Nepal Officials seek commercialisation of agriculture

High officials of the Ministry of Agricultural Development (MoAD) in Nepal have said commercialisation of agriculture is imperative for national economic development.

Addressing an orientation programme on decentralisation of the Project for Agriculture and Commercialisation of Trade (PACT), being run by the MoAD, on September 21, 2014 in Biratnagar, the officials said commercialisation of Nepali agriculture is sure to lead the nation toward a new height of economic prosperity.

PACT is a World Bank (WB)-funded project run by the Government of Nepal since 2009.

MoAD Joint-Secretary Dinesh Parajuli stressed on the need to uplift agriculture from livelihood to profession.

Director General of the Department of Agriculture, Yuvak Dwaj GC seconded Parajuli, adding that district-level offices need to cooperate the governments’ programmes launched for commercialisation of agriculture.

MoAD Joint-Secretary Sudarshan Prasad Regmi and Central Regional Agriculture Director Tek Bahadur Bam had also addressed the function.

The orientation programme was organised for chiefs and officials of the District Agricultural Development Offices and District Livestock Services Offices of six districts of Eastern Development Region that are implementing a micro grant programme under the PACT.

PACT has launched the micro grant programme from this year in 25 districts across the nation.

Project Director Yogendra Kumar Karki said the project aims to help farmers who want to practice agriculture commercially.

PACT has already conducted such programmes for officials of the Central and Western Development Regions.

Source: The Himalayan Times, September 22, 2014

IFC Helps Georgian Farmers Introduce Global Standard to Boost Export Potential

IFC, a member of the World Bank Group, and the Georgian Farmers’ Association are helping Georgian farmers introduce a key global standard to boost farm production and ramp up exports to the European Union (EU).

IFC and the Georgian Farmers’ Association hosted a two-day workshop in Tbilisi on October 15-16, 2014 on GLOBALG.A.P., an internationally recognized set of farm standards dedicated to good agricultural practices. The standard is also a requirement for exporting to the EU. The event was supported by Bank Republic Société Générale Group.

“This was the first workshop of its kind in the Caucasus. We joined IFC in this pioneering initiative because we believe that Georgian farmers will benefit from introducing this key international standard, especially in light of the export opportunities provided by the EU-Georgia Association Agreement,” said Nino Zambakhidze, Chairwoman of the Georgian Farmers Association.

“World Food Day, which was also celebrated today, this year focuses on family farming and smallholder

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farmers. This is particularly relevant in Georgia, where the majority of the poor lives in rural areas and relies on agriculture for a living. By supporting farmers, we hope to help these communities grow and develop Georgia’s agricultural potential,” Maia Tevzadze, Project Manager for the Caucasus, IFC Agribusiness Standards Advisory in Europe and Central Asia, said.

The GLOBALG.A.P. standard helps companies assess and reduce food safety-related risks and thereby increase consumer confidence in the quality of their products, as well as ensuring a responsible approach to worker health and safety.

Agribusiness is a priority for IFC in Europe and Central Asia. IFC supports the growth of the sector through a comprehensive set of investment and advisory services along the agribusiness value chain. The IFC Agribusiness Standards Advisory Program in Europe and Central Asia is part of these efforts. The program is supported with funds from the Austrian Federal Ministry of Finance.

Georgia became an IFC member in 1995. Since then, IFC has invested $810 million in 60 projects across various sectors and supported regional projects developed in the country. IFC has also implemented a number of advisory projects focused on the development of the private sector.

Source: The Financial, October 16, 2014

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Vietnam to expand low-carbon rice farming model

Reducing greenhouse gases in agricultural production is currently a general trend in the world. In Vietnam, the Ministry of Agriculture and Rural Development has carried out many programmes and projects on adaptation to climate change, the Vietnam Business Forum Magazine (VBF) reported.

After a four-year pilot programme, the low carbon rice farming model is being considered for expansion in Vietnam.

From 2010 to 2012, the Institute of Mekong Delta Development Research Institute, the Hanoi Water Resources University and the Department of Agriculture and Rural Development of An Giang Province jointly implemented the low-carbon rice farming project in Binh Hoa Commune, Chau Thanh District, An Giang Province. The project was funded by Environmental Defence Fund (EDF).

