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# THE FUTURE OF TRADE

SPECIAL TEA EDITION

AGRI  
COMMODITIES  
SERIES

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# INTRODUCTION

Every day, more than five billion cups of tea are consumed worldwide, making it the most popular drink after water<sup>1</sup>. From delicately brewed breakfast tea in London to amber-hued Turkish tea in Istanbul or a bubble tea in Taipei, this single leaf cuts across cultures, classes and continents. Cultivated in more than 60 countries, global production now tops six million tonnes annually, sustaining the livelihoods of millions of smallholder farmers.

Yet behind its calming image, tea is a restless commodity. Climate change is altering yields in India and Kenya, while shifting consumer tastes are fuelling demand for premium, functional and ready-to-drink formats. Trade routes are also evolving. Once dominated by colonial-era flows, they now pivot through modern hubs like Dubai, where the UAE has positioned itself as a global centre for blending, packaging and re-export.

This report explores how tea's future will be shaped by climate resilience, changing consumer palates, regulatory pressures and digital innovation. It also examines how new trade ecosystems and financial models can ensure that one of the world's oldest commodities adapts to the newest challenges of global commerce.

Every day, more than five billion cups of tea are consumed worldwide, making it the most popular drink after water.

<sup>1</sup> <https://www.tea.co.uk/news/article/tea-loved-by-brits-and-5-billion-cups-of-tea-are-drunk-globally-each-day>

# EXECUTIVE SUMMARY



## Climate squeeze

Global supply remains concentrated in a handful of producers including China, India, Kenya and Sri Lanka. These countries are highly exposed to rising temperatures, erratic rainfall and crop disease. Without investment in climate-resilient varieties and diversification to emerging producers such as Rwanda and Vietnam, the reliability of supply chains and trade stability will be at risk.



## From black to bubbles

Traditional black tea consumption is stagnating in mature markets, while growth is surging in premium, organic and health-positioned products. Younger consumers are driving demand for flavoured and sparkling teas, bubble tea and ready-to-drink formats, turning tea from a household staple into a lifestyle beverage with new value propositions.



## Regulatory and sustainability pressures

Market access is increasingly tied to sustainability credentials. The European Union's deforestation regulation and rising consumer demand for certified ethical tea are pushing producers to adopt traceability systems and meet stricter environmental standards. Compliance costs will reshape trade flows, while carbon intensity could become a factor under future border measures.



## Finance goes digital

Tea's reliance on smallholders makes access to credit a perennial challenge. New models such as supply chain finance linked to sustainability data, along with digital trading platforms and blockchain-based traceability, are expanding access to markets and improving price transparency. Digital auctions and e-marketplaces are disrupting traditional trading hubs.



## Strategic trade hubs

Dubai has emerged as a key global re-export hub through the blending, packaging and warehousing of millions of kilos of tea annually. Such hubs are evolving from logistics gateways into value-adding nodes that connect producers to new consumer markets and anchor global supply resilience. Stability is key in a currently tumultuous trading landscape.

## SECTION 1

MARKET  
SNAPSHOTPRODUCTION  
LANDSCAPE

Tea production is highly concentrated, with China and India dominating the field (figure 1). Together they account for roughly two-thirds of global output, with China alone producing nearly half. Kenya and Sri Lanka, though far smaller in volume, are central to international trade as top black tea exporters.

Most tea is consumed at home and about three-quarters never crosses a border.<sup>2</sup> Nevertheless, exports remain a lifeline for foreign exchange earnings in key producing countries. Global tea production amounts to around \$18 billion annually, while the value of total tea trade is estimated at around \$9.8 billion.<sup>3</sup>

**Global tea production amounts to around \$18 billion annually, while the value of total tea trade is estimated at around \$9.8 billion.**

FIGURE 1

Top ten tea producing countries globally (MMT), 2023-24



Source: Expert Market Research

■ Production (MMT)

<sup>2</sup> Dufrière, Barbara. 2024. "The Global Tea Report 2024." Tea & Coffee Trade Journal. <https://www.teaandcoffee.net/feature/34254/the-global-tea-report-2024/>

<sup>3</sup> "25th Intergovernmental Group on Tea - Changes in the global tea trade network - CCP:TE 24/3." 2024. FAO Knowledge Repository. <https://openknowledge.fao.org/server/api/core/bitstreams/fab54287-d6dc-4e94-8efb-869a60ad8fa6/content>

**“When we talk about pricing, it’s the single biggest problem associated with tea. There’s a perception that it’s not a high value product.”**



**Dan Bolton**  
Publisher, Tea Journey  
and Tea Biz Beverage expert

More recently in 2024–2025, conditions grew harsher. India’s output dropped nearly 8% as extreme heat and floods battered Assam’s peak harvest, lifting domestic prices.<sup>4</sup> Sri Lanka’s recovery from its 2022 slump has been tempered by a mandated 70% plantation-wage hike that producers say squeezes margins and competitiveness.<sup>5</sup> In Kenya, government reserve-price policies and auction dynamics continue to shape earnings for farmers and set the tone for East African exports. Pricing remains the central weakness in the global tea trade. “When we talk about pricing, it’s the single biggest problem associated with tea,” says Dan Bolton, Publisher at Tea Journey and a beverage expert at Tea Biz, “there’s a perception that it’s not a high value product.” It is this perception that is leaving producers squeezed between rising costs and stagnant auction prices. This undervaluation has been compounded by recent tariff hikes by the U.S. that Mr Bolton describes as “brutal.” The U.S. doubled tariffs on goods from India to 50%, which in September, the Indian Tea Association said in a statement, “cannot be absorbed by the supply chain, given that the producers are already operating on very thin margins.”<sup>6</sup> Entrenched low valuations coupled with tariff-driven market access barriers threaten to hollow out traditional producing economies.

<sup>4</sup> Jadhav, Rajendra, and Bernadette Baum. 2025. “India’s 2024 tea output drops 7.8%, lifts average prices.” Reuters. <https://www.reuters.com/markets/commodities/indias-2024-tea-output-drops-78-lifts-average-prices-2025-02-06/>.  
<sup>5</sup> Jayasinghe, Uditha, and Mark Potter. 2024. “Sri Lanka’s tea producers warn 70% wage hike will hit industry.” Reuters. <https://www.reuters.com/markets/asia/sri-lankas-tea-producers-warn-70-wage-hike-will-hit-industry-2024-05-27/>.  
<sup>6</sup> Jendoubi, Diana. 2025. “US and Indian Tea Businesses Cry Out Against 50% Tariffs.” STR Coffee and Tea Magazine. <https://str-tea-coffee.com/tea-coffee-news/us-and-indian-tea-businesses-cry-out-against-50-tariffs/>

**“Every production centre is being affected by global warming. So, there are fundamental changes that are driving supply.”**



**Dilhan C. Fernando**  
Chairman, Dilmah Ceylon Tea Company  
and Kahawatte Plantations

Trade and prices are likely to stay choppy but not one-way. The World Bank expects tea prices to dip in 2025 as South Asian and East African supply recovers, before partially rebounding in 2026.<sup>7</sup> Much depends on weather shocks and policy interventions in leading origins. Climate change looms as the biggest supply-side constraint, shrinking optimal growing areas in key origins and threatening the long term resilience of the sector. “Every production centre is increasingly affected by global warming. So, there are fundamental changes that are affecting supply,” says Dilhan C. Fernando, chairman of Dilmah and Ceylon Tea Company and Kahawatte Plantations.

