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Promoting Quality in the Value Chain: The Case of Tea from Nepal

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Abstract

In recent years, Nepali tea is growing to become a competitive agricultural export product. Out of the total tea produced in Nepal, 43 % is exported but with only 1 % being exported to the EU, especially Germany. To find out how to promote the exports of Nepali tea to the German market, the following three research questions have been raised: how do the value chains (technical & actor) for exported Nepali tea look like?; is the quality infrastructure (QI) in Nepal sufficiently developed?; and how can the consumers' tea consumption habits be characterised?

Based on expert interviews with tea traders in Germany, major actors in the tea value chain are identified: agro traders (tea plantation raw materials suppliers); tea estates and small-scale farmers (producers/processors of tea leaves); packers/exporters; and wholesalers/retailers. The tea importers in Germany are responsible to test every consignment of their imported tea in German laboratories for Maximum Residue Levels (MRL). This requirement has been found to often act as a barrier for Nepali tea exporters, and the underdeveloped QI system of Nepal can be mainly accounted for this. A Code of Conduct (CoC) for producing and processing tea has been developed in Nepal, referring to product, social and environmental standards, but the CoC is not internationally recognised.

To study the Nepali tea value chain on the consumption side, a survey of 300 consumers was conducted in Germany. Preliminary results show that 24 % of the respondents drink Nepali tea. These are mostly males (69 %) and younger people (59 %) with an income of less than € 2000. Factor and cluster analyses will further be applied to identify the characteristics of consumers who buy Nepali tea. The results will help to identify German consumers' tea consumption habits which again will feed back as important information to the producers and exporters in Nepal.

Keywords: Consumer behaviour, Nepali tea, quality infrastructure, value chain

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