	-	18,021,967.33
Plant & Machinery	32,976,273.33	3,055,121.32	8,342,262.66	-	-	27,689,132.00
Office Equipment	19,883,424.09	3,335,807.29	5,726,856.82	10,950.00	-	17,481,424.56
Furniture & Fittings	27,146,013.46	3,562,100.52	9,550,946.42	103,406.43	-	21,053,761.13
Library Books	383,044.09	1,679.97	-	-	53,350.03	438,074.09
Computer - Hardware	31,794,154.36	6,007,957.45	14,609,986.64	99,700.00	-	23,092,425.17
Laboratory Equipments	96,353,426.42	1,592,762.05	-	-	-	97,946,188.47
	300,039,931.79	41,347,318.34	63,683,771.20	219,231.43	53,350.03	277,537,597.53
Head office net book value	827,512,247.93					823,566,009.98

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31st December 2020

F. 2 Overseas offices

	Cost Or Valuation As At 01-01-2020	Additions	Revalue:	Disposals/ Transfers	Adjustments	Cost Or Valuation As At 31.12.2020
Motor & Other Vehicles	14,242,317.65	-	-	-	-	14,242,317.65
Office Equipment	2,178,208.28	55,738.32	-	359,856.43	-	1,874,090.17
Furniture & Fittings	822,786.02	-	-	-	-	822,786.02
Computer - Hardware	336,457.14	-	-	-	-	336,457.14
	17,579,769.09	55,738.32	-	359,856.43	-	17,275,650.98

Provision For Depreciation	Accumulated Depreciation As At 01.01.2020	Charge For The Year	Revalue:	Disposals	Adjustments	Accumulated Depepreciation As At 31.12.2020
Motor & Other Vehicles	3,139,056.35	1,424,231.77	-	-	-	4,563,288.12
Office Equipment	1,709,227.55	270,159.25	-	359,856.43	-	1,619,530.37
Furniture & Fittings	505,188.34	44,711.29	-	-	-	549,899.63
Computer - Hardware	39,253.33	67,291.42	-	-	-	106,544.75
	5,392,725.57	1,806,393.72	-	359,856.43	-	6,839,262.86

OVERSEAS OFFICES NET BOOK VALUE	12,187,043.22	10,436,388.12
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TOTAL NET BOOK VALUE	839,699,291.15	834,002,398.10
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G. LEASE HOLD PROPERTY

	Cost Or Valuation As At 01-01-2020	Additions	Revalue:	Write Off	Adjustments	Cost Or Valuation As At 31/12.2020
Lease Hold Property - HO	3,819,280.00	-		-	-	3,819,280.00
	3,819,280.00	-	-	-	-	3,819,280.00

Provision For Amortisation	Cost Or Valuation As At 01-01-2020	Amotisation For The Year	Revalue	Write Off	Adjustments	Cost Or Valuation As At 31/12.2020
Lease Hold Property - HO	1,162,786.59	76,385.60		-	-	1,239,172.19
	1,162,786.59	76,385.60	-	-	-	1,239,172.19
NET BOOK VALUE	2,656,493.41					2,580,107.81

H. INTANGIBLE ASSETS

	Cost Or Valuation As At 01-01-2020	Additions	Revalue	Disposals/ Transfers	Adjustments	Cost Or Valuation As At 31.12.2020
Computer Software - HO	23,864,509.52	2,506,648.59	-	62,000.00	-	26,309,158.11
	-					-
Computer Software Work In Progress	6,703,365.57	-	-	1,249,615.57	-	5,453,750.00
	30,567,875.09	2,506,648.59	-	1,311,615.57	-	31,762,908.11

Provision For Depreciation	Accumulated Depreciation As At 01.01.2020	Charge For The Year	Revalue	Disposals	Adjustments	Accumulated Depreciation As At 31.12.2020
Computer Software - HO	9,126,389.08	3,953,111.71	-	-	-	13,079,500.79
	9,126,389.08	3,953,111.71	-	-	-	13,079,500.79
NET BOOK VALUE	21,441,486.01					18,683,407.32

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31st December 2020

		2020 (Rs)		2019 (Rs)
I. INVENTORIES				
Laboratory Consumables	Note 11.1	7,268,252.51		6,450,193.05
Promotion Materials & Others	Note 11.2	14,654,811.87		4,855,671.82
Tea & Other Stocks	Note 11.3	8,924,207.97		7,581,763.70
Others	Note 11.4	5,128,250.37		2,655,431.61
		35,975,522.72		21,543,060.18
J. TRADE AND OTHER RECEIVABLES				
Receivables	Note 12	44,361,391.72		10,732,850.58
Embassy Account	Note 12.1	1,436,546.20		2,300,472.21
Tea Promotion unit-Current Accounts	Note 12.2	1,849,224.91		3,486,255.62
Staff Receivables & Other Advances	Note 13	39,331,338.29		40,311,423.37
Receivable - JEDB		-		25,000,000.00
		86,978,501.12		81,831,001.78
K. DEPOSITS & PREPAYMENTS				
Deposits & Prepayments	Note 14	45,623,918.19		94,038,878.47
		45,623,918.19		94,038,878.47
L. OTHER FINANCIAL ASSETS				
Investments	Note 15	7,621,289,731.25		7,780,196,624.51
		7,621,289,731.25		7,780,196,624.51
M. LOAN RECEIVABLE				
Ministry of Plantation Industries		1,000,000,000.00		1,000,000,000.00
Loans To Treasury (STF)		509,624,312.50		-
Receivables From Plantation Ministry		500,000,000.00		-
Distress loan to RPC	Note 18	52,930,825.51		169,652,638.22
Wage Increment Loan for RPC	Note 18	39,440,142.64		154,641,647.99
RPC Festival Loan	Note 18	108,375,305.60		461,937,520.00
Loan to Kalubovitiyana-Vehicle		-		150,000.00
		2,210,370,586.25		1,786,381,806.21
N. CASH IN HAND AND AT BANK				
Cash in hand and at Bank	Note 16	151,302,423.72		230,219,655.62
P. EMPLOYEE BENEFIT OBLIGATIONS				
Gratuity Opening Balance		67,074,289.96		52,519,034.96
Measurement adjustment for the year		18,461,431.13		17,741,359.04
Benefit paid / payables during the year		(15,074,040.00)		(3,186,104.04)
		70,461,681.09		67,074,289.96
Q. BANK LOAN				
		Peoples Bank	Bank of Ceylon	Total
Balance as at 01/01/2020		100,040,965.16	35,641,657.00	135,682,622.16
Installment Payments		(100,040,965.16)	(35,641,657.00)	(135,682,622.16)
Balance as at 31/12/2020		-	-	-



R. INCOME TAX PAYABLE

		SLTB Rs.	P&M levy Rs.	Total Rs.
Balance as at 01-01-2020		2,740,382.09	69,912,787.69	72,653,169.78
Provision for the Year		10,716,323.56	144,758,895.05	155,475,218.61
LESS:Tax Payments		(13,456,705.65)	(180,057,219.11)	(193,513,924.76)
Balance as at 31-12-2020		-	34,614,463.63	34,614,463.63

