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# BOLIVIA RURAL COMPETITIVENESS ACTIVITY (RCA) Tea Market Trial and Plan of Action

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Bolivia Rural Competitiveness Activity – Tea Market Trial and Plan of Action  
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# RURAL COMPETITIVENESS ACTIVITY TEA MARKET TRIAL AND PLAN OF ACTION

## **DISCLAIMER**

The opinions expressed by the author in this document do not necessarily reflect those of the United States Agency for International Development or those of the United States government.

**Report Summary:**

***This report provides a detailed analysis of the quality of tea produced by Chaimate, a Bolivia RCA project beneficiary. The report elaborates on the various quality characteristics of the teas offered by Chaimate and also discusses the possibility of their sale abroad. The consultant also provides a more detailed analysis of the steps that will have to be taken by Chaimate if it is able to book export sales.***

**Results:**

Sampling, testing and quality analysis was carried out at Kentea's offices in New Rochelle, New York. The report on the various teas received is as under:

**TYPE: "TE NEGRO"**

**COMMENTS**

- |                                      |   |
|--------------------------------------|---|
| (A) Hebras Enteras<br>A Granel       | <u>Leaf style:</u> too mixed to sell as graded.<br>Could be used, if flavored/ blended with flower petals and/or spices.<br><u>Infusion:</u> fairly bright and even.<br><u>Cup Quality:</u> light, bright with flavor |
| (B) OP<br>A Granel                   | <u>Leaf style:</u> mixed, needs regrading.<br><u>Infusion:</u> Good, bright and even<br><u>Cup Quality:</u> bright, good flavor   |
| (C) BOP<br>(Muestra "A")<br>A Granel | <u>Leaf style:</u> neat but slightly mixed<br><u>Infusion:</u> Good, bright and even<br><u>Cup Quality:</u> good flavor/clean cup   |
| (D) BOP<br>(Muestra "B")<br>A Granel | <u>Leaf style:</u> less attractive than "A"<br><u>Infusion:</u> Good, bright and even<br><u>Cup Quality:</u> good flavor  |

Brewing time for all teas was 5 minutes.

Overall ranking is as follows: (C) (D) (B) (A, only for the leaf style)

The manufacture of these teas is very good; the only area that needs improving upon is the grading. This is probably due to not having a wide enough range of sieve sizes available. The Hebras Enteras Dryer Mouth teas can be worked on with the right grading equipment to achieve a more useable leaf style to offer as a straight line black tea; otherwise a very well manufactured batch of teas, well suited for the Specialty Tea Market.

**TYPE: "TE VERDE"**

**COMMENTS**

- |                                |   |
|--------------------------------|---|
| (A) Hebras Enteras<br>A Granel | <u>Leaf style:</u> too large and mixed<br><u>Infusion:</u> bright and even<br><u>Cup Quality:</u> good flavor/clean |
| (B) Aroma/Jasmin<br>A Granel   | <u>Leaf style:</u> neat/good<br><u>Infusion:</u> bright/good aroma<br><u>Cup Quality:</u> very well flavored        |
| (C) BGP<br>A Granel            | <u>Leaf style:</u> acceptable<br><u>Infusion:</u> bright and even   |

Brewing time 5 minutes.

Again, well manufactured teas. The Jasmin tea is exceptionally well flavored and is sure to attract interest. CERTIFIED ORGANIC STATUS WILL FURTHER ATTRACT BUYER INTEREST AND REALIZE A PREMIUM.

While the samples will show the buyers what can be produced at Chaimate and, hopefully attract their interest; before going any further, they will want to know prices in order to make a comparison with other growths as well as quantities available of each type:

Prices will have to be quoted on a delivered USA basis. Costs of both sea freight and airfreight should be researched thoroughly, as if really good rates can be obtained, this will go a long way in making for competitive offer prices.

**Unilever (Lipton):**

Kentea considered that the quality of the teas was high enough to attract the interest of Unilever (Lipton) for their new organic tea program. After discussions with them, we arranged to send them samples to test against organic teas from other origins that they have recently purchased. Unilever only tests teas on certain days and tests are carried out privately. They will be passing on their comments in the next few days.

10/17/06

Meantime I have received quantity estimates from Chaimate as follows:

- |  |           |
|--|-----------|
| 1. Black Tea BOP – A (loose) through rotavane    | 1000 kgs  |
| 2. Black Tea BOP – B (loose) ex roller and sieve | 1000 kgs  |
| 3. Black Tea OP (loose) through rotavane         | 1000 kgs  |
| 4. Black Tea whole leaves roller/sieved          | 1000 kgs  |
| 5. Green Tea BGP (loose) rotavane/sieve          | 2,000 kgs |
| 6. Green Tea BGP Jasmine scented rotavane        | 50 kgs    |
| 7. Green Tea BGP Full leaves rolled              | 1000 kgs  |

This total of +/- 7,000 is available every 3 months; alternatively work on a third of each quantity monthly.

This being the case, should a single buyer require 7,000 kgs comprising of the teas indicated, we would consider sea freight, on a consolidated container basis. For smaller quantities, airfreight would have to be considered.

**Simpson& Vail:**

I spent most of the day at to Simpson & Vail Inc., Brookfield, Connecticut, and was able to examine their range of teas, and make comparisons. I tasted the samples with the principal owners of the company, who were extremely impressed with all the teas. Surprisingly to me, they ranked both the Green, and Black Rolled Full Leaf Teas (Hebras Enteras) FIRST, preferring the lighter cup colors over the darker ones of the smaller leaf grades. They would use both teas, as straight-line single origin teas, as well as for blending. They liked the Green Jasmine very much in aroma and taste. This is an excellent tea, with perfect "balance" and should not be changed in either leaf style or strength of flavor. The teas were ranked as follows, based on their own requirements, and not solely on the tea's overall merit. Cleaning up the grading of all the teas and making them more uniform, would improve both buyer interest and price.

