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Kenya's Largest Tea Grower's Output Declines 14% From Year Ago

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- Average auction prices drop 8% in the 12 months through June
- KTDA-managed factories embark on production of orthodox teas

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[Kenya Tea Development Agency Ltd.](#) said smallholder farmers delivered 1.25 billion kilograms (2.76 billion pounds) of green leaf to factories in the 12 months through June compared with a record 1.45 billion kilograms the previous year.

Average prices of the commodity at the Mombasa tea auction dropped 8% to \$2.18 per kilogram during the period, the agency said Sunday in an email.

“The relatively favorable exchange rate of the Kenya shilling to the U.S. dollar has, however, helped shore up earnings from the sale of tea, which is generally dollar-denominated,” according to the statement.

The East African nation is the world’s biggest exporter of black tea, which is one of its main sources of foreign exchange. Its weekly tea auction takes leaves from neighboring countries.

Kenya's Seven-Month Tea Export Earnings Down 2.2% y/y to \$700.6m

The drop in prices during the period was a continuation of a downward trend since 2018 as supply outstrips demand and tea processors carry forward unsold stocks. Business was also disrupted by the coronavirus pandemic that not only caused worldwide shipping and logistics challenges, but also reduced demand for tea in key consuming countries, according to the agency.

“To mitigate Kenya’s market concentration risk on black teas, as well as over-reliance on four main markets which account for 70% of our tea exports, KTDA-managed factories have embarked on production of orthodox teas that are gaining global popularity and fetching better prices,” it said.

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