2020 (Rs)**2019 (Rs)****S TRADE AND OTHER PAYABLES**

Trade Payables	Note 17.1	35,608,834.63	60,126,657.07
Other Payables	Note 17.2	290,774,606.90	301,777,061.43
Receipt in Advance	Note 17.3	57,142,852.34	89,862,915.37
Accrued Expenses	Note 17.4	278,764,424.54	46,894,875.17
Other Provisions	Note 17.5	16,027,360.93	15,525,257.56
		678,318,079.34	514,186,766.60

T. BANK BALANCES - BOC

Collection A/C Matara		38,999.80	70,999.80
Collection A/C -Rathnapura		69,878.97	-
Collection A/C -N'Eliya		481,916.50	14,889.00
Collection A/C -Gampola		233,049.08	-
		823,844.35	85,888.80

Capital & Reserves

There is no change in the Authorized Capital during the year ended 31 December 2020

Contributed Capital

Contributed Capital is made up by government grants amounting to Rs. 672,012,201.85 as at 31 December 2020

Distress Loan to RPC

As approved by the Cabinet on 21st March 2017 and the Board of directors of Sri Lanka Tea Board, it had been allocated a sum of Rs.1 Bn. From Promotion fund of Sri Lanka Tea Board during the year 2017 for the purpose of issuing a medium term loan to the Tea Board. Regional Plantation companies in proportion to the registered work force of each one for a period of 03 years at a concessionary rate of interest of 5% per annum payable monthly and the loan is administrated by the Sri Lanka Tea Board.

Wage Increment Loan for RPC

Based on the cabinet decision dated 5 th July 2016 cabinet paper No 16/1234/726/034 the Secretary Ministry of plantation industries has directed Sri Lanka Tea Board to obtain loans from Bank of Ceylon PLC & Peoples Bank PLC the treasury has issued a letter of comfort on this regard Accordingly Sri Lanka Tea Board obtain interest bearing loans as above for the purpose of granting loans for Regional Plantation Companies for Wage increment of Rs 2500/- for the plantation sector workers.

Loan to General Treasury – Consolidated

As approved by the Honorable Minister of Finance & Mas media The Granted approval in terms of the Section 11 of the Finance Act no 38 of 1971 to transfer surplus of Rs 1000 Mn to the Consolidated funds in 2019 enable to refund it base on the request by SLTB When it is necessary.

Payment of holiday wages & Deepavali festival advance to the works of Regional Plantation companies Board on the Cabinet decision dated 05th October 2019.

Winding up of State Institution Surplus Trust Fund on 01-04-2020

State institution temporary surplus trust Fund was wound up on 01st April 2020. The following SLTB Funds have been transferred to the consolidated fund of the Government by the fund managers as per the instructions given by the Secretary to the Treasury.

	Rs.
Balance as at 01/01/2020 (Before Interest)	500,283,972.55
Interest for the period 01/01/2020 to 31/03/2020	9,340,339.95
	509,624,312.50

Board directors has decided to write to the Secretary to the Treasury to get back this fund and necessary Adjustment was made in the Financial Statements.

Working capital loan Scheme to Re-energize Tea Factories - Rs. 500Mn.

Sri Lanka Tea Board has decided to grant loans to Tea factories through Central Bank who are facing working Capital difficulties. Fund allocation was made through Promotion and Marketing Levy Rs.500 Mn.

Subsidy Scheme for establishment of standardized Tea Nurseries

Sri Lanka Tea Board has decided for introduce Subsidy Scheme for establishment of standardizing Tea nurseries with sprinkler irrigations for the corporate sector and Private Sector Estates more than 10 Acres. Fund allocations were made through Promotion and Marketing Levy.

Temporary loan given to Janatha Estate Development Board

Rs.35 Mn. Temporary loan was granted to JEDB for to meet their working Capital difficulties. Decision was made to recover this loan with the interest.

	2020 (Rs)	2019 (Rs)
O. PROMOTION & MARKETING LEVY		
Amount Collected From Exporters	458,967,308.79	1,031,674,518.93
Interest On Investment	575,047,566.85	695,750,903.35
Interest On Rpc Distress Loan	6,746,676.06	14,635,165.20
Sale Of Cricket T-Shirts	-	1,500.00
Suvernior Advertistment Income	-	25,000.00
Tea Book Sale	1,800.00	17,900.00
	1,040,763,351.70	1,742,104,987.48
Complementary Tea Services & Tea Sampling Gift	886,247.05	3,415,033.00
Social Media	9,589.93	-
Local Promotion Campaign	10,214,008.36	19,348,507.11
Production Cost Of Communication Material (Atl/Btl)	43,915,150.84	31,913,934.57
Participation At International Trade Fairs & Exhibitions	30,090,453.62	102,045,098.10
Overseas Travelling Trade Fair	919,510.57	16,400,706.51
Events	2,084,173.34	15,392,807.58
Travelling Foreign Delegates	-	1,941,305.58
Intellectual Property Matters	8,517,504.51	9,635,962.14
Maintenance Of Overseas Offices	45,735,946.18	56,940,076.39
Generic Promotion	1,579,314.20	1,385,655.51
Joint Promotion With Other National Bodies	-	611,372.66
Subsidization Of Listing Fees & Brand Marketing	168,008,328.84	-
Above The Line Advertising On Tv/Radio/Press	-	46,429,248.49
Market Research & Other Marketing Support Services	3,980,513.67	2,472,349.74
Annual Estate Of The Year	-	975,000.00
Bank Charges	7,827.75	64,856.26
Grants To Tea Museum	2,125,000.00	1,500,000.00
Below The Line Advertising Outdoor	1,739,907.79	17,673,001.49
Consultant & Project Cordinators Marketing Cell	4,347,205.00	5,128,926.25
Difference In Exchange	1,892,912.48	3,423,298.71
Promotional Entertainment (Foreign Delegations/Events)	124,085.50	1,269,001.99
Complementary Teas To Mission Overseas	848,756.55	1,926,177.26
Foreign Travel	-	16,577,224.27
Online Selling Platform For Ceylon Tea	-	16,921,508.04
Through The Line Advertising	184,807,947.37	-
Brand Promotion	42,644,858.87	-
Public Relation Campaign	-	29,610,052.92
Subsidy For Nursery Development	120,185,549.00	-
Country Promotion Campaign	1,295,240.00	-
Contingencies	85,005.79	-
Visits of Foreign Delegations	223,156.50	-
Programme With Embassies	828,872.81	997,377.59
Total Expenditure	677,097,066.52	403,998,482.16

	2020 (Rs)	2019 (Rs)
Tax Paid On Interest Income	(144,758,895.05)	(195,245,811.26)
Interest Transferred To Head Office	(70,000,000.00)	(60,000,000.00)
	148,907,390.13	1,082,860,694.06

O. PROMOTION & MARKETING LEVY contd....

A sum of Rs 3.50 on every kg of tea shall be levied from every registered exporter of tea, at the time at which CUSDEC is authorized permitting the exportation of such tea, by the director general of Sri Lanka Tea Board (SLTB). All sum collected in terms of the provisions of regulation, shall be credited to a designated account as it is determined by the SLTB and form part of the capital fund of the Board.

