

KTDA teas performance continues to improve on reserve price

The industry supports over 650,000 farmers and over 6.5 million people

In Summary

- The teas sold at an average of Sh264 per kg in the week ended August 2 compared to Sh249.17 at the previous auction.
- This as the market continued to positively embrace the minimum price regime that was introduced in July 2021.

by [SUSAN NYAWIRA](#) *Business* Reporter | [Kenya](#) 10 August 2021 - 04:00

Prices of teas from KTDA-managed factories improved marginally at the Mombasa Tea Auction this week, selling at an average of \$2.43(Sh264) per Kg compared to \$2.29(Sh249.17) at the previous auction.

At the auction held on August 2, KTDA managed factories offloaded 84 per cent of all teas offered at the market, down from 87 per cent sold the previous week.

This as the market continued to positively embrace the minimum price regime that was introduced in July 2021.

In the regime, auction tea prices are not to fall below \$2.43(Sh264) per kilo.

The teas sold at \$1.90 prior to the introduction of the minimum reserve price, indicating the market is warming to the new regime.

KTDA's tea prices continue to improve at the auction

A kilo sold at an average
\$2.43(Sh264)
last week compared to
.....
\$2.29(Sh249.17)
the previous week

Image: THE STAR

The introduction of the minimum reserve price by the new KTDA Holdings board was informed by the need to improve farmers' earnings that had for a long time taken a beating from low prices.

In his market update last week, KTDA Holdings Acting CEO, Wilson Muthaura noted that the improvement in price and absorption of KTDA teas is welcome, and is a reflection that tea buyers appreciate the need for sustainable tea farming.

The weekly tea market report by the East African Tea Trade Association(EATTA) however shows that in the same week the average price of tea at the Mombasa auction increased to \$1.95(Sh212.18) compared to \$1.88(Sh204.56) in the week ended July 30.

Prices of tea at the Mombasa Tea Auction have been on a downward trend since 2018 and had this year slid below \$2 which threatened to push farmers to losses as low selling prices cannot cover production costs.

The industry supports over 650,000 farmers and over 6.5 million people and also earns the country over Sh120 billion annually.

KTDA-managed factories are exploring ways of reducing operational costs, including instituting energy-saving measures and installing more efficient tea processing machines.