The second phase (2012-2014) was deployed by 400 farming households in Kenh B Cooperative, Thanh Dong A Commune, Tan Hiep District (Kien Giang Province) and Phu Thuong Cooperative, Phu Thanh Commune, Phu Tan District (An Giang Province), with a scale of 540 ha each crop.

Reviewing the performance of the second phase, Project Manager Tran Thu Ha said the new rice cultivation model reduced seed use by 50 percent, fertilisers by 30 percent, pesticides by 30 - 40 percent, water by 40 – 50 and labour by 20 - 30 percent, while raising productivity by 10 - 15 percent and farmers’ incomes by 5 - 10 percent. This rice farming model has reduced gas emissions per hectare per year by 7.7 tonnes in An Giang Province and by 45 tonnes in Kien Giang Province.

Not only reducing the amount of greenhouse gases emitted, cleaning up the environment, and increasing profits for farmers in the time of cutting costs for... Continued on page 11
Vietnam to expand

agricultural inputs and farming methods, this model also produces clean, safe and environment-friendly products, also known as bio-rice.

To reduce emissions in agriculture, the Ministry of Agriculture and Rural Development targeted to reduce emissions in horticulture.

Le Quoc Doanh, Deputy Minister of Agriculture and Rural Development, said the horticultural sector will apply advanced farming techniques and solutions to reduce water consumption and input costs; collect, reuse and treat straw thoroughly in order to minimize greenhouse gas (GHG) emissions and environmental pollution.

Together with these specific measures, the Ministry of Agriculture and Rural Development will study and complete GHG reduction methods in arable farming systems; complete cultivation processes to improve productivity, reduce emissions, study waste treating technologies, and reuse agricultural products to increase economic efficiency and reduce emissions.

At a forum on GHG emission reduction in agriculture held in Hanoi on September 17, 2014, Deputy Minister Le Quoc Doanh affirmed that the low carbon rice farming model produced positive results and the agricultural sector would consider expanding it in Vietnam to produce prestigious and high-quality rice to meet consumer requirements and build sustainable agriculture.

Source: VietnamNet, October 12, 2014

Global Rubber sector players visits Colombo Rubber Auction

Over 50 overseas delegates, who took part in the just concluded ‘Global Rubber Conference,’ visited the ‘Colombo Rubber Auction’ held from October 27-29, 2014, which is conducted at the Ceylon Chamber of Commerce.

The delegates from over 25 countries visited the auction and they included government officials, commodity and investment analysts, rubber buyers and also sector related service suppliers.

The delegates were coming from countries like Malaysia, Thailand, Indonesia, Philippine, Singapore, UK, Germany, Japan and Korea.

The Century old Colombo Rubber Auction is the only Rubber Auction in the World and was commenced in the year 1910. It currently sells around 10 million kilograms of Rubber per annum, with the participation of Buyers (Exporters), and Brokers.

The Colombo Rubber Auction is administered and managed in consultation by the Colombo Rubber Traders’ Association and it is conducted under the Ceylon Chamber of Commerce Bye-Laws and Conditions of Sale.

The auction takes place every week on Tuesdays and Wednesdays.

Source: Ceylon Chamber of Commerce, October 30, 2014
Demand for tea is growing – an opportunity for global tea producers: Ceylon Chamber

The demand for tea, which is the world’s most consumed beverage, is growing with consumers shifting from carbonated drinks to healthy beverages, providing an opportunity to the Global Tea Sector players such as Sri Lanka.

An analysis done by the “Business and Information Division” of the Ceylon Chamber of Commerce on the global tea sector covering the year 2012 and 2013 reveals, that the increasing level of awareness among consumers of the health benefits the tea has and also its anti ageing properties have helped in the latest shift in demand for tea.

According to the study, tea has found new demand from the aging population in Japan, Europe and the US markets, among several other segments.

During the year 2013, over 290 billion liters of tea has been sold in retail and food service, with the retail value amounting to US$ 40.7 billion. Despite the huge promise the commodity has, the report identifies, it still lacks the high value found in competing beverage markets.

“These points out a key opportunity for tea manufacturers and retailers, as volume continues to grow, and value begins to catch up through premiumisation and changing habits there is a huge amount of long term growth available for the taking and a incredible opportunity for those who understand the evolving market”, the report added.

According to the report, Sri Lanka’s tea exports in 2013 has hit the highest ever earnings figure, recording a sum of US$ 1.54 billion, reflecting a 21.56-pct increase over the previous year.