On the coming into the operation of these regulations, (Gazette No. 167714 of 27th Oct: 2010) the money lying to the credit of the SLTB in the designated account shall be used exclusively by the Board for the purpose of engaging in activities related to tea promotion and marketing strategy, within and outside Sri Lanka.

Temporary Suspension of P & M levy

The cabinet ministers has decided to temporarily suspend the collection for Tea Promotion and marketing as a measure to cope up with the difficulties faced by the Tea industry. This temporary measure applied for the period 1st July 2020 to 31st December 2020.

DETAILED SCHEDULES TO THE FINANCIAL STATEMENTS

Year Ended 31st December 2020

	2020 Rs.	2019 Rs.
01. LABORATORY INCOME		
ISO 3720 Standard Test	719,600.00	1,093,485.50
Chemical Analysis Test	-	3,500.00
Physical Examination Test	557,500.00	1,143,500.00
Microbiological Analysis Test	1,109,500.00	3,786,000.00
Other Tea Sample Test	5,000.00	5,473,400.00
Sugar Contamination Analysis Test	70,000.00	-
	2,461,600.00	11,499,885.50
02. REGISTRATION & RENEWAL INCOME		
Dealers License Fees	9,621,265.00	9,274,035.55
Penalties	6,425,870.41	4,014,997.95
License Fees For Produce Brokers	1,750,000.00	1,750,000.00
Registration of Lion Logo	5,000.00	-
Refuse Tea Registration Fees	2,345,000.00	2,407,502.50
Registration of Tea Exporters	1,075,000.00	1,050,000.00
Registration of Tea Packers	845,000.00	825,000.00
Renewal Fee of Tea Exporters	40,511,730.00	41,525,000.00
Renewal Fee of Tea Packers	3,420,000.00	3,460,000.00
Private Sale Panel Valuation	4,883,500.00	6,307,000.00
Direct Sale Ratification Fees	649,000.00	844,000.00
Issue of Quality & Other Certificates	10,000.00	47,500.00
Issue of Permit For Importation of Tea	26,511,424.00	24,583,203.50
Sale of Import Application Forms	12,480.00	18,500.00
Factory Registration	1,000,000.00	-
Warehouse Registration	450,000.00	805,000.00
Local Packer Renewal	-	20,000.00
Renewal of Warehouse	2,475,000.00	2,715,000.00
Registration of Tea Manufactures	340,000.00	1,280,000.00
Permit For Refuse Tea Purchase	42,085,164.59	48,676,904.47
Registration of Tea Importers	435,000.00	320,000.00
Permit for Release of Bank Guarantee	362,500.00	445,000.00
Income From Tasting of Tea Samples	767,000.00	829,500.00
Reg. of Tea Pack / Other Origin Tea	356,000.00	766,000.00
Tea Factory Registration Renewal	4,290,000.00	3,934,810.00
Renewal of Tea Importers	145,000.00	245,000.00
Local Packer Registration	1,515,800.00	990,000.00
GMP Certification Fee	765,000.00	1,437,394.39
Tea Sample Testing Fees	54,905.00	387,092.20
	153,106,639.00	158,958,440.56

DETAILED SCHEDULES TO THE FINANCIAL STATEMENTSYear Ended 31st December 2020

	2020 Rs.	2019 Rs.
03. NET PROFIT FROM COMMERCIAL ACTIVITIES		
Tea Sales	8,530,125.62	18,329,081.68
Commission on Exporter Pack Sales	5,175,927.33	10,727,228.50
Monopol Rental	1,179,166.67	1,799,999.99
Sale of Cloth Bag	55,520.00	158,560.00
Difference In Exchange	11,996.70	-
Income on Sales In Foreign Currency	155.00	(65.66)
	14,952,891.32	31,014,804.51

Cost of Tea	(6,737,381.32)	(13,604,355.72)
Cost of Empty Cartons	(298,298.27)	(2,386,045.43)
Cost of Carrier Bags	(563,612.15)	(4,043,263.00)
Incentives To Staff	(628,060.09)	(1,625,491.18)
Commission on Credit Card	(225,604.98)	(874,680.03)
Net Profit From Commercial Activities	6,499,934.51	8,480,969.15

04. NUWARAELIYA SALES COUNTER & CIRCUIT BUNGLOW

Sales Counter -Rent Income & Sales Commission	1,224,302.00	758,675.00
Circuit Bungalow	118,000.00	156,575.00
	1,342,302.00	915,250.00

05. OTHER INCOME

Interest on Staff Loans	1,435,900.37	1,631,230.39
Sundry Income	4,098,502.93	1,986,395.82
Sale of Statistical Summary	94,247.08	101,595.60
Sale of Annual Report	-	750.00
Registration of Suppliers	291,300.00	232,500.00
News Letter	342,000.00	360,000.00
Sale of Posters, Directories & Others	223,260.00	42,415.00
Reversal of Bad Debt JEDB Temporary Loan	-	25,000,000.00
Fixed Assets Disposal Profit	340.66	2,377,637.84
Analytical Cost	-	141,000.00
Examination Fee	117,150.00	40,500.00
	6,602,701.04	31,914,024.65

DETAILED SCHEDULES TO THE FINANCIAL STATEMENTS

Year Ended 31st December 2020

	2020 Rs.	2019 Rs.
06. ADMINISTRATION EXPENSES		
6.1 Personnel Emoluments		
Salaries	134,269,976.10	120,707,656.77
Other Allowance (Interim / Other)	4,653,225.34	5,420,779.82
Overtime & Holiday Pay	9,380,206.01	10,667,654.09
Daily Paid Wages	3,065,365.00	2,744,150.00
COL Allowance	25,193,892.45	25,239,592.27
After Office Expenses - Exports	297,518.21	1,022,995.28
EPF Contributions	23,948,061.84	23,307,662.92
ETF Contributions	4,788,966.30	4,429,061.35
Staff Gratuity	18,461,431.13	17,741,359.04
	224,058,642.38	211,280,911.54
6.2 Other administration expenses		
Membership Subscription (Professional)	16,000.00	125,500.00
Bonus To Staff	4,000,000.00	4,350,000.00
Medical Benefits/Personal Acci. Claims	22,731,833.07	22,751,012.45
Liquid Tea To Staff	1,765,281.70	2,143,512.00
Supply of Packeted Tea To Staff	6,066,360.00	4,633,427.49
Staff Welfare	1,696,386.60	1,836,946.06
Death Donation	750,000.00	500,000.00
Sports / Recreation Facilities	250,000.00	250,000.00
Interest On Staff Property Loan	752,800.92	790,001.10
Staff Training / Seminars / Workshops	1,127,020.00	10,719,182.23
Fees To Board / Committee Members	1,135,920.00	1,856,980.00
Board Meeting Expenses	73,660.00	66,060.00
Analytical Laboratory - Consumables	2,271,923.26	3,168,588.55
Examination Fees	464,847.00	664,710.00
Dealer Deposit Refund	30,000.00	15,000.00
Consultancy Fees	1,417,975.00	-
Interview Panel Fees	12,825.00	43,400.00
	44,562,832.55	53,914,319.88
07. TRAVELING EXPENSES		
Traveling Expenses (Local)	16,931,533.04	13,020,407.15
	16,931,533.04	13,020,407.15

