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Report Name: Brewing Trends - Analysis of Kenya's Tea Industry

Country: Kenya

Post: Nairobi

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Report Highlights:

Tea plays a vital role in Kenya's economy. It is the leading export commodity at 16.3 percent of total exports, and ranks as the second top source of foreign exchange in the country. The industry supports the livelihoods of over 7 million people, both directly and indirectly, and accounted for about 1.2 percent of Kenya's Gross Domestic Product (GDP) in 2024. Over the past six years, Kenya produced an average of 2.44 million metric tons (MT) of green tea, with 440.5 MT being exported annually. The remaining tea is processed with 94 percent being exported, while only 6 percent is consumed domestically. Tea cultivation takes place exclusively in the highland regions, at elevations between 1,500 and 2,300 meters (4,922 - 7,546 ft.) above sea level, where favorable climatic conditions support year-round production.

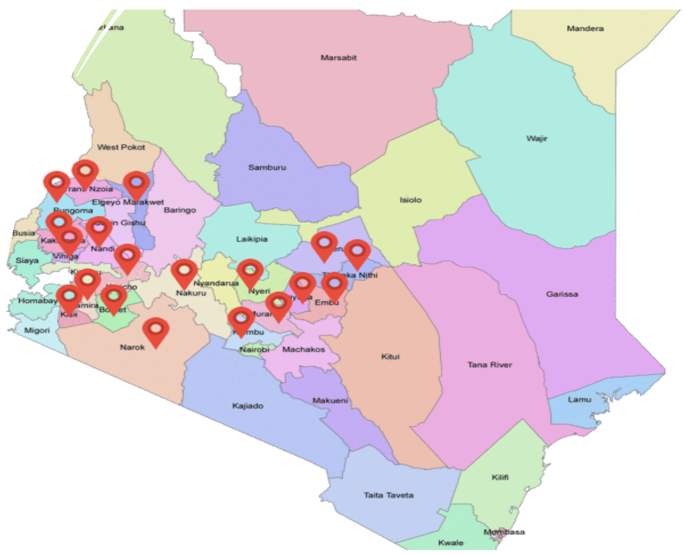
INTRODUCTION

Kenya's tea sector remains a cornerstone of the national economy, serving as the leading source of foreign exchange from exports and a critical source of livelihood for over 680,000 smallholder farmers. Globally renowned for its high-quality black tea, Kenya ranks as the third-largest tea exporter after China and Sri Lanka. Tea is predominantly grown in the fertile highland regions, where favorable climatic conditions allow for year-round cultivation. The sector is regulated by the Tea Board of Kenya (TBK), which develops, promotes and regulates the development of the tea industry.

TEA PRODUCTION

Kenya produced an average of 2.49 million metric tons of green tea and 585,533 MT of processed tea annually over the past six years, ranking it the third-largest tea producer globally, after China and India. Tea cultivation spans both the eastern and western regions of the Rift Valley, covering approximately 228,400 hectares of land. The eastern tea zone includes the highland areas around Mount Kenya, the Aberdare Range, and the Nyambene Hills, contributing roughly 32 percent of national production. The western region, known for its expansive plains and rolling hills, produces the remaining 68 percent. Key tea-growing areas in the west—such as Kericho, Kisii, and Nandi—benefit from favorable climatic conditions and established agricultural practices. **(see Figure 1).**

