

STRATEGIES TO ENHANCE THE COMPETITIVENESS OF THE TEA INDUSTRY OF SRI LANKA

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ABSTRACT

Ceylon Tea, which is held in high esteem, has been steadily losing its competitiveness in the global market. Countries such as Kenya and India are able to produce cheaper teas in comparison to Sri Lanka, due to higher productivity thus increasing their competitiveness in the global market. This study emphasises the need for the industry to increase its current productivity levels. The study also addresses a second issue at a micro level. Regional Plantation Companies (RPCs) which account for 49% of the total tea production in Sri Lanka, are faced with uncertainty in tea prices. Each lot of tea that is sold at the weekly tea auction in Colombo fetches a different price, based on demand and supply. Many private tea estates, however, have been able to obtain premium prices consistently in comparison with RPCs. The study concludes by providing recommendations for RPCs to secure premium prices, improve profitability and enhance the competitiveness of the industry at large.

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