DETAILED SCHEDULES TO THE FINANCIAL STATEMENTSYear Ended 31st December 2020

	2020 Rs.	2019 Rs.
08. SUPPLIES & REQUISITES		
Print Stationery & Office Requisites	5,110,732.36	8,297,635.96
Fuel & Lubricants	4,071,517.44	4,451,925.46
Mechanical,Electrical & General Goods	262,287.50	297,286.00
Books,Periodicals & Newspapers	3,373,714.90	819,621.00
Uniform	1,718,939.50	1,518,222.25
Tea Testing Room Requisites	-	16,550.00
Tea Export Unit Requisites	-	11,040.00
	14,537,191.70	15,412,280.67
09. REPAIR. & MAINTENANCE OF CAPITAL ASSETS		
R/M Of Vehicales	1,784,217.37	2,685,051.07
R/M Of Plant & Machinery	1,949,136.07	3,239,877.36
R/M Of Buildings	1,057,697.96	1,979,112.14
R/M Of Offcie Equipment	6,828,726.96	12,898,800.62
R/M Of Furniture & Fittings	33,348.00	150,079.10
Other Utility Services	60,366.00	88,030.96
Janitorial Service	6,240,473.50	6,657,861.84
Lab.Accrediation & InstrumentsMaintainance	723,305.39	351,432.30
	18,677,271.25	28,050,245.39
10. UTILITIES & OTHER EXPENSES		
Press Notice	1,349,338.50	5,222,242.00
Telephone, Fax & Internet	9,029,381.76	8,258,671.62
Postage	1,067,683.94	1,363,960.60
Electricity	10,926,319.58	11,687,325.80
Rates & Taxes	1,688,463.07	1,465,186.24
Rent	8,208,570.00	7,056,600.00
Insurance - Buildings, Vehicles, Etc.	1,556,617.45	1,019,038.74
Security Services	9,730,584.10	11,709,293.55
Audit Fees	1,200,000.00	1,200,000.00
Legal Fees	572,155.00	1,658,086.00
Other Fees	770,307.07	185,061.00
Tea Sample Testing Fees	1,726,063.21	3,605,596.36
Water Supply & Heating	678,806.48	1,131,777.91
Tea Tasting Panel Fees	2,352,100.00	2,769,300.00
Sundry Expenses	426,187.13	702,999.69
Transport & Hire Charges	107,500.00	-
Lease Rental For Vehicles	19,259,556.21	20,764,293.27
Lease Rental For Land	1,513,500.00	330,000.00
Contingencies Covid -19	6,575,470.42	-
Nuwara Eliya Expenses	34,040.00	2,201,688.55
	78,772,643.92	82,331,121.33



DETAILED SCHEDULES TO THE FINANCIAL STATEMENTS

Year Ended 31st December 2020

	2020 Rs.	2019 Rs.
11. STOCKS		
11.1 Laboratory		
Laboratory Consumables	7,268,252.51	6,450,193.05
	7,268,252.51	6,450,193.05
11.2 Consumables		
Stationery	8,628,347.99	4,699,661.82
Promotional Materials	6,026,463.88	156,010.00
	14,654,811.87	4,855,671.82
11.3 Tea & Other Stocks		
Tea - Main Stores	4,088,745.93	3,987,288.64
Tea - Sales Counter	354,148.48	269,973.29
Staff Tea	805,185.00	186,365.00
Empty Cartons	3,553,486.71	3,101,236.77
Carrier Bags	89,241.85	3,500.00
Neck Ties	33,400.00	33,400.00
	8,924,207.97	7,581,763.70
11.4 Goods In Transit	5,128,250.37	2,655,431.61
	5,128,250.37	2,655,431.61
	35,975,522.72	21,543,060.18
12. RECEIVABLES		
Sundry Receivable	39,754,875.30	4,172,789.48
Debtors - Cricket Tshirt	679,123.30	690,503.02
Debtors Control	937,733.65	4,052,128.70
Income Receivable	1,227,497.16	262,497.16
Packeted Tea Sales	448,176.28	227,560.81
Shortages	1,313,986.03	1,327,371.41
	44,361,391.72	10,732,850.58
12.1 Embassy Account		
China	84,764.07	84,764.07
Bangkok	-	473,803.46
Uk	368,447.03	345,421.01
Germany	-	479,914.95
Japan	19,089.91	17,649.80
France	513,985.35	456,283.57
Poland	422,294.06	417,864.32
Australia	27,965.78	24,771.03
	1,436,546.20	2,300,472.21



DETAILED SCHEDULES TO THE FINANCIAL STATEMENTSYear Ended 31st December 2020

	2020 Rs.	2019 Rs.
12.2 Tea Promotion unit-Current Accounts		
UAE	790,450.15	750,185.40
Moscow	706,093.59	2,420,122.12
China	352,681.17	315,948.10
	1,849,224.91	3,486,255.62
13. LOANS & ADVANCES		
Consolidated Loans - TCD	6,847,852.57	8,118,502.77
Consolidated Loans - HO	31,486,862.54	31,040,547.56
Advance - Festival	649,400.00	496,900.00
Staff Tea Recoveries	202,625.00	490,980.00
Staff Debtors	10,000.00	11,850.00
Loans - Flood Relief	-	114,629.00
Payments In Advance	23,138.85	26,554.71
Loans And Advances Moscow	11,459.33	11,459.33
Other Advances-Regional office	100,000.00	-
	39,331,338.29	40,311,423.37
14. DEPOSITS & PRE - PAYMENTS		
Deposits	5,204,386.19	4,735,211.19
Stamp Deposit	160,000.00	160,000.00
Parcel Postage Deposit	44,940.00	44,940.00
Deposits & Prepayment - UAE	1,025,373.59	32,948,364.03
Deposits & Prepayment - Moscow	277,824.75	4,228,541.53
Deposits & Prepayment - China	652,781.00	913,570.60
Pre - Payments	5,858,440.98	20,616,554.15
Settling In Advance - China	-	91,702.97
Settling In Advance - UAE	-	61,551.55
Mobilization Advance	32,400,171.68	30,238,442.45
	45,623,918.19	94,038,878.47
15. INVESTMENTS		
Fixed Deposit - SLTB	454,409,000.00	539,409,000.00
Fixed Interest Receivable - SLTB	8,658,603.97	16,973,669.02
Fixed Deposit - P & M Levy	6,956,839,407.93	6,507,471,909.63
Fixed Deposit Interest Receivable - P & M Levy	198,683,436.01	228,409,137.71
Surplus Trust Fund - SLTB	-	61,612,252.97
Surplus Trust Fund - P & M Levy	-	423,621,371.84
Housing Loan Deposits - SMIB	2,699,283.34	2,699,283.34
	7,621,289,731.25	7,780,196,624.51