The statistical analysis of the “tea sector” compiled by the Ceylon Chamber of Commerce, gives you a detail breakdown of a statistical study on tea product wise, exports and imports by value, quantity and source of exports and imports globally and locally.

Interested parties, who want to purchase the report please call Ceylon Chamber of Commerce on +5588892 or E-mail – info@chamber.lk

Source: Ceylon Chamber of Commerce, May 26, 2014

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Norwegian firms venture into Sri Lanka’s aquaculture industry

Sri Lanka’s Aquaculture Industry, over the last few years has seen the entry of more than 10 Norwegian firms, thanks to the effort of the SL-Norway Business-Match-Making-Program of the Ceylon Chamber of Commerce.

The work undertaken by the Business-Match-Making-Program (BMMP) between the two nations have resulted in the introduction of more than 10 companies and research institutions from Norway to Sri Lanka’s aquaculture industry.

The process has successfully created business matches within the most relevant segments of the value chain in aquaculture, and thus has facilitated a good foundation for further development of the industry in Sri Lanka. Moreover, Norwegian partners of the BMMP program feels, that the current progression and keen interest from Norwegian companies may lead to more Norwegian and international companies targeting Sri Lanka, as an emerging market and future investments

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Norwegian firms [. . . Continued from page 12]

covering the Aquaculture sector.

In a bid to enhance the ongoing work, the Ceylon Chamber of Commerce, recently conducted the third and final workshop of phase 1 of implementing commercial aquaculture setups in Sri Lanka.


It was led by the Norwegian aquaculture expert, Asbjørn Drengstig, who emphasised the need for Sri Lanka to come up with a ‘Master Plan for Aquaculture Development’, in the country.

Drengstig says, the biggest issue hampering the local aquaculture industry at present, is a lack of a value chain approach in development.

According to him, Aquaculture breeding programs, feed development, legal framework, commercial technologies, practical know-how at commercial levels, diseases and market research, are areas the local sector will have to focus on.

The Norwegian expert believes, if Sri Lanka is to develop its aquaculture Industry revitalisation of the Chilaw/Puttalam areas aquaculture industry, enhancing the commercial cage farming taking place in Trincomalee, and developing the inland areas suitable for aquaculture in the Batticaloa areas are vital.

Drengstig confirmed Norwegian support towards the above efforts would be readily available, if the country needs to utilise them.

The workshop was held in Colombo.

Source: Ceylon Chamber of Commerce, May 9, 2014

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**Reaching 150 years of Ceylon Tea**

Tea was introduced to Sri Lanka (formerly known as “Ceylon”) by the British on a commercial scale in 1867. Tea is approximately 5000 years old, first discovered in China and became popular in Europe and their colonies in 1600’s. The Portuguese developed a trade route to ship tea from China to Lisbon and the Dutch ships transported it to Holland and France. Great Britain was the last of the great sea-fairing nations to break into the Chinese and East Indian trade routes. After the treaty of Nanking in 1840 and control of India, tea became an important part of British trade. However, the commercial level of tea plantation became a reality in Sri Lanka due to the destruction of coffee plantation by a leaf disease.

The tea production of Sri Lanka is oriented predominantly towards the conventional type of orthodox manufacture. The Cut-Tear-Curl (CTC) method of manufacture which is very popular in African countries and India is limited to about 7% in Sri Lanka. The annual tea production of Sri Lanka has moved up to approximately 320 million kilograms today and accounts for 8% of the global tea production.

Sri Lanka exports almost 95% of its production and has been able to maintain her global exports share at around 18%. A few decades ago the country was exporting only black tea in bulk form but today its exports profile has gone through significant development to cater to the changing world consumer demand.

The product range includes black tea, green tea, instant tea, organic tea, flavoured tea and RTD tea products. The export of organic or bio tea was [. . . Continued on page 14]
Reaching 150 years

commenced several decades ago and at present the organic tea volume has reached 1000 MT. per year while instant tea volume is approximately 1500 MT. Green tea is another segment that experienced a rapid growth and today the export of green tea has increased up to 3000 MT per year. Sri Lanka exports a large quantity of tea packets and tea bags to add value to its tea than any other tea producing country in the world. The value added tea exports account for more than 40% of the total export volume. Ceylon Tea is exported in a wide range of packets i.e. box board cartons, foil packs, soft wooden boxes, metal cans, ceramic jars, wooden boxes etc. The tea bags component has now reached 25 million kgs (Approx 08 % of total exports) per annum.