<sup>7</sup> <https://blogs.worldbank.org/en/opendata/beverage-prices-softer-but-risks-are-brewing>

## GREEN IS THE NEW BLACK

Over the past decades, the global tea industry has seen rapid growth, with a remarkable rise in the number of consumers globally, particularly among emerging economies and low and middle-income countries. In 2024, consumers worldwide spent an estimated \$282 billion on tea in all major formats and channels. Roughly 70% of this was in-home retail purchases, led by packaged hot tea (\$121 billion) and ready-to-drink teas (\$74 billion), according to market data analysis by Mr Bolton (figure 2).

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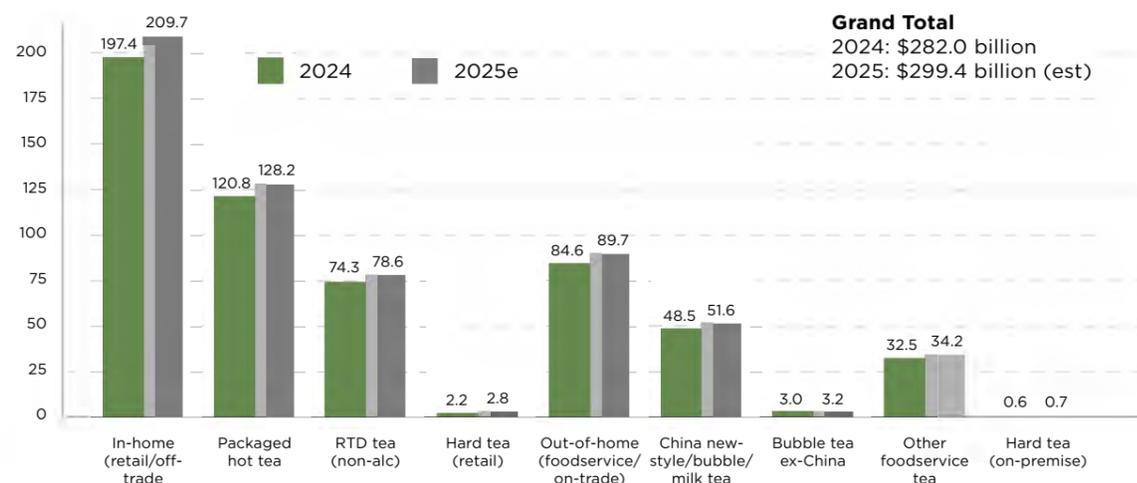
Out-of-home consumption accounted for approximately \$85 billion, driven by China's rapidly growing new-style tea shops (\$48.5 billion) and other foodservice tea sales. In 2025, total spend is projected to rise to \$299 billion, with growth across both retail and foodservice segments.

Structural shifts are also reshaping the sector. Consumer demand is tilting toward premium, organic and functional teas—valued for benefits such as boosting immunity or aiding sleep—pushing producers and buyers to adapt procurement models and manage the higher costs of production. “Health concerns are the main factor that has shifted beverage consumption from sugary, artificially coloured and preserved drinks to natural and healthier botanicals and tea,” says Mr Bolton. The European organic tea market, for instance, is forecast to grow at 8.4% annually to 2026, reaching nearly a tenth of total consumption.<sup>8</sup>

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**FIGURE 2**

### Global tea market



Source: Dan Bolton, Tea Biz market analysis

<sup>8</sup> “Global Market Report: Tea prices and sustainability.” 2024. International Institute for Sustainable Development. <https://www.iisd.org/system/files/2024-01/2024-global-market-report-tea.pdf>

Global black tea production is projected to expand modestly, rising 1.6% annually to 4.42 million tonnes by 2032. Green tea, by contrast, is set for faster growth of 6.3% a year, reaching 4.25 million tonnes by 2032, driven largely by China, where output is expected to nearly double thanks to higher-yielding varieties and improved farming practices (figure 3).<sup>9</sup> Health-driven consumers are fuelling demand for green tea which is known for its potential health benefits.

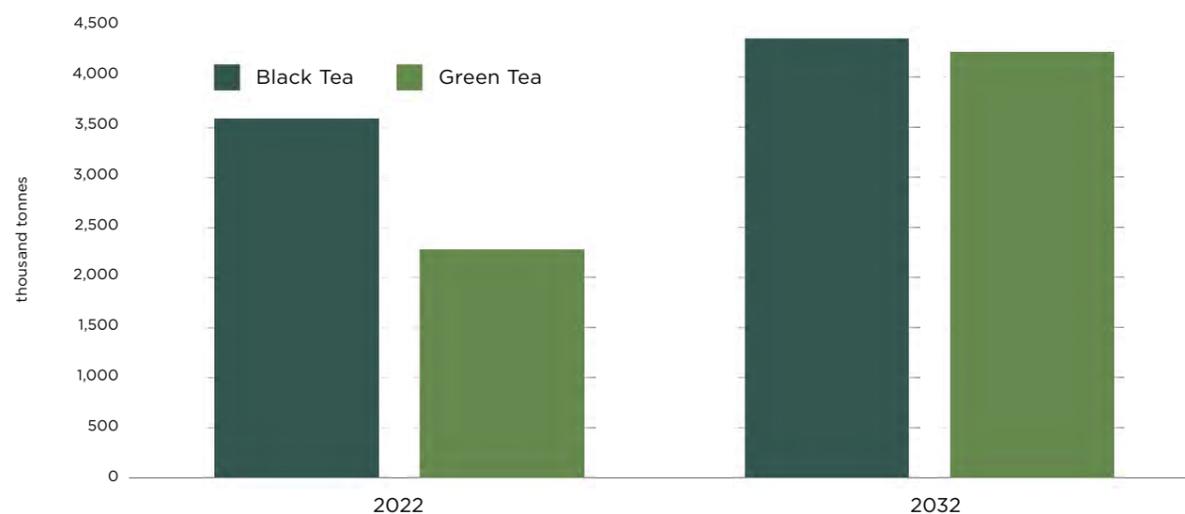
Riding this trend is Tetley Green Tea, a brand under Tata Consumer Products, which announced the launch of two green tea variants earlier this year: Tetley Green Tea Slim Care with added l-carnitine, said to improve exercise performance; and Tetley Green Tea Beauty Care with added biotin, to support skin and hair.

