

## **Tea Industry urges Centre to work out a preferential trade agreement with Bangladesh in order to boost tea exports**

India produces about 1,400 million kg of tea and generally exports about 250 million kg of the produce. But last year and this year have not been good for Indian tea exports because of the pandemic and increasing tea production in Kenya.

### Synopsis

The development comes as India's tea exports may not reach 200 million kg this year amid steep competition in the global markets from the low valued Kenyan teas, said industry executives.

By [Sutanuka Ghosal](#), ET Bureau

Jul 25, 2021, 08:58 PM IST

The **tea industry** has urged the Centre to work out a preferential trade agreement with neighbouring **Bangladesh** in order to boost the dwindling tea exports from the country.

The development comes as India's tea exports may not reach 200 million kg this year amid steep competition in the global markets from the low valued Kenyan teas, said industry executives.

“Bangladesh is a tea producing country. It imports tea for its own consumption and exports. Our government may need to pursue a PTA with the Bangladesh government for at least 15-20 million kg teas of neighbouring areas like Cachar in Assam, Tripura and North Bengal at zero or low duty as has been done by India with Sri Lanka,” **Indian Tea Association (ITA)** secretary Sujit **Patra** told ET.

He said India needs to increase market share in traditional markets such as Russia, USA, Iran and the UAE as well as tap into potential markets including Iraq, Syria, Libya, Turkey, Chile, Bangladesh, Thailand and Afghanistan.

“Exporters need regular interactions with buyers to increase exports. Lack of contacts in new markets is another issue. India needs to establish credibility of its exporters and product,” said Patra “We need active support and cooperation from our embassies with tea market reports, buyers' list and contacts and arrangements for interactive sessions with buyers, packet tea players, HORECA (hotel/restaurant/café) segment and stores in those countries.”

Kenya has taken advantage of zero duty with Egypt and made preferential quid pro quo trade agreement (tea vis-à-vis rice) with Pakistan, the second largest importer of tea. These two countries account for more than 175 million kg of tea imports from Kenya.

Sri Lanka, another tea producing nation, has made barter arrangements with Turkey, a tea producing country with high import duty, and is now negotiating with China and Bangladesh for PTA. India does not have any such advantage.

“Rather India has given access to its market to Sri Lanka at only 7.5% duty against basic duty of 100% with no quid pro quo arrangements. India has also signed with **ASEAN** block to allow tea into India at a basic duty of 45%, which will come down further in future,” said Patra.

India produces about 1,400 million kg of tea and generally exports about 250 million kg of the produce. But last year and this year have not been good for Indian tea exports because of the pandemic and increasing tea production in Kenya.

“Exports can go up to 300 million kg in the next two-three years if we can reduce the cost of production to make Indian tea competitive and also get support from the government like incentives to produce more orthodox teas, remission of duties and taxes on export products, freight equalisation incentive and pre and post shipment credit with interest subvention and free trade agreements with Russia, Iran, Egypt, Libya, Afghanistan, Turkey, Chile and Thailand,” said Patra.

<https://m.economictimes.com/news/economy/foreign-trade/tea-industry-urges-centre-to-work-out-a-preferential-trade-agreement-with-bangladesh-in-order-to-boost-tea-exports/articleshow/84732587.cms>