Sri Lanka teas reach approximately 160 countries today. Firstly, it was the Middle Eastern markets which opened the door for Ceylon Tea. At present over 50% Ceylon Tea exports reach Middle Eastern countries. UAE, Jordan, Saudi Arabia, Iran, Iraq, Syria, Libya, Tunisia and Lebanon are the leading importing countries of Ceylon Tea in the Middle East and Gulf region. Since early 1990s, the Russian Federation and CIS countries emerged as major buyers of Ceylon Tea. In fact, Russia is the single largest buyer of Ceylon Tea as at present and annual off-take from Sri Lanka to CIS is approximately 60 Million Kgs. The European Union is also a significant buyer of Ceylon Tea and her annual import volume from Sri Lanka is around 30 million kgs while Japan, Australia and Far Eastern countries absorb another volume of 25 million kgs. The Northern American markets of USA and Canada too import more than 5 million kgs of Ceylon Tea per year.

Corporate estates produce 24% of tea estates and the balance 76% by small holders, who sell the raw leaf to processing factories. Cost of production is the highest among major origins due to low yields, high cost artisanal processes and high relative cost of labour. Considering this and the premium qualities, Ceylon Tea is sold at a higher price levels than other origins. This has been the case so far but Ceylon Tea would be at a risk if a concerted effort is not made to rebuild the premium, aspirational position of Ceylon Tea, highlighting its superiority to other origins. There would be a major socio-economic impact of a reduction in tea prices and if they do not grow in line with production cost/cost of living increases.

Individuality of Ceylon Tea

Ceylon Tea has been prized for its unique flavour, colour & character, which cannot be readily found elsewhere. The humidity, cool temperatures, sunshine and rainfall (two monsoons) in the country’s central and southern highlands are conducive to the manufacture of unique quality teas. Tea plantations are scenic and pristine. Tea is grown, hand-picked and processed in an artisanal process, unchanged for over a century.

The renowned Tea Research Institute of Sri Lanka strictly monitors the use of pesticides [which are needed in minimal quantities due to the humid climate]. Ceylon Tea is reputed as the “cleanest tea in the world” in respect of pesticide residues due to these stringent controls.

Ceylon Tea is divided into three groups: High Grown, Mid Grown, and Low Grown tea based on the elevation and geography of the land on which it is grown. This is similar to the terroir concept in wine.

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Global Positioning

With 8% of the global production, Sri Lanka is the 4th largest manufacturer of tea in the world after China, India & Kenya. Since China is predominantly a green tea producer while India & Kenya mainly produce CTC teas, Sri Lanka is the leading manufacturer of orthodox black tea to the globe.

Sri Lanka is also the second largest tea exporter to the world after Kenya since China & India constitute of a huge domestic consumption. The export share of Sri Lanka in the global tea market is registered at around 18% as against that of Kenya which is about 22%. Since Kenya exports CTC teas in entirety, Sri Lanka is acclaimed as the world’s largest exporter of orthodox black tea.

Tradition is probably the most suitable word that can explain tea in the Sri Lankan context. With almost 45% of all exports in value added form, tea trade in Sri Lanka is way ahead of its competitors such as India which exports around 10% of its off-takes in packaged form and Kenya only 7%.

Sri Lanka is also the first tea producing country in the world which introduced nation branding with Ceylon Tea linked to the Lion logo symbol. The industry proudly acknowledges attempts of few dynamic entrepreneurs and visionaries for building globally renowned tea brands which no other tea producing country has achieved so far.

The tea industry in Sri Lanka has created many global records in various fields and avenues. The country could boast of a highly transparent Tea Auction system in Colombo rated as the largest in the world for a single origin and always yields the fastest turn-around of tea to cash for the growers.

Unique selling points of Ceylon Tea

Ceylon Tea un-debatably is a high quality, high cost product which is known the world over for almost a century and half. Sri Lanka, the island nation of the shape of a tear drop at the southern tip of India is world famous because of Ceylon Tea and continues to look after the livelihood of almost 2 million people (10% of the population) directly and indirectly. Generating export revenue of US $ 1.5 billion per annum, the Sri Lanka Tea industry is vital for the economic stability, social stability and political stability of the country. The competitive advantage of Ceylon Tea lies on the following key attributes.