Matcha, a Japanese powdered green tea that is traditionally whisked into hot water to form a frothy drink, has moved from niche ceremonial use into mainstream cafés and ready-to-drink lines, its antioxidant halo and Instagrammable colour helping it notch robust growth.<sup>10</sup> The global market, valued at \$4.24 billion, is forecast to expand by more than 50% by 2029, according to the Business Research Company. Asia accounts for over 40% of consumption with matcha featuring in ice cream, biscuits and mochi rice cakes as well as beverages. Ceremonial-grade powders are prized for their vivid colour and fine texture, while matcha's antioxidants and steady, lower-caffeine energy boost are touted as a cleaner alternative to coffee. Gen Z and millennials, drawn by wellness trends and digital influencers, are driving demand. The boom faces supply-side strains, however, as Japan's tea acreage shrinks, farmers retire and input costs rise, driving one major Japanese tea producer to double prices in September 2025.<sup>11</sup>

**Matcha's antioxidants and steady, lower-caffeine energy boost are touted as a cleaner alternative to coffee. Gen Z and millennials, drawn by wellness trends and digital influencers, are driving demand.**

FIGURE 2

### Global tea market



Source: FAO IGG/Tea Secretariat

<sup>9</sup> "Current global market situation and medium-term outlook." 2024. FAO Knowledge Repository. <https://openknowledge.fao.org/server/api/core/bitstreams/c1cad039-4e40-4888-bc74-3073d3ed7963/content>

<sup>10</sup> Niemeyer, Kenneth. 2024. "TikTok's Obsession With Matcha Created a Reported Shortage of the Tea." Business Insider. <https://www.businessinsider.com/tiktoks-obsession-matcha-created-shortage-tea-japan-social-media-2024-11>

<sup>11</sup> Duan, Eddy. 2025. "Global Thirst for Matcha Drives Top Japanese Tea Brand to Double Prices." Bloomberg.com. <https://www.bloomberg.com/news/articles/2025-07-31/global-thirst-for-matcha-drives-top-japanese-tea-brand-to-double-prices>

## NEW OCCASIONS, NEW CONSUMERS

Tea is no longer confined and defined by kettles and porcelain cups and younger cohorts are shaping new formats. “As brand owners, there’s a lot of work to be done in the areas of sustainability, ethics, agility, quality and innovation to stay abreast of this very complex new consumer environment,” says Mr Fernando. Convenience is a key driver of demand, particularly among younger consumers who favour ready-made formats over ritual. Lipton Teas & Infusions, for example, has rolled out a line of tea concentrates in aseptic packaging, designed for those who want accessible quality without the clutter of traditional brewing. “The drivers that are very critical to young people are customisation and convenience. They’re just not into stacks of tea in the pantry, Brown Betty [classic British] tea pots, hourglass tea timers, and silver service scattered all over the

## Convenience is a key driver of demand, particularly among younger consumers who favour ready-made formats over ritual.

house,” says Mr Bolton. “They want their tea in a quicker way.”

Beyond convenience, tea is muscling into entirely new drinking occasions. Hard tea which is typically a blend of alcohol, sweeteners and fruit flavouring, has emerged as a fast-growing category on beaches and in bars. Surfside, a vodka-infused iced tea and lemonade launched in 2022, is the fastest growing alcoholic beverage in the U.S. Surfside’s non-carbonated, low-calorie profile and relaxed branding helped sales jump from 1.3 million cases in its first year to nearly 5 million by 2025.<sup>12</sup> NielsenIQ data show the hard tea segment as a whole expanding by more than 160% year-on-year as of mid-2025.

Meanwhile, nitro-brew teas such as those from East Forged are edging into nightlife venues, and ambient-brewed teas are beginning to appear in Michelin-starred restaurants as a refined alternative to wine.

At the playful end of the spectrum, bubble tea continues to thrive. Once a Taiwanese niche, it has grown into one of the fastest-expanding segments of the global beverage market, with sales forecast to rise nearly 9% annually through 2030.<sup>13</sup> Its black tea base, blended with milk or fruit and paired with chewy tapioca pearls, has proven endlessly adaptable. Chains from China to the U.S. have multiplied, driven by young consumers’ appetite for novelty and customisation due to its chameleon-like ability to reinvent itself through flavours. In China, brands such as Mixue<sup>14</sup> and Guming<sup>15</sup> have become household names, attracting heavy investment and even blockbuster stock listings. The cultural cachet extends beyond drinks counters, with the bubble motif now splashed across toys, keychains and apparel.

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<sup>13</sup> “Bubble Tea Market Size & Outlook, 2030.” n.d. Grand View Research. <https://www.grandviewresearch.com/horizon/outlook/bubble-tea-market-size/global>

<sup>14</sup> Pacheco, Filipe, Pui G. Yeung, and Lulu Shen. 2025. “Mixue Founder, Brother Fortune Tops Starbucks’ (SBUX) Howard Schultz.” Bloomberg.com. <https://www.bloomberg.com/news/articles/2025-02-27/bubble-tea-chain-bigger-than-starbucks-yields-8-billion-fortune>

<sup>15</sup> Pacheco, Filipe, and Diana Li. 2025. “Another Chinese Bubble Tea Founder Turns Billionaire After IPO in Hong Kong.” Bloomberg.com. <https://www.bloomberg.com/news/articles/2025-02-11/another-chinese-bubble-tea-founder-turns-billionaire-after-ipo-in-hong-kong>

<sup>12</sup> “How Surfside Became The Fastest-Growing Alcohol Brand In America.” 2025. Forbes. <https://www.forbes.com/sites/chloesorvino/2025/07/27/how-surfside-became-the-fastest-growing-alcohol-brand-in-america/>

## SECTION 2

# MARKET-SPECIFIC CHALLENGES AND OPPORTUNITIES

## CLIMATE CHANGE

Climate change is reshaping the very terrain of the tea trade. Rising temperatures, erratic rainfall and more frequent droughts are already curbing yields in Assam in India and Kenya, the world's largest black tea producers.<sup>16</sup> Studies warn that by mid-century, suitable land for tea in major origins could shrink sharply. For instance, climate change is forecast to slash Kenya's optimal tea growing regions by 26% by 2050.<sup>17</sup> Quality will also be affected as heat stress alters flavour compounds. This creates volatility in auction prices and threatens the predictability that buyers and brands crave. Yet adaptation also opens new market niches. Producers experimenting with drought-resistant clones, shifting plantations to higher altitudes or diversifying into shade-grown and organic lines are finding that sustainability can fetch premiums. However, the costs of adaptation including replanting, irrigation and digital monitoring, are steep and unevenly affordable across producer countries.