DETAILED SCHEDULES TO THE FINANCIAL STATEMENTSYear Ended 31st December 2020

	2020 Rs.	2019 Rs.
16. CASH & CASH EQUIVALENTS		
16.1 Cash		
Petty Cash Imprest - Stamp	10,000.00	10,000.00
Collection On Sales In Hand	564,111.29	396,111.72
	574,111.29	406,111.72
16.2 Bank Balances		
BOC-Kollupitiya 2 nd	17,443,958.19	10,752,105.22
BOC-Corporate (HO)	7,360,716.77	10,819,674.38
BOC-Bambalapitiya	53,890,207.06	142,593,305.33
BOC-Corporate (TCD)	14,771,515.46	13,953,472.02
BOC-Independence Square	719,225.00	380,925.00
BOC-Tea Subsidy	37,899,557.29	21,938,330.41
Peoples Bank	11,927,139.89	25,048,172.04
	144,012,319.66	225,485,984.40
16.3 BOC Regional Office Current Accounts		
Galle	668,134.62	236,065.50
Matara	416,354.34	95,443.09
Rathnapura	702,144.92	933,772.55
Mathugama	352,980.50	218,283.40
Bandarawela	425,693.30	90,389.47
Gampola	390,947.15	511,142.47
Nuwaraeliya	161,477.50	1,147.38
	3,117,732.33	2,086,243.86
16.4 BOC Regional Office Collection Accounts		
Galle	401,251.74	14,014.70
Rathnapura	-	16,228.54
Mathugama	2,817,634.50	1,560,460.60
Bandarawela	379,374.20	638,996.40
Nuwaraeliya	-	11,615.40
	3,598,260.44	2,241,315.64
	151,302,423.72	230,219,655.62

DETAILED SCHEDULES TO THE FINANCIAL STATEMENTS

Year Ended 31st December 2020

	2020 Rs.	2019 Rs.
17.CREDITORS & PROVISIONS		
17.1 Trade Payables		
Payables	9,207,524.78	14,891,056.14
Creditors Control	447,839.75	-
Credit Tea Order	24,641.88	26,724.88
Creditors & Provisions - UAE	76,316.82	2,829,334.15
Creditors & Provisions - China	44,710.80	113,858.71
Creditors - Tea Land Registration	84,455.00	88,565.00
Creditors & Provisions - Moscow	3,057.37	1,230,130.89
Sundry Debtors Levy	24,808,058.70	40,034,757.77
Subsidy Green Leaf Payable	912,229.53	912,229.53
	35,608,834.63	60,126,657.07
17.2 Other Payables		
General Deposits	220,515,162.50	220,156,672.62
Refundable Tender Deposit	9,000.00	9,000.00
Retention Monies Deposits	22,687,433.42	25,135,125.07
SLTB Official Packer	14,505,079.99	18,931,386.08
Staff Creditors	4,697,094.30	4,631,452.39
Arrears - Green Leaf Deposit	10,597,266.91	10,928,763.61
EPF - Payable	3,217,320.96	4,340,579.66
Cusdec Deposit	161,400.00	161,400.00
Retention Incentive - Sales Counter	41,930.42	162,683.88
Model Tea Garden Subsidy Scheme	12,079,356.50	17,312,606.50
VAT Payable	2,263,561.90	7,391.62
	290,774,606.90	301,777,061.43
17.3 Receipt in Advance		
Receipts In Advance	200,142.00	142,798.70
Nuwara Eliya-Sales center	1,620,000.00	1,620,000.00
Trade Fair	2,350,000.00	34,900,000.00
License Fee	8,167,900.00	7,603,365.00
Refused Tea	510,000.00	2,070,000.00
Renewal of Warehouse	1,920,000.00	1,905,000.00
License Fee For Produce Brokers	1,750,000.00	1,750,000.00
Registrations of Lion Logo & Tea Importer	-	15,000.00
Registration of Tea Factory	1,210,000.00	-
Registration of Tea Packer	50,000.00	30,000.00
Renewal of Tea Exporter	34,480,000.00	34,600,000.00
Renewal of Tea Packer	2,460,000.00	2,510,000.00
Registration of Tea Warehouse	75,000.00	25,000.00
Local Packer Registration	-	30,000.00

	2020 Rs.	2019 Rs.
Registration of Exporters	50,000.00	25,000.00
Renewal of Tea Importer	415,000.00	405,000.00
Medical Deposit SLTB Staff	366,834.00	230,142.00
Monopole Rental	108,333.34	754,166.67
Sales Counter-Rent Deposit	1,235,000.00	1,195,000.00
Deposit - BMF	174,643.00	52,443.00
	57,142,852.34	89,862,915.37
17.4 Accrued Expenses		
Accrued Expenses	11,639,019.48	25,737,868.20
Accrued Expenses - P&M Levy	267,125,405.06	20,084,132.63
Interest Payable - Bank Loan	-	1,072,874.34
	278,764,424.54	46,894,875.17
17.4 Accrued Expenses		
Staff Traveling	-	689,273.28
Travelling	5,588,982.27	2,850,683.46
Printing Annual Report	-	652,320.00
Audit Fees	2,400,000.00	1,687,856.00
Printing Stationery & Office Req:	138,056.71	2,852,163.39
Fuel & Lubricants	403,074.00	221,114.50
Periodicals & Newspapers	13,010.00	13,580.00
Maintenance Expenditures	513,810.13	653,031.74
Postal & Communication	999,488.94	618,039.98
Electricity & Water	1,602,642.79	926,871.95
Rent & Local Taxes	107,500.00	-
Janitorial Services	590,664.62	519,898.20
Security Services	449,172.00	952,169.34
Legal & Other Fees	54,150.00	123,500.00
Medical Benefits	1,648,868.00	1,314,977.00
Covid 19 Expenses	1,464,024.00	-
Overtime & Daily Paid Wages	53,917.47	1,449,778.72
	16,027,360.93	15,525,257.56

DETAILED SCHEDULES TO THE FINANCIAL STATEMENTS

Year Ended 31st December 2020

18. RPC LOAN BALANCES			
	RPC Festival Loan	Distress Loan	Wage Increment Loan
Horana Plan. PLC	11,591,800.00	1,400,846.58	3,666,666.56
Kahawatte Plan. PLC	2,004,200.00	-	-
Hapugastenne Plan. PLC	6,368,560.00	-	972,222.30
Udapussellawa Plan. PLC	4,140,400.00	-	750,000.00
Madulsima Plan. PLC	8,453,280.00	-	2,303,057.12
Kotagala Plan. PLC	27,449,465.60	18,056,365.12	19,986,661.90
Agarapatana Plan. LTD	39,607,200.00	33,449,814.86	11,150,423.61
Elkaduwa Plan. PLC	8,760,400.00	-	-
Bogawantalawa Tea Estates	-	6,867.47	-
Kegalle Plan. PLC	-	3,997.64	-
Pussellawa Plan. LTD	-	6,380.87	-
Talawakelle Tea Estate	-	6,552.97	-
Maturata Plantations Ltd	-	-	611,111.15
	108,375,305.60	52,930,825.51	39,440,142.64

THE AUDITOR GENERAL'S REPORT - 2020

(ENGLISH VERSION OF AUDITOR GENERAL REPORT)

Chairman
Sri Lanka Tea Board

The Auditor General's Report on financial statements and other legal regulatory requirements of Sri Lanka Tea Board as per the section 12 of National Audit Act No.19 of 2018 for the year ended 31st December 2020.