Hand Picked

Ceylon Teas are hand-picked to ensure a better selection of green leaf for the manufacture of tea – an expensive and labour intensive process, which greatly influences the final product quality.

Artisanal

Sri Lanka is a bastion of the original Orthodox tea manufacturing process that results in small batch, labour intensive production of a wide variety of leaf style or grades and ensures the unique flavour and aroma. The vast majority of global production now uses the CTC (cut, tear & curl) process designed for efficiency. The CTC process produces more uniform small leaf sizes, more convenient for packing into teabags and also to give a quicker infusion but at the expense of flavour, which is the hallmark of orthodox Ceylon Tea.

Ethical

The Ceylon Tea Industry is well regulated with a unionised workforce that is governed by a collective labour agreement. Child labour is banned. Workers are provided a comprehensive selection of facilities from housing to healthcare. Estate operating companies place strong emphasis on human resource management to retain workers on estates since other opportunities are increasingly available. A significant proportion of the manufacture is through small holder sector, under a truly free market environment where the farmer receives remunerative prices.

When tea is packaged in Sri Lanka, significant value addition & profits are created at origin which then directly benefits the livelihood of many thousands of people. Bulk tea exports are generally with low margins and very little value addition is generated.

Passion & Provenance

Growing and producing Ceylon Tea is a tradition
and a passion for almost 150 years. Each day about 1.5 million people all over Sri Lanka, from tea pluckers to tea producers, from tea tasters to tea packers, commit themselves to produce some of the finest black teas on earth. It is a way of life.

Ceylon Tea estates are in pristine environments and are of a small size of 200-400ha generally with professional managers and a dedicated workforce living on the estate. Small holders tend family plots of 1-5ha and supply fresh green leaf to nearby processing plants through a well-established network. A thorough monitoring system allows tracking of produce from estate to the auction until packaging.

Ecological: The cleanest tea in the world

Sri Lanka has implemented various measures to comply with environment related international conventions and agreements, including the Montreal Protocol. The usage of methyl bromide as a soil fumigant in the tea sector was phased out to comply with the Montreal Protocol. By phasing out Methyl Bromide used in fumigating the soil in its tea plantations, Sri Lanka now offers the world “Ozone-Friendly” Ceylon Tea. Tea gardens now use Basamid-Granular for soil fumigation.

The use of pesticides and herbicide are constantly monitored by the state Tea Research Institute (TRI) to ensure the residue levels are in compliance with the highest international standards. Due to the high humidity levels and propensity for leaf blights, limited, closely controlled pesticide application is permitted. Organic teas are in limited production in Sri Lanka. The drop in yields would require much larger areas to be planted in tea hence the focus has been on limited applications of permitted fertilisers amidst best agricultural practices.

Freshness: Shortest time from crop to cash

Teas are packaged in Sri Lanka in 2-3 weeks from harvesting, thereby preserving the freshness and inherent aroma of the tea. This is in stark contrast to teas packed in consuming markets, which can be many months old, sometimes over a year, when packaged.

The goodness and quality of the tea would be lost apart from possibility of blending with other origins. The best guarantee of freshness is to buy a product packed at source (Sri Lanka).

Lion Logo Trade Mark – Ceylon Tea Symbol for Quality

To qualify for the special, legal distinction denoted by the words ‘Ceylon Tea’, and for the famous Lion logo that goes with it, the tea must not only be grown and manufactured entirely in Sri Lanka; it must also conform to strict quality standards laid down and administered by the Sri Lanka Tea Board. It cannot, moreover, be mixed or blended with tea from any other part of the world. Even a blend that is 95% Sri Lankan cannot be described as Ceylon Tea.

Tea bearing the Lion Logo must also be packed in Sri Lanka. Overseas importers and distributors cannot use the logo on their packaging, though if the contents are 100% Sri Lankan, the name ‘Ceylon Tea’ may still legally be used. These strictures are needed to help consumers distinguish real Ceylon Tea from the thousands of products, including many with international brand names that are available around the world, which contain tea of mixed, non-specific origin. These products are blended from whatever teas are available on the international markets. The skill of the blender ensures a consistent product regardless of origin, while the firm enjoys economies of scale and suffers no supply-side anxieties. However, the level of quality rarely equals that attained by single-origin teas, and such blends can never emulate the character, so prized by connoisseurs, of pure Ceylon Tea.

Source: Sri Lanka The Treasure Island Magazine June-July 2014