**Producers experimenting with drought-resistant clones, shifting plantations to higher altitudes or diversifying into shade-grown and organic lines are finding that sustainability can fetch premiums.**

<sup>16</sup> Mowbray, Sean, Jeremy Hance, and Karla Mendes. 2024. "Climate change brews trouble for tea industry, but circular solutions await." Mongabay. <https://news.mongabay.com/2024/03/climate-change-brews-trouble-for-tea-industry-but-circular-solutions-await/>

<sup>17</sup> "Climate threat brewing for British cuppa - new report." 2021. Christian Aid. <https://mediacentre.christianaid.org.uk/climate-threat-brewing-for-british-cuppa-new-report/>

## LIFTING UP THE SMALLHOLDER

The tea industry employs an estimated 13 million people, with around nine million smallholder farmers in the four main tea producing countries.<sup>18</sup> Yet their pivotal role is often matched by precarious economics. Rising fertiliser and energy costs, limited access to credit and exposure to climate shocks squeeze margins. Many lack the technology or training to meet tightening requirements on labour standards and deforestation, threatening exclusion from premium markets. These challenges are compounded by volatile auction prices that give farmers little leverage in value chains dominated by large estates, packers and multinationals.<sup>19</sup>

Still, the smallholder segment also represents the greatest opportunity for structural change. Empowering growers with digital tools such as

mobile platforms for price discovery, weather alerts and farm-to-factory logistics, can boost productivity and compliance. International buyers are increasingly experimenting with long term contracts and floor-price models to secure resilient, high-quality supply while addressing reputational risk. For example, Taylors of Harrogate operates multi-year (often three-year) forward contracts and commits to pay at least cost-of-production and to support suppliers when market prices fall - i.e., a de-facto floor.<sup>20</sup> IDH, which aims to make agricultural markets more inclusive, is running pilots in 2024–25 with Lipton Teas and Infusions, Twinings and Taylors use a per-kilogramme “Living Wage Differential” (a structured top-up) to raise remuneration on estates in Kenya, Sri Lanka and Malawi, formalising buyer top-ups to stabilise supply conditions.<sup>21</sup>

**Empowering growers with digital tools such as mobile platforms for price discovery, weather alerts and farm-to-factory logistics, can boost productivity and compliance.**

If scaled, such initiatives could shift tea trade from a commodity model to one where smallholders are partners in building climate-smart, ethically verified supply chains turning systemic vulnerability into a competitive advantage.

<sup>18</sup> “25th Intergovernmental Group on Tea - Changes in the global tea trade network - CCP:TE 24/3.” 2024. FAO Knowledge Repository. <https://openknowledge.fao.org/server/api/core/bitstreams/fab54287-d6dc-4e94-8efb-869a60ad8fa6/content>

<sup>19</sup> “Global Market Report: Tea prices and sustainability.” 2024. International Institute for Sustainable Development. <https://www.iisd.org/system/files/2024-01/2024-global-market-report-tea.pdf>

<sup>20</sup> <https://www.taylorsimpact.com/sourcing-approach/our-approach>

<sup>21</sup> <https://idh.org/news/idh-pilots-new-mechanism-to-improve-the-livelihoods-of-tea-workers>



## TRACEABILITY, REGULATION AND ETHICAL SUPPLY

Like cocoa and coffee, the tea trade is entering an era of tighter oversight. Expansion of plantations in Asia and East Africa has often come at the expense of forests, while many factories still rely on firewood, compounding pressure on fragile ecosystems.<sup>22</sup> Regulators are responding. For instance, the EU's deforestation-free import rules will soon require buyers to prove that shipments are not linked to forest loss, though the law's enforcement has been delayed until the end of 2026.<sup>23</sup> Scrutiny is also extending to labour practices, with low wages and poor conditions in South Asia and East Africa attracting growing attention from policymakers, investors and consumers.

Brands and traders unable to verify clean supply chains face reputational and regulatory risks. This is pushing

**“Pricing is where traceability and regulation intersect most sharply. Certified tea can fetch premiums of up to 23% in some producing countries, creating opportunities for reinvestment at origin.”**

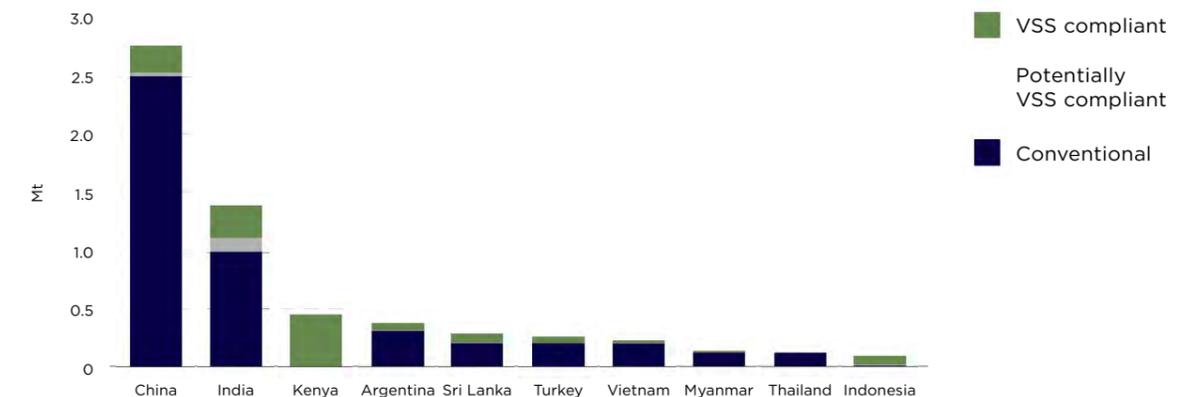
the sector toward more robust traceability tools - from satellite monitoring and blockchain ledgers to certification schemes like the Ethical Tea Partnership - that can demonstrate both environmental and social compliance. For producers, especially smallholders, the costs of training, audits and technology adoption are substantial, creating hurdles to market access.

Pricing is where traceability and regulation intersect most sharply. Voluntary sustainability standards (VSSs) such as Rainforest Alliance, Organic and

**FIGURE 4**

### Tea growing regions of the world

VSS-compliant tea has been produced and processed according to the guidelines of Voluntary Sustainability Standards (VSS). VSS-compliant tea represents at least a quarter of total global production.



Source: FAO, 2022; Meier et al., 2021

Fairtrade have shaped the sector for decades and today account for at least a quarter of global output (figure 4). Certified tea can fetch premiums of up to 23% in some producing countries, creating opportunities for reinvestment at origin.<sup>24</sup> “They are making more money, they can reinvest it at the origin level and create value long term,” says Mr Bolton.

Yet the financial benefits are uneven.<sup>25</sup> Research suggests that as much as 90% of VSS-compliant tea is sold as conventional, without any premium.

Smallholders often shoulder the cost of certification without seeing higher returns, undermining the promise of improved livelihoods. Meanwhile, certification schemes can fail to enforce higher standards, according to some reports.<sup>26</sup> The challenge, therefore, lies in aligning regulatory compliance with commercial viability. Firms that credibly demonstrate deforestation-free, ethically produced supply can capture price premiums in discerning markets, but without structural change, smallholders risk bearing the burden of sustainability with little compensation.