1. Financial Statements

1.1. Qualified Opinion

The statement of financial position of the Sri Lanka Tea Board as at 31st December 2020 and income statement, other extended income statements, statement of changes in ownerships and the records related to cash flow statement and financial statements for the year then ended, financial statements involving the summarized significant accounting policies for the year ended by 31st December 2020 were audited under my direction as per the provisions of National Audit Act No.19 of 2018 and Finance Act No.38 of 1971 that should be read in combination with Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka. My report will be tabled in the Parliament in due course as per the Article 154 (6) of the Constitution.

Except the effects of the matters described under the heading of Basis for Qualified Opinion in my report, the fact that the financial position of the Sri Lanka Tea Board as at 31st December 2020 and its financial performance and cash flows for the year then ended reflect a true and fair status in accordance with Sri Lanka Auditing Standards is the opinion I bear.

1.2 Basis for Qualified Opinion

- (a) Though the adjustments were to be made to the operation loss of the year under review as per Sri Lanka Accounting Standard 07 in preparing the cash flows, the adjustments had been made by the Board to the profit calculated after adjusting the qualified surplus. Further, an allocation of Rs.144,758,895 for income taxes of the promotion and marketing fund, a sum of Rs.14,521,855 as fixed assets adjustments, the depreciated expense of Rs.53,350 for the library books related to the year 2019 and the adjustments of Rs.653,262 made within the current year in relation to the previous year had been adjusted to the operation result as the items not affecting on financial movability in the cash flow statement.
- (b) Although the laboratory equipment, office equipment, machines and devices, water, electricity and equipment, decoration equipment and library books valid at Rs.119,194,204 fully depreciated by the Board as at the end of the year under review were being further used, the effective life time of the said equipment had not been re-estimated and accounted in accordance with the paragraph no. 51 of the Sri Lanka Accounting Standard 16.
- (c) Although the entire category of the property, plant and equipment should be completely revaluated at the time of revaluing an item of property, plant and equipment as per the paragraph no.36 of the Sri Lanka Accounting Standard 16, those assets of the head office had not been revaluated when the office equipment, machines and devices, and furniture and fittings were revaluated by the Board in the year under review.
- (d) A sum of Rs.1000 million from the promotional and marketing tax fund in the year under review, and further a balance of Rs.509.62 million from the said fund in the year 2020 had been given to the General Treasury by the Board and this money has been accounted in the financial statements as a loan balance to be recovered. However, these balances had not been accounted in the financial statements of the General Treasury as the balances to be paid the Sri Lanka Tea Board and the said balances as at the year under review had not been verified.
- (e) A sum of Rs. 4,474,728 (USD 24,395) had been remitted to the A/C No. 811104744 of a private institute in Chicago of United State on 08th January 2020 in terms of allocating stalls of the world tea trade fair scheduled to be held in America on 10th and 11th June in the year review. However, the exhibition committee had decided

not to hold this exhibition due to global situation of Corona pandemic and the said institute had been informed by the Cabinet of Ministers via email on 29th August 2020 to credit this whole paid amount for the allocation of stalls of the world tea trade fair **scheduled to be held on** 14th and 16th July 2021. However, this advance amount had been accounted as an expense in the year under review. Further, the receipts required to verify this expense had not been submitted for the audit.

(f) A sum of Rs.2,280,165 accrued as at 31st December 2019 for expenses of training courses has been paid and debited from expenditure account instead of debiting from the accrued account. Consequently, the expenses account and the accrued expenses account had been calculated with an excess of the said amount.

(g) Although the amount of interest gained for the housing loan deposit of the State Mortgage and Investment Bank was Rs. 103,877 as per the bank verification letter, the said amount had not been accounted.

(h) It was observed that proper records on the stocks had not been maintained in respect of 30,000 small and big paper covers at a value of Rs.3,645,000 supplied in the year 2018 under the Order No.18829 from a private company in order to contain tea being sold at the tea sales centre of the head office when issuing to the customers. When all the damaged and inaccurate covers had been returned to the supplier, a sum of Rs.1,404,640 had been indicated under the accrued expenses as at 31st December 2020.

(i) A sum of Rs.207,342,040 which was the income from interest of fixed deposits in relation to the year under review had been indicated under fixed deposit investments instead of indicating under mobile assets.

(j) The subsidy amount of Rs.300,000 paid by the Bank of Ceylon Cheque No.562353 issued to a subsidy holder under the Model Tea Lands program in the year 2019 has been paid back as he expressed his dislike for the said project, and it was observed that the said amount of Rs. 300,000 had been indicated in the accounts as at 31st December 2020 as an amount to be paid to the subsidy holder instead of crediting to the expenses account.

(k) Although the income of laboratories, stocks of stationeries and empty boxes were Rs.2,461,600, Rs.8,628,347 and Rs.3,553,486 respectively, income of laboratories as per the test reports, the stocks of stationeries and empty boxes as per the verification reports were Rs.7,050,200, Rs.6,912,816 and Rs.4,674,398 respectively. Consequently, a difference of Rs.7,425,043 was observed.

I executed this audit in accordance with the Sri Lanka Accounting Standards. My responsibilities under these accounting standards have further been described under heading "Auditor's responsibility" in relation to the audit of financial statements. I believe that the evidences I have received for the audit are adequate and appropriate to form a basis for my qualified opinion.

1.3 Other particulars included in the Annual Report of the Sri Lanka Tea Board 2020

Other details mean the details that have been included in the annual report 2020 of the Sri Lanka Tea Board expected to be handed over to me after the date of this audit report, but not included in financial statements and my audit report on those statements. The management is responsible for these other details.

My opinion on financial statements does not reveal other details and I do not express any certification and opinion on that matter.

My responsibility about the financial statements in relation to my audit is to read the other details when possible to have and seek whether those details are quantitatively matching with financial statements or my knowledge gained by the audit or by other means.

If I conclude that there are quantitative false statements when I read the annual report 2020 of the Sri Lanka Tea Board, such details should be communicated to the relevant parties for corrections. If there are errors not rectified yet, such details will be included in the report to be tabled in the Parliament in due course as per the Article 154 (6) of the Constitution.

1.4 Responsibilities of management and governing parties for financial statements

The preparation and fair presentation of these financial statements in accordance with the Sri Lanka Accounting Standards and determining the internal controls required enabling the preparation of financial statements that are free from quantitative wrongful statements that can be caused by frauds or errors are the responsibility of the management.