Figure 1: Kenya Main Tea Growing Counties



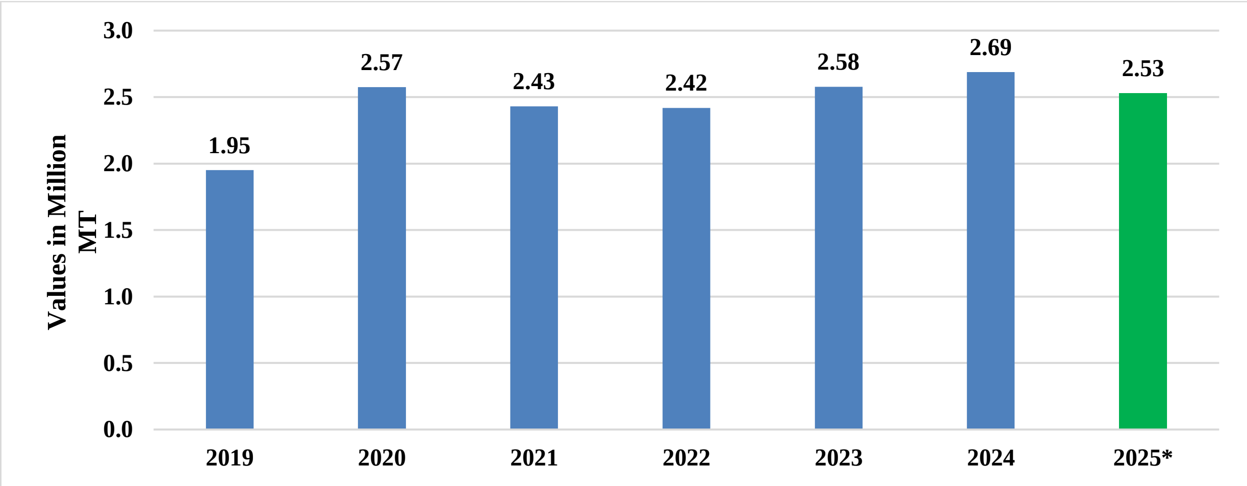
Kenya's main tea-growing counties include: Nandi, Trans Nzoia, Elgeyo Marakwet, Kakamega, Vihiga, Kericho, Bomet, Kisii, Nyamira, Narok, Nakuru, Kiambu, Murang'a, Nyeri, Kirinyaga, Embu, Tharaka Nithi, and Meru

Source: Kenya Tea Board

In 2024, Kenya's green tea leaf production rose by 25.6 percent from 1.95 million (MT) in 2019 to 2.69 million MT, driven by favorable weather conditions and the government's provision of subsidized fertilizer. The most significant growth occurred between 2020 and 2024, with output reaching 2.58 million MT in 2023. These gains were also supported by improved farm-level productivity and favorable input policies. However, production is projected to decline by 5.8

percent in 2025, to about 2.53 million MT, due to dry weather in the first half of the year and below-average rainfall across several regions **(see Figure 2).**

Figure 2: Kenya Green Tea Production (2019-2025)



Source: Kenya National Bureau of Statistics (KNBS) and Post Estimate
*** FAS Estimate**

The area under tea cultivation also expanded from about 206,039 hectares in 2019 to the current post estimate of approximately 229,200 hectares in 2025. About 50.7 percent of this land is managed by large tea producers, while the remaining 49.3 percent is farmed by over 680,000 smallholder farmers **(see Figure 3)**, most of whom are affiliated with the Kenya Tea Development Agency (KTDA).

Figure 3: Small Holder Tea Farm

Source: FAS Nairobi

In terms of production, large plantations account for about 47.7 percent of total green leaf tea production, while smallholder farmers under the Kenya Tea Development Agency contribute approximately 52.3 percent. In addition, the Nyayo Tea Zones - a government-owned enterprise - also operates tea plantations, although its contribution to total production is relatively small compared to KTDA and large producers. The Nyayo Tea Zones are operated through a corporation, playing the role of conserving forestlands and promoting tea cultivation in designated buffer zones