<sup>22</sup> “Global Market Report: Tea prices and sustainability.” 2024. International Institute for Sustainable Development. <https://www.iisd.org/system/files/2024-01/2024-global-market-report-tea.pdf>

<sup>23</sup> Abnett, Kate, and Makini Brice. 2025. “EU to delay anti-deforestation law by another year.” Reuters. <https://www.reuters.com/sustainability/climate-energy/eu-will-delay-anti-deforestation-law-by-another-year-commissioner-says-2025-09-23/>

<sup>24</sup> “Global Market Report: Tea prices and sustainability.” 2024. International Institute for Sustainable Development. <https://www.iisd.org/system/files/2024-01/2024-global-market-report-tea.pdf>

<sup>25</sup> “Global Market Report: Tea prices and sustainability.” 2024. International Institute for Sustainable Development. <https://www.iisd.org/system/files/2024-01/2024-global-market-report-tea.pdf>

<sup>26</sup> <https://wsr-network.org/resource/ethical-fair-trade-certifications-fail-workers/>

## SECTION 3

# KEY PLAYERS AND VALUE CHAIN DYNAMICS

## TEA FIELDS TO TEACUP

Power dynamics across the chain remain lopsided. Smallholders are fragmented and vulnerable, while processors, distributors and global retailers are highly concentrated. Climate change, volatile global prices and shifting consumer preferences in mature markets towards certified, sustainable and specialty teas are intensifying pressures. These shifts are forcing every tier of the value chain - from farmer cooperatives to multinational blenders - to search for new ways of capturing value.

The global tea industry stretches from mist-covered smallholdings to supermarket shelves and online shopping baskets (figure 5). At its foundation are millions of producers, most of them smallholder farmers.<sup>27</sup> In countries such as India, Kenya,

Vietnam and Sri Lanka, smallholder output accounts for more than half of national production. Yet growers face thin margins, climate volatility, rising wage bills and pests, while selling largely through middlemen who wield disproportionate influence. To counterbalance this, some cooperatives and agencies - such as the Kenya Tea Development Agency - have pooled resources for processing, marketing and logistics.<sup>28</sup>

<sup>27</sup> "Global Market Report: Tea prices and sustainability." 2024. International Institute for Sustainable Development. <https://www.iisd.org/system/files/2024-01/2024-global-market-report-tea.pdf>

<sup>28</sup> KTDA: A Climate-smart Solution to Supporting the Tea Industry in East Africa." Global Agriculture and Food Security Program. <https://www.gafspfund.org/projects/kt-da-climate-smart-solution-supporting-tea-industry-east-africa>

Once plucked, leaves move into processing, a capital-intensive stage requiring technical expertise and machinery to wither, roll, oxidise and dry the leaf into black, green, oolong or other varieties. Processing, blending and export are increasingly consolidated among a handful of powerful firms.

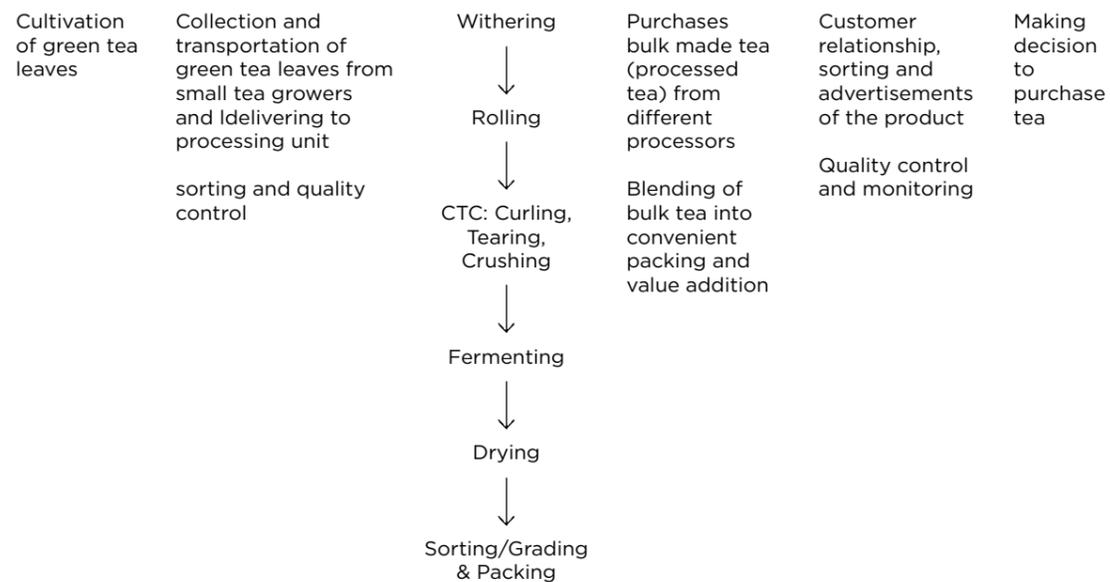
Kenya's Mombasa auction remains the largest hub for black tea by volume, with Colombo and Kolkata underpinning South Asian flows. Globally, multinationals such as Unilever (Lipton Teas & Infusions, now spun off), Tata Consumer Products, Associated British Foods (Twinings) and Ekaterra dominate blending and packing.

**“You have the added complication of logistics. It can take an unpredictably long time to traverse several parts of the world, with volatility in some areas, affecting shipment lead times whether you are packing overseas or at source, that has affected inventory and cost.”**

**FIGURE 5**

### Roles of different actors in the tea value chain

**CULTIVATOR** → **GREEN TEA LEAF COLLECTOR** → **PROCESSOR** → **WHOLESALER** → **RETAILER** → **CONSUMER**



Source: Dr Adhiji Das, Economics related to tea, 2020

Market access is shaped by both auctions and direct sales. Public auctions still account for about three-quarters of global trade, with the remainder negotiated through direct contracts. Traders, agents and brokers play a pivotal role in both systems. They are responsible for tasting, sampling and setting indicative prices, as well as distributing samples to buyers. The next link is distributors and wholesalers, who move bulk consignments through auction channels or direct import contracts.

Storage and transport are critical to avoiding spoilage, yet increasingly

difficult to navigate, says Mr Fernando. “You have the added complication of logistics. It can take an unpredictably long time to traverse several parts of the world, with volatility in some areas, affecting shipment lead times whether you are packing overseas or at source,” he explains, “that has affected inventory and cost.” Amid a more complex and uncertain trade environment, sluggish industrial activity in major economies and weak Chinese demand for bulk commodities, the UN Trade and Development agency has cut its maritime trade growth forecast for 2025, according to a report published in September 2025.<sup>29</sup>

<sup>29</sup> UNCTAD, 2025 Review of Maritime Transport, 2025. [https://unctad.org/system/files/official-document/rmt2025\\_en.pdf](https://unctad.org/system/files/official-document/rmt2025_en.pdf)

## GLOBAL SHIFTS

The tea market is in flux, with regional consumption patterns and trade flows reshaping the industry's centre of gravity. Asia-Pacific, home to the world's largest growers, retains its dominance with a 35% market share in 2024, led by China and India. Both countries embody the paradox of being export powerhouses and increasingly voracious domestic consumers (figure 6). In China, demand is being reshaped by the rising middle class and younger generations rediscovering traditional tea culture. This has buoyed the premium segment, while also driving up imports. Tea leaf imports climbed from \$146m in 2022 to \$158m in 2024, according to ITC Trade Map data.<sup>31</sup> India, long an exporter of bulk teas, is also turning inward as appetite for specialty teas grows at home, cutting into volumes once bound for overseas markets. "India's tea market has long been dominated by traditional CTC

**"China and India embody the paradox of being export powerhouses and increasingly voracious domestic tea consumers."**

(Crush, Tear and Curl) tea, but over the past five or six years, we've seen a lot of green shoots and movement in the herbal wellness market," says Bala Sarda, founder and CEO of Indian firm, VADHAM. "That shift is driven by millennials with higher disposable incomes who are far more conscious about health." Japan, by contrast, is innovating outward - cementing its role as a pioneer in ready-to-drink formats.