Determining the possibility of continuous function of the Sri Lanka Tea Board in preparing the financial statements is a responsibility of the management. Except the circumstances the management decides to liquidate the Board or stop the operations when an alternative is not found, accounting on the basis of continuous existence and disclosing the particulars related to continuous existence of the Board are also a responsibility of the management.

The responsibility of financial reporting procedure is borne by the governing parties.

As per the sub-section 16 (1) of National Audit Act No.19 of 2018, the books and records should appropriately be maintained about the own incomes, expenditures, assets and liabilities enabling the preparation of annual and timely financial statements of the Board.

1.5 Auditor's Responsibilities for the Audit of the Financial Statements

My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Sri Lanka Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Sri Lanka Auditing Standards, I exercise professional judgment and maintain professional uncertainties throughout the audit. I further:

- Designed and performed Opportunistic and appropriate audit procedures to identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error in respect of providing a basis for my audit opinion. The impact of a fraud is higher than the impact of a material misstatement resulting from an error, as the fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtained an understanding about internal control in order to design opportunistic and appropriate audit procedures, though it was not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluated the appropriateness of accounting policies used and the fairness of accounting estimates and related disclosures made by the management.
- Concluded on the appropriateness of using the basis of continuous existence of the Board for accounting based on the audit evidence obtained on whether a material uncertainty exists related to events or conditions that may cast significant doubt about the ability of continuous existence of the Board. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, my opinion should be modified. However, continuous existence can be ceased due to the future events or conditions.
- Evaluated the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I inform the parties in charge of governance about the important findings of my audit, main internal weaknesses of the governance and other particulars

2. Report on other Legal and Regulatory Requirements

2.1. Special provisions are included in relation to the following requirements of the National Audit Act No.19 of 2018.

2.1.1. All details and clarifications required for the audit was obtained by me except the impact caused by the particulars described in “Basis for Qualified Opinion” in my report as per the requirements specified in the Section 12(a) of the National Audit Act No.19 of 2018, and the due basis for financial reporting has been maintained by the Board as revealed by my inspection.

2.1.2. The financial statements of the Board are compatible with the previous year in line with the requirement of the Section 6(1) (d) (iii) of the National Audit Act No.19 of 2018.

2.1.3. The recommendations made by me in the previous year have been included in the financial statements except the observations stated in the paragraphs 1.2(b) and (c), 2.2.2 (a), (c) and (d), and 3 (a), (b), (d) and (i) in line with the requirement of the Section 6(1) (d) (iv) of the National Audit Act No.19 of 2018.

2.2. Based on the procedures followed and the evidences obtained as well as due to being limited to quantitative facts, nothing enough was caught by my attention to express the following statements.

2.2.1. That a certain member of the Governance Board of the Board has a connection directly or by other means outside the normal business condition regarding an agreement related to the Board as per the requirement stated in the Section 12(d) of the National Audit Act No.19 of 2018.

2.2.2. That it has been proceeded in contrast to a certain relevant written law or other general or special provisions issued by the Board of Governance on the Sri Lanka Tea Board other than the following observations as per the requirement mentioned in the Section 12 (f) of the National Audit Act No.19 of 2018.

Reference to laws, rules/orders	Observation
(a) Sections 13 and 14 of Sri Lanka Tea Board Act No.14 of 1975	As per the provisions of the Act, taxation of Cess should be credited to a fund of the Sri Lanka Tea Board. However, that had been conversely credited to the General Treasury.
(b) Financial Regulation of Democratic Socialist Republic of Sri Lanka F.R 751	The inventory books had not been properly maintained by the warehouse of the Head Office as per the Financial Regulations.
(c) Section 11 of the Finance Act No.38 of 1971	Although a sum of Rs.7,411,278,407 had been invested in the fixed and short term deposits by the Board as at 31st December 2020, the concurrence of the relevant Minister and the Minister of Finance had not been obtained for the said matter.
(d) Rules set at the Committee on Public Enterprises held on 21st September 2018	The Liquid Chromatography Mass Spectrometer which was purchased at a cost of Rs.32,132,088 in the year 2019 had not been used till the date of the report as it was not in line with the specifications of the Board. Though 11 years had passed to finish the internal disciplinary inquiry, a final decision had not been reached by conducting a formal disciplinary inquiry.

2.2.3. As per the requirement stipulated in the section 12 (g) of the National Audit Act No.19 of 2018, proceedings have been done incompatibly to the powers, duties and functions of the Board.

2.2.4. As per the requirement stipulated in the section 12 (h) of the National Audit Act No.19 of 2018, the resources of the Board had not been used thriftily, efficiently and effectively subsequent to the procurement made in accordance with the rules and regulations within time frames except the observations mentioned below.

(a) As the Gas Chromatography Mass Spectrometer which had been installed to analyse the pesticide residuals of Tea has been removed from use, and a budget provision of Rs.50,000,000 had been allocated to install a new machine in the years 2018 and 2019. Although, a sum of Rs.60,000,000 had been estimated in the Procurement Plan of the year 2020, the said procurement activity had not been finished even till the date of audit; 30th April 2021.

(b) The operation activities of the Tea Shop of Nuwara Eliya Regional Office of the Sri Lanka Tea Board had been given to a private party at a lease amount of Rs.8,162,296 for a period of 06 months without testing the ability of making payments. The lease instalments per Rs.100,000 from 27th May 2019 to 26th May 2020 and per Rs.105,000 from 27th May 2020 to 26th May 2021 were to be levied as per the lease agreement. However, only the rentals for a period of 03 months for the year 2020 had been received and any rental for the year 2021 had not been paid till the date of the audit. As per the financial statement of the year under review, a sum of Rs.900,000 has been indicated as an amount to be levied from the Lessee. Also, an overdue instalment value of Rs.35,000 and 1% fine amounts, a sum of Rs.99,267 for the electricity and water consumption of the shop. An amount of 02% from the annual sales are required to be levied to the Sri Lanka Tea Board, the said amount had been understated in the accounts.

2 Other Audit Observations

- (a) Although a decision had been taken by the Janatha Estate Development Board and the Sri Lanka Tea Board to acquire the ownership of Ceylon Tea Museum in Hanthana belonged to Janatha Estate Development Board and to write off the said balance in lieu of a sum of Rs. 25,000,000 to be received from Janatha Estate Development Board in accordance with the orders of the Committee on Public Enterprises held on 19th June 2012, the said process had not been finalized until the date of audit; 30th April 2021, though a period of more than 08 years was passed. No agreement had been signed between two parties in respect of acquisition of the ownership of the Museum and providing loan amounts. Further, as per the Management Board Decision No.2020/492/65, a loan amount of Rs.10,000,000 had been given again by the Sri Lanka Tea Board to Janatha Estate Development Board on 27th February 2020 for paying wages of the estate workers of Janatha Estate Development Board.
- (b) A sum of Rs.975,257 which is the total of foreign travel expenses of a group of people including an Ex-Minister, an Additional Secretary of the Ministry and the officers of Tea Research Institute is existing as a receivable balance from a period of 03 years to 04 years and no action has been taken to levy it from the Ministry of Plantations even till the date of audit; 30th April 2021.
- (c) A sum of Rs.631,061 borne for the foreign travel expenses of the officers of Tea Small Holdings Development Authority, Kalubovitiyana Tea Factory Ltd and Ministry of Plantations has been indicated in the financial statements as a receivable amount of money since period of 02 to 03 years. However, no action had been taken to levy the said amount even till the date of audit.
- (d) The balance of Rs.1,810,840 incurred from 15 countries out of Rs.51,604,457 provided to foreign embassies for the Global Tea Party in the year 2017 had not been withdrawn till the end of the year under review.
- (e) The balance of Nuwara Eliya Tea House amounting to a sum of Rs.261,060 included in receivable income balance is being carried forward since a period of 06 years and no action had been taken to levy it even till the date of audit; 30th April 2021.
- (f) Although a sum of Rs.1,313,986 should be levied as per the Section 4.3 of the agreement made with a private institute as at the end date of the year under review in terms of the empty casing boxes, such