Green:

1. Full Leaf (HE)
2. Jasmine
3. BGP

Black:

1. Full Leaf (HE)
2. BOP "A"
3. OP
4. BOPB

They were excited about the possibility of adding Bolivia to their range of tea origins, especially since the teas are all certified organic.

They prefer to buy smaller quantities rather than pallet loads. (Pallet loads are made up of 20 X 50/60 kgs paper sacks. 20 ft containers are loaded with 10 pallets.)

As full container loads (10,000 kgs) cannot be offered at this stage, nor required by the buyer, consolidated container rates will have to be sought. (Keep this in mind when researching ocean freight rates.) Chaimate will have to find out Ocean freight rates from the various Shipping Agencies in Bolivia by port of loading in Peru, Chile or wherever and destinations in the USA.

Finding the most competitive airfreight rates will be of greater importance. With the prevailing increased transit delays in sea shipments, Specialty Tea imports are being airfreighted into the USA and Europe with increasing frequency. Simpson & Vail informed me that the last shipment they imported from Bangladesh made by the Federal Express agent in Chittagong cost \$ 3.25 per kg. With the number of daily flights coming into New York and Miami from Bolivia, competitive rates should be available.

I talked to Simpson & Vail about the possibility of their working with Chaimate in providing a distribution service for their teas. Chaimate would consign teas in either units of 10/15/20 kgs to be packed for wholesale, or in finished retail packs from Bolivia to Simpson & Vail. Sales would be made through the S&V mail order catalogue as well as to their regular retail and wholesale customers. Simpson & Vail would issue an accounting on receipt of teas and make remittances of sales proceeds to Chaimate on a bi-monthly or monthly basis. This could be done on a profit split or fee basis. Such an arrangement would give the opportunity to Chaimate to sell a portion of their teas in their own name on the US market as well as selling to importers/packers/distributors. The mechanics of such an operation would have to be thought through in more detail before a formal modus operandi is established. This is another marketing concept for Chaimate to consider. Such a concept also allows the seller to participate in a share of the "higher" final sales price.

When costs from the field to sales basis have been established, firm offers can be made to prospective buyers. Currently Simpson & Vail are receiving offers for Black Certified Organic teas ranging from: \$3.00 to \$ 7.00 per pound (\$6.65 to \$15.50). Origins vary from China to Assam and Darjeeling. With no established customers, we feel that the Bolivian teas could possibly be placed somewhere in the middle of this price range.

10/18/06

**Specialty Tea Institute:**

The day was spent at the offices of the Tea Association of the USA together with the Tea Council and the Specialty Tea Institute. I met with the president, Joe Simrany and his staff who were interested to hear about the Chaimate project and will publicize the availability of Bolivian Specialty Tea to all their members. We discussed Chaimate becoming a member of the STI and possibly attending some Association functions and trade shows, which can be discussed with you at a later stage. The STI will certainly be of assistance in helping to promote Chaimate and provide updated statistics and market trends on a regular basis. I spent the afternoon researching new mail order Specialty Tea companies for future visits.

10/19/06

**SerendipiTea:**

This company has grown fast over the past few years. They have created a niche for themselves based on very high quality teas and some unique blend combinations of flavor and spice fusions. The owners are well known to me, and have bought the Kenya Orthodox tea, which I produced. We tested the teas at length and eventually they came to exactly the same conclusion as Simpson & Vail, which pleased me. Their preference was for the Green Hebras Enteras for their own requirements, but also liked the BGP and the Jasmine, which they would like to introduce to their customers as soon as we have prices. Again the Black tea HE and OP grades were preferred. The BOP grades are too small for their requirements. They buy in small quantities 10/20/50 kgs and import via airfreight. They would be happy to talk about some kind of joint marketing arrangement (as described with Simpson & Vail.)

In conclusion I would say that I was pleasantly surprised by both the quality of the teas, the cup quality was excellent, as well as the very positive reaction I received from those I visited. Chaimate's quality is definitely acceptable. Improvement of leaf style will increase interest further. We can work on this together when I return from Kenya later in November. I was pleasantly surprised that both Simpson & Vail and SerendipiTea liked the Hebras Enteras and can use both the green and black as origin teas and in their blends. This will save a lot of work in the factory, having to break the teas and re-sort. With a minimal of "cleaning" I feel this grade could be sold in decent quantities. The other grades, the OP black tea and BGP green tea also attracted keen interest, with further leaf style refinement we could broaden our customer base. The smaller BOP Black teas, which were actually the best, in respect to cup quality, were overlooked only because of the leaf size. I am Hopeful however, that Unilever (Lipton) will find them suitable for their requirements.

Packaging has to be addressed. The two types utilized in the industry here are multi-walled paper sacks with an aluminum liner or a heavy duty cardboard carton, also lined with aluminum. Shrink or stretch wrapping is something to think about to protect the teas' organic status, quality and leaf breakage.

The only component left, which is the most important, is the PRICE. I know, based on my last visit to Bolivia that the prices being paid by local packers were, in my opinion very good. Further, the local market appears to have an increasing demand for tea. I recall that they are presently bringing in cheaper foreign teas to blend with Chaimate to bring their costs down.