**"India's tea market has long been dominated by traditional CTC (Crush, Tear and Curl) tea, but over the past five or six years, we've seen a lot of green shoots and movement in the herbal wellness market. That shift is driven by millennials with higher disposable incomes who are far more conscious about health."**



**Bala Sarda**  
Founder and CEO, VADHAM

Europe, though steeped in tradition, is shifting too. The UK's once unassailable position as the heartland of black tea now faces erosion under the advance of coffee culture, according to Mordor Intelligence.<sup>32</sup> Yet elsewhere on the continent, particularly in Germany and France, the market is skewing towards herbal and specialty teas, often with sustainability and traceability as purchase drivers. Health and wellness trends are lifting demand for green tea, matcha and functional infusions, carving out a resilient niche in North America, traditionally a coffee stronghold.

**"The UK's once unassailable position as the heartland of black tea now faces erosion. Yet in Germany and France the market is skewing towards herbal and specialty teas."**

<sup>30</sup> Mordor Intelligence, Tea Market Size & Share Analysis - Growth Trends & Forecasts (2025-2030), 2025. <https://www.mordorintelligence.com/industry-reports/global-tea-market#:~:text=Tea%20Market%20Analysis%20by%20Mordor,transparency%20and%20forest%20risk%20reporting>.

<sup>31</sup> ITC Trade Map, Import Value of Tea Leaf (HS Code: 0902), [www.trademap.org](http://www.trademap.org)

<sup>30</sup> Mordor Intelligence, Tea Market Size & Share Analysis - Growth Trends & Forecasts (2025-2030), 2025. <https://www.mordorintelligence.com/industry-reports/global-tea-market#:~:text=Tea%20Market%20Analysis%20by%20Mordor,transparency%20and%20forest%20risk%20reporting>.

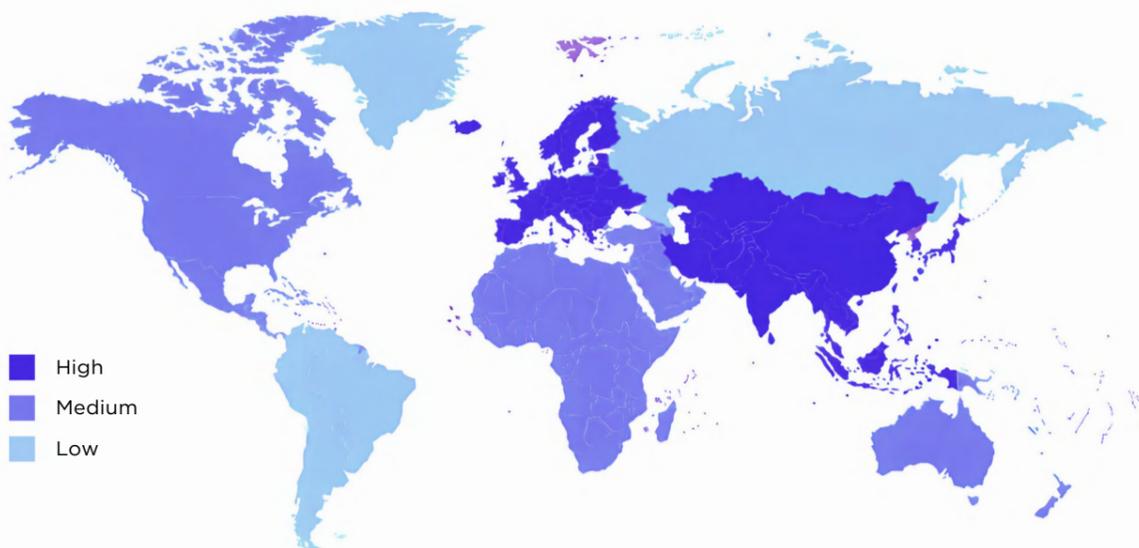
Consumers increasingly view tea less as a daily ritual and more as a wellness product, nudging the region towards premium growth segments.

In the Middle East and Africa, the shift is even more dramatic. The market is poised for rapid expansion, with forecasts of 8.5% annual growth between 2025 and 2030.<sup>33</sup> Rising incomes, urbanisation and younger consumer preferences are accelerating demand for premium and specialty varieties, particularly in Gulf states.

**In the Middle East and Africa, the shift is even more dramatic. The market is poised for rapid expansion, with forecasts of 8.5% annual growth between 2025 and 2030.**

**FIGURE 6**

**Tea market CAGR (%), growth rate by region, 2025–2030**



Source: Mordor Intelligence

<sup>33</sup> Mordor Intelligence, Tea Market Size & Share Analysis - Growth Trends & Forecasts (2025-2030), 2025. <https://www.mordorintelligence.com/industry-reports/global-tea-market>.

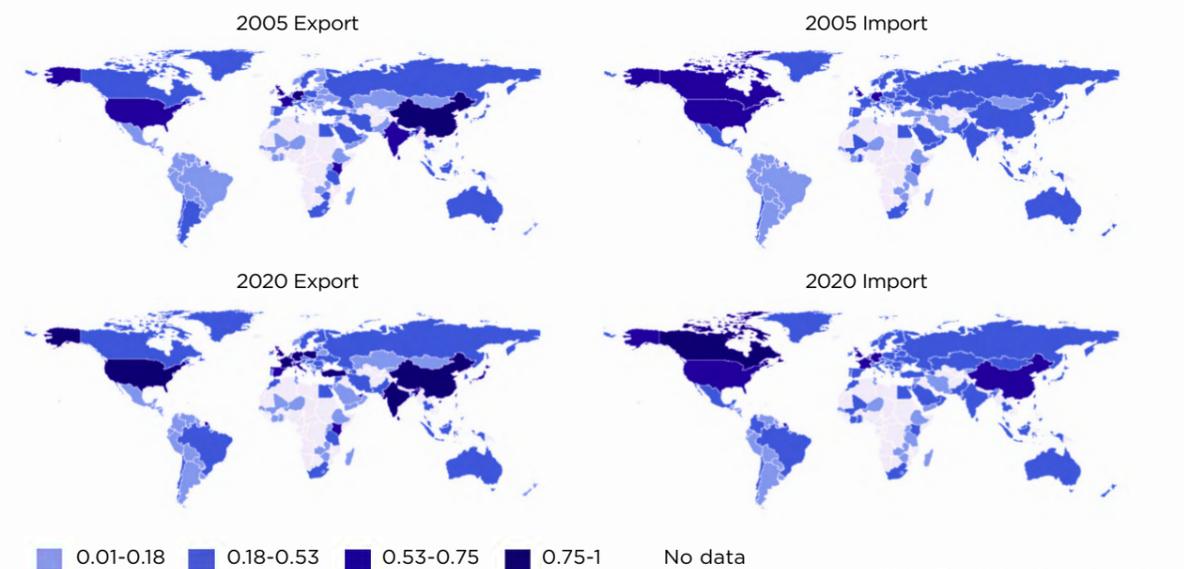
Underlying these shifts are evolving trade patterns. Between 2005 and 2020, global tea trade grew by just 1.1% a year, according to the FAO Intergovernmental Committee on Tea.<sup>34</sup> China has expanded green tea output, while India, still dominant in black tea, faces cost pressures and erratic monsoons. Kenya has entrenched its position as the top exporter of CTC (Crush, Tear and Curl) black tea, supplying both traditional buyers like the UK and new ones such as Pakistan and Egypt. Uganda, Rwanda