PROCESSED TEA

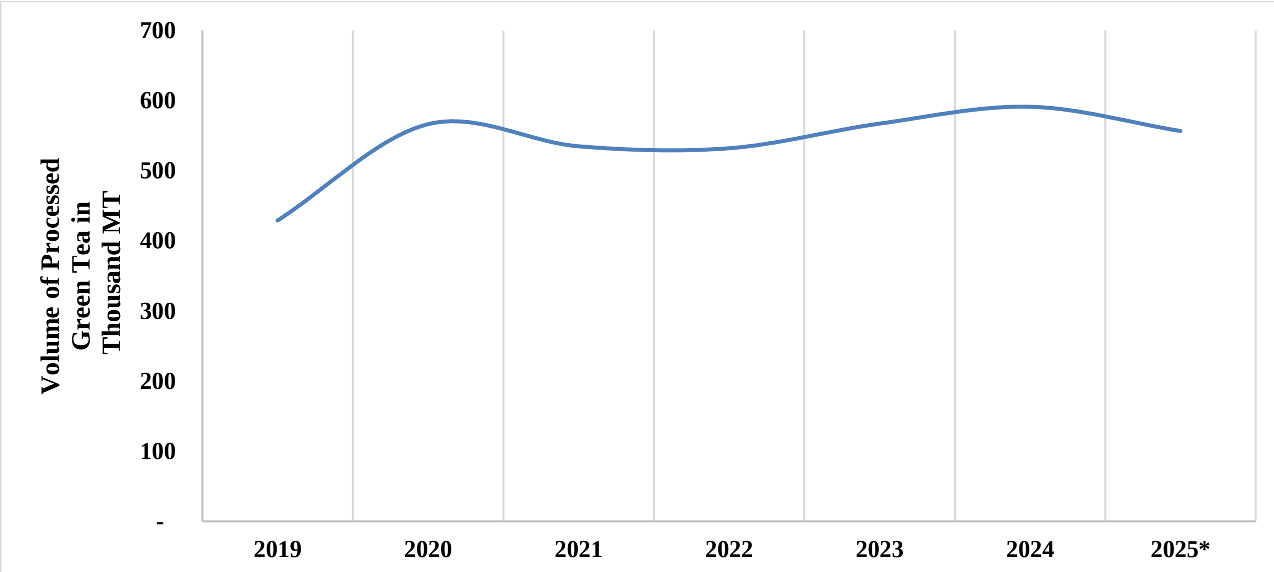
Kenya has over 180 tea processing factories, 72 are operated by KTDA, 25 by large scale tea manufactures, 43 by medium scale tea manufacturers, and 41 specialty tea manufacturers. These factories have a combined capacity to process over 2.7 million MT of green leaf annually, producing 648,960 MT of processed tea, based on an average conversion of green leaf to processed tea at 24 percent. The tea is primarily processed using the Crush, Tear and Curl method **(see Figure 4).**

Figure 4: Factory Processing

Source: FAS Nairobi

Kenya's processed tea volumes increased steadily from 429,028 metric tons in 2019 to a peak of 591,184 metric tons in 2024. The rise was driven by higher green leaf production, particularly in 2020 and 2023, which boosted overall processing volumes during those years. Post estimates that in 2025, processed tea volumes will decline by about 5.8 percent or 37,700 MT to 607,200 metric tons. The drop is attributed to a reduction in the supply of green tea leaves, limiting the raw material available for processing, **(see Figure 5).**

Figure 5: Kenya Processed Tea Leaves 2019-2025 Based on 24 percent Conversion Rate