amount had not been levied. A sum of Rs.1,312,231 from the said balance was a balance to be levied with in the year 2019.

- (g) The actions had not been taken to substitute the tax balance of Rs.771,552 continuing from the year 2018 till the year under review.
- (h) The total of accrued expenses of Rs.595,816 for travel expenses, stationeries, fuels and overtime payments related to the years 2018 and 2019 had not been settled as at 31st December 2020.
- (i) A sum of Rs.629,261 paid in advance by the Board in the year 2011 to an overseas private institute for the "FoodEx Siriya" exhibition scheduled to be held in Siriya in 2012 and cancelled due to then war situation had not been levied even in the year under review.
- (j) The actions had not been taken to settle a sum of Rs.9,550,530 retained from the completed contracts from the year 2015 to 2018 even though a period of more than 02 years have passed.
- (k) As the actions had not been taken to duly settle the money deposited in the Board in order to make payments for the Green Tea Suppliers from Tea Factory Owners, the amount of deposits not settled for a period from 1 year to 18 years that is for the period from 2000 to 2018 is Rs. 7,061,339. That amount is a 67% from the total deposit amount of Rs.10,597,267.
- (l) A balance amount of Rs.912,229 as at 31st December 2015 from the subsidy amount of Rs.6,738,000,000 received by the Board from the Treasury to make payments for green leaf suppliers in order to maintain a minimum price of Rs.80 for green leaf during the year 2015 had been retained with out being remitted to the General Treasury.
- (m) The actions had not been taken to levy the amounts of Rs.249,130 and Rs.203,847 receivable since the year 2017 from the overseas Embassy of United Arab Emirates and from the overseas Embassy of Moscow respectively.
- (n) The Board of Directors had decided by its Decision Nos.2020/491/45 and 2020/498/238 to provide Rs.450 Million from the Promotion and Marketing Fund of the Sri Lanka Tea Board including a sum of Rs.250 Million to Tea Small Holdings Authority in order to establish 138 nurseries with a minimum capacity of hundred thousand plants and 500 small scale nurseries covering medium-scale and mega-scale estates of more than 10 acres. According to the gazette order of collecting taxes for the Tea Promotion and Marketing Strategy No.1677/14 dated 27th October 2010, money from the Tea Promotion and Marketing Fund should be used within and outside Sri Lanka only for the promotion and marketing activities. Therefore, the aforesaid rule had been violated by this expenditure. Also, even if this amount of money had been decided to be issued as a loan amount without interest according to the decision of the Board of Directors, the amount of Rs.75 Million paid to Tea Small Holdings Authority on 31st August 2020 had been accounted as an expense in the year under review and any Memorandum of Understanding had not been entered between two parties.
- (o) It was observed that a sum of Rs.850,000 for consultancy fee had been accounted as an accrued expense while there was an allocation of provisions by the budget document outside the procurement procedure to establish an Activity Based Costing System.
- (p) Two Cabs belonged to the Sri Lanka Tea Board valid Rs.1,900,000 and Rs.1,800,000 respectively had been given for the use of National Institute of Plantation Management on 28th November 2017. However, no action had been taken to levy the said amounts of money and to transfer the ownership legally even till the date of audit; 30th April 2021. Hired private vehicles had been used for the transport requirements of the Board at an expense of Rs.2,665,121 within the year under review.
- (q) The plans had been made to provide subsidy money in 04 main phases under the Model Tea Plantation Project – 2019 and the subsidy amount of Rs.2,100,000 under "Landscaping of Tea land" which is the

first phase had not been issued for 07 persons from the agreed applicants as at 31st December 2020, and the another 07 persons who were paid per Rs.300,000 terms of land preparation for tea cultivation under the first phase had not been paid the subsidy for the second phase until 31st December 2020.

- (r) The orders approved by the Minister through the Extra-ordinary Gazette No.386/13 dated 28th January 1986 are applied for all packers engaging in tea packing for local consumption or exportation. Although the registration fee of Rs.1000 and registration renewal fee of Rs.500 have not been formally revised as per its Section 04 and 06, the Board has taken actions to revise the registration fee and not to charge the registration renewal fee. Therefore, the Board had lost the income from the fee of renewing the registration of local packers since the year 2015 and the total of registration fees charged without a formal approval in the year 2020 was Rs.1,303,800.
- (s) Total number of tea packers registered in the Board by the end of the year 2020 was 758, and the number of packers except the number of new packers registered in the year 2020 was 538. Out of the said number, around 212 had renewed the registration and that quantity was 28% from the total. Consequently, it was observed that the supervision part of the Board in respect of renewing the registration was not at a satisfactory level.
- (t) As per the Section 06 of the Extra-ordinary Gazette specified in the above (r), all registrations in respect of engagement in packing activities should be done on or before 31st January of each year. Also, as per the Section 08, a sample of the retailed pack together with a representative tea sample should be provided to the Board by each registered packer. However, as observed at the sample surveys, there were instances where the packers already registered in the Board were proceeding with the business activities without adhering to the said requirement. Further, as stated in the Director Board Paper No.2013/420, any reports on the monitoring activities about tea suitable for local consumption that need to be done once in each three months had not been presented for the audit. Therefore, it was observed at the time of audit that there were possibilities for tea not suitable for local consumption being sold in the market.
- (u) The service of the former Director (Promotion) had been extended as a special professional consultant for advertising with effect from 15th May 2020 by the Board of Directors without an approval from the Cabinet of Ministers and a sum of Rs.1,829,930 had been paid as allowances when there was no any provision in the approved recruitment procedure or in other circular for the recruitment of a consultant.
- (v) Five-year strategic plan for the promotion of Ceylon Tea; implemented from 2012 to 2016 on the requirement of implementing an effective promotional plan when the World Prod Share for Ceylon Tea was 18% in the year 2011 as per the Annual Report of the Sri Lanka Tea Board, had been unable to be executed as expected till December 2020 and the World Prod Share for Ceylon Tea had been decreased up to 14.6% by the year under review according to the Supplement to International Tea Committee News Bulletin -2020.

Sgd,
W.P.C. Wickramaratna
Auditor General

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