and Vietnam are scaling up - albeit from smaller bases, while Sri Lanka is losing ground to lower-cost rivals.

On the import side, Pakistan has overtaken all others, with tea imports increasing by over 7% in 2023-2024.<sup>35</sup> Figure 7 shows the evolution of connectivity based on export and import links at country level. Most countries increased their connectivity in terms of exports and/or imports, according to FAO analysis.

**FIGURE 7**

**Connectivity based on trade links by country, world, 2005 and 2020**



Source: FAOSTAT data, 2020.

(Note: The darker the colour, the greater the connectivity of a country to the global tea trade network)

<sup>34</sup> "25th Intergovernmental Group on Tea - Changes in the global tea trade network - CCP:TE 24/3." 2024. FAO Knowledge Repository. <https://openknowledge.fao.org/server/api/core/bitstreams/fab54287-d6dc-4e94-8efb-869a60ad8fa6/content>.

<sup>35</sup> <https://www.worldstopexports.com/tea-imports-by-country/>

## SECTION 4

# DUBAI AS A TRADE NEXUS

Between Asia's tea gardens and western consumer markets, Dubai has over two decades turned its positional advantage into a functioning commodity highway.

Dubai sits at the hinge between Asian producers and consumers across Europe, the Middle East and North America. Its geography is matched with layered infrastructure, regulatory certainty, trade platforms and network effects to intermedicate a product as fragmented and delicate as tea. "So a lot of the new innovation—building on trends like health and wellness, and newer formats—finds a solid testing ground in Dubai, where brands can test and see what's really happening globally," says Mr Sarda.

Jebel Ali Port connects to over 100 ports around the world.<sup>36</sup> Its record volumes and breakbulk capacity support both bulk tea consignments and packaged products, while Emirates SkyCargo's Fresh and temperature-controlled solutions secure quality from origin to buyer. Layered on top are streamlined customs and re-export procedures, increasingly data-driven, which keep dwell times low and

documentation predictable. The result is an ecosystem that compresses lead times, reduces friction across multi-leg shipments, and allows traders to stitch together origin-to-market flows with fewer breaks in the chain. "Wherever you have a robust infrastructure plus a service that is based on certain standards, you have a possibility to improve the industry," says Mr Fernando.

Federal and emirate-level initiatives reinforce this framework. Comprehensive Economic Partnership Agreements (CEPAs) and sector forums deepen ties with producing and buying markets, while Dubai Customs platforms provide a consistent rulebook for transshipment and re-export. These efforts combined have led the country to become the leading re-exporter of tea, with a 51% share in value and quantity in 2021, according to the Ministry of Economy.<sup>37</sup>

<sup>36</sup> DMCC, Free Zone Build Your Business With Us Today. <https://2509857.fs1.hubspotusercontent-na1.net/hubfs/2509857/C5-Migrated-Files/All-Files/free-zone-brochure-250815.pdf>

The Global Dubai Tea Forum (GDTF), convened by DMCC, brings together producers, traders, brands and officials. It serves as a neutral table where producing countries (India, Sri Lanka, Kenya, China) engage with buyers on pricing, standards, sustainability and traceability. That convening function complements Dubai's logistics and finance stack, reinforcing the emirate's position in tea's mid-stream.

**“The Global Dubai Tea Forum (GDTF), convened by DMCC, brings together producers, traders, brands and officials. It serves as a neutral table where producing countries engage with buyers on pricing, standards, sustainability and traceability.”**

and delivery of coffee to precise specifications, at scale. A proposed Cacao Centre initiative, which will be incubated within the Coffee Centre, will help Dubai's footprint across specialty supply chains. For tea traders, co-location with coffee and cocoa brings shared logistics, finance, quality assurance talent and buyer traffic.

Its Tea Centre, established in 2005, offers integrated facilities for blending

(CTC and Orthodox), packaging, storage and distribution, all underpinned by world-class logistics and quality assurance systems. The Centre provides free storage (with terms) and cutting-edge blending/packing technologies. Moreover, it integrates tea tasting, blending expertise, networking forums and trade data via collaboration with Dubai Customs, giving members valuable market intelligence and operational efficiencies.

By reducing lead times and providing value-added services such as flavour profiling and customised blends, the DMCC ecosystem makes Dubai not just a waypoint, but a platform where tea is transformed into finished, market-ready products. “To have quality driven manufacturing, whether it is manufacturing excellence, quality, machinery, processors, certification, as DMCC has, or whether it is producers who value sustainability - and ideally connecting the two as DMCC is doing - I think are very important,” says Mr Fernando. Financial, legal and trade-facilitation services within DMCC further lowers transaction costs and enhances

**By reducing lead times and providing value-added services such as flavour profiling and customised blends, the DMCC ecosystem makes Dubai not just a waypoint, but a platform where tea is transformed into finished, market-ready products.**

trust for global buyers and sellers. DMCC also supports trade via platforms like DMCC Tradeflow, which provides digital commodity registry, trade finance tools and Islamic finance solutions, underpinning trade in tea and other commodities.

## THE DMCC ECOSYSTEM

The DMCC has been central to this dominance.<sup>38</sup> DMCC deliberately clusters adjacent agri-commodities to compound network effects. The DMCC Coffee Centre offers green bean storage, processing, roasting, packing

<sup>38</sup> <https://dmcc.ae/blog/the-global-tea-industry-comparative-analysis>

## SECTION 5

# FUTURE OUTLOOK, INNOVATIONS AND INVESTMENT TRENDS

The tea industry, long anchored in tradition, is entering a period of technological and market disruption. Climate change, shifting consumer tastes and cost pressures are forcing producers and investors to rethink both how tea is grown and how it is sold. While the near-term picture is uneven as bulk black tea remains squeezed by costs and weather, the growth vector points toward climate-smart production, traceable supply chains

and higher-margin formats (premium, organic, functional, ready-to-drink). The strongest growth prospects lie in rising per-capita consumption across low- and middle-income countries, concluded the FAO tea committee in 2024, underscoring the need for closer market monitoring and tailored trade strategies.<sup>39</sup> In high-income markets, where demand is largely saturated, opportunities lie in specialty teas and product innovation.

## SMARTER FARMS

On the farm, precision agriculture and climate-smart practices are gaining ground. Satellite and spectral imaging technologies are improving estate management, optimising fertiliser use and maximising scarce labour resources, driving both cost and operational efficiency. In Kenya's tea belt, a Nordic Climate Facility-funded project commissioned a 180 kilowatt concentrating-solar field with

a 1 megawatt-hour thermal storage to dry tea, a first-of-its-kind installation aimed at displacing fuelwood and cutting emissions.<sup>40</sup> Solar irrigation for smallholders is scaling via blended finance. SunCulture's Kenya programme combined a \$2.6 million carbon-credit pilot and earlier catalytic grants to bring down unit costs and test carbon-revenue stacking for farmers.<sup>41</sup>

<sup>39</sup> "25th Intergovernmental Group on Tea – Changes in the global tea trade network - CCP:TE 24/3." 2024. FAO Knowledge Repository. <https://openknowledge.fao.org/server/api/core/bitstreams/fab54287-d6dc-4e94-8efb-869a60ad8fa6/content>.

<sup>40</sup> <https://www.absolicon.com/commissioned-solar-heat-from-absolicon-to-combat-drought-and-emissions-in-kenya/>

<sup>41</sup> "BII, Shell Foundation, and SunCulture pilot innovative carbon financing to accelerate access to solar irrigation systems for Kenyan farmers." Shell Foundation. <https://shellfoundation.org/news/bii-shell-foundation-and-sunculture-pilot-innovative-carbon-financing-to-accelerate-access-to-solar-irrigation-systems-for-kenyan-farmers/>.

## CLONES AND CARBON

Biotechnology, though more nascent, is also being explored, particularly drought and pest-resistant tea clones designed to offset the long-run shrinkage of suitable growing areas. Kenya's Tea Research Institute has released new pest-resistant, climate-hardier clones to stabilise yields under heat and disease pressure.<sup>42</sup> Soil depletion is a critical challenge

for tea cultivation. Biochar, produced through pyrolysis, is emerging as a transformative tool to restore soil health, improve crop viability and enhance quality. "[Biochar] goes back a few thousand years, helping us to address depleted soil, to reintroduce nutrition and make plants more viable. That's helping quality," explains Mr Fernando.

## DATA AS COLLATERAL

Traceability and financing are converging. A consortium-based project called Trado, tested whether preferential access to trade finance using technologies could drive positive impact. Trado is a "data-for-benefits" swap layered onto standard supply chain finance.<sup>43</sup> Suppliers (often smallholders) share first-mile social and environmental data that buyers don't normally see. In return, the buyer

effectively passes on its cheaper credit. The buyer's lower financing rate is applied to the supplier's working capital line within a bank's regular supply chain financing processes. All first-mile data and the transaction metadata are logged on a blockchain, making the benefit (the interest-rate spread) transparent and controllable. The effect is that sustainability data is monetised into cheaper capital for producers.

<sup>42</sup> <https://www.foodbusinessmea.com/kenya-unveils-mosquito-resistant-tea-clones/>

<sup>43</sup> <https://dmcc.ae/blog/the-global-tea-industry-comparative-analysis>

## DIGITAL LEDGERS BRING TRUST TO TRADE

Blockchain-based traceability tools are emerging as a way to meet consumer and regulatory demands for proof of origin and sustainability. "Auctions just aren't very efficient, so there's some hope that blockchain is going to inherently improve the saleability of the tea, because you're going to be able to pay a higher price for it knowing that the provenance

is secure," says Mr Bolton. In India, the trustee Sustainable Tea Foundation's "Tracetea" programme is being paired with digital ledgers to certify compliance and reassure international buyers.<sup>44</sup> For investors, these innovations promise not only efficiency gains but also reputational benefits as sustainability becomes a key differentiator in export markets.

## CAPITAL TO BACK RESILIENCE

Governments and development banks are also nudging investment towards climate adaptation and supply chain modernisation, recognising tea's importance as both a foreign exchange earner and a rural employer. Multilateral Development Banks climate commitments hit a record \$125 billion in 2023; a slice is flowing to ag/tea-relevant resilience - irrigation, cooling and value chain

modernisation - in key origins. In Sri Lanka, a World Bank climate resilience programme includes components for climate-smart production and market access (e.g., a \$30 million component promoting climate-resilient technologies and blended finance for producer groups).

<sup>44</sup> <https://tracetea.org/>

# KEY RECOMMENDATIONS

The long-run challenge is whether innovation and investment can spread beyond a few high value segments and leading producers to the millions of smallholders who underpin the industry. Without broader diffusion, tea risks a dual-speed future; one that is a modernised, premium-facing sector thriving on innovation and brand, alongside a commodity core left increasingly exposed to climate risk, price volatility and eroding profitability.

## 1 Invest in climate-smart production

Tea's long term viability depends on adaptation to climate change. Investment in drought- and pest-resistant clones, soil-restoration methods such as biochar, and renewable-energy-powered processing can stabilise yields and reduce vulnerability. Development banks and private capital should target blended finance models that scale these practices across both estates and smallholders.

## 2 Empower smallholders as partners

With smallholders producing around 60% of global tea, their inclusion is essential. Expanding access to affordable finance, weather data and digital farming tools can boost productivity and compliance. Buyers should adopt floor-price or living wage models to make supply more resilient while sharing value more equitably along the chain.

## 3 Strengthen traceability and compliance systems

As EU deforestation regulations and labour standards tighten, investment in blockchain, satellite monitoring and certification schemes will be decisive for market access. Producers who can credibly verify environmental and ethical standards will command premiums, while those who cannot risk exclusion from high value markets.

## 4 Diversify value propositions through innovation

The fastest growing demand lies in premium, functional and ready-to-drink teas. Producers and brands should prioritise product innovation—such as sparkling tea, nitro brews and wellness blends—to capture younger and health-driven consumers. Partnerships with investors and brands can help spread these gains beyond niche markets.

## 5 Leverage strategic hubs like Dubai to anchor resilience

Dubai's DMCC ecosystem demonstrates how trade hubs can evolve from transshipment points into value-adding platforms. Expanding services like blending, packaging, trade finance and digital registries can cut costs, shorten lead times and strengthen global supply resilience. Replicating or linking such models across regions would deepen trade connectivity.

## 6 Harness digitalisation and finance for inclusivity

Digital auctions, blockchain-based finance swaps and e-marketplaces should be scaled to democratise access to markets. Linking sustainability data to cheaper finance, as piloted in initiatives like Trado, can unlock working capital for smallholders, ensuring innovation is not confined to large estates and multinational brands.



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