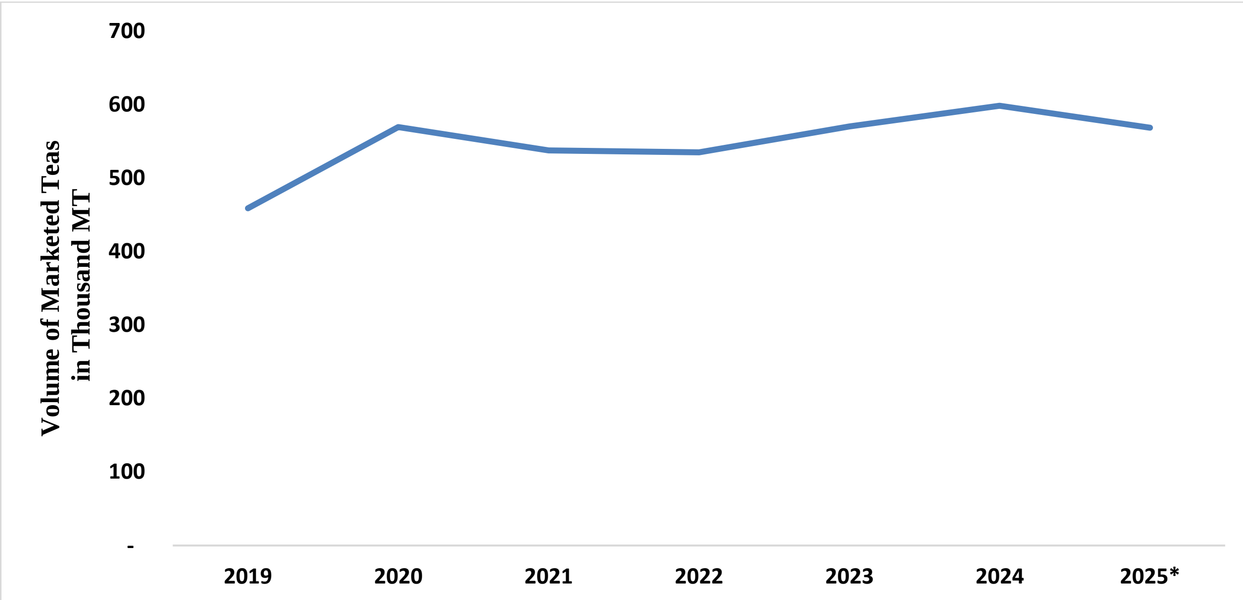
Source: Kenya Tea Board and Post Estimate
*** FAS Estimate**

MARKETED TEA

Kenya's marketed tea has followed a dynamic trajectory over the past several years, shaped by seasonal weather variations, government interventions, and structural changes in the agricultural sector. Annual production rose from 458,900 MT in 2019 to 569,500 MT in 2020, followed by a slight dip to 537,800 MT in 2021. In 2022, output remained relatively stable at 534,980 tons. A notable increase occurred in 2023, with production reaching 570,190 MT, driven by favorable rainfall and access to subsidized fertilizer through government support programs.

The upward trend continued in 2024, with output climbing to 598,470 tons. This increase was driven by well-distributed rainfall and access to 97,000 MT of subsidized fertilizer. Expanded factory processing capacity also played a role, as green leaf intake capacity rose from 2.4 million MT in 2023 to 2.7 million MT in 2024. Out of the total marketed tea in 2024, specialty teas accounted for 1.26 percent or 7,510 tons. Of this, orthodox teas (black teas) made up 94.2 percent or 7,050 MT, while green and purple teas contributed the remaining 5.8 percent or 437.2 tons. The 2025 post estimate projects a slight decline in marketed production to 568,530 MT (**see Figure 6).**

Figure 6: Kenya Marketed Tea 2019-2025



Source: KNBS and Post Estimates
*** FAS Estimate**

Despite the overall growth in 2024, performance varied by producer category. KTDA smallholder farmers posted the strongest gains, increasing production by 12.4 percent, from 278,512 MT to 312,975 tones. In contrast, the large producers recorded a slight decline by 0.6 percent from 144,628 MT to 143,767 MT, while Nyayo Tea Zones saw a sharp 20.5 percent drop to 5,117 tones. Independent producers also saw declines of 4,069 MT, reaching 136,618 MT (**see Table 1)**.

Table 1: Production by Producer Category (Metric Tons)

Year	Large Producers	Small Holder (KTDA)	Nyayo Tea Zones	Independents
2023	144,628	278,512	6,433	140,687
2024	143,767	312,975	5,117	136,618
Jan - Apr 2025	42,081	99,517	1,652	45,446
Jan - Apr 2024	49,558	123,116	1,781	48,160
Variance	**(7,477)**	**(23,599)**	**(129)**	**(2,714)**

Source: Tea Board of Kenya

The outlook for 2025 presents a shift in direction. Production in the first four months of 2025 has already shown signs of decline compared to the same period in 2024. This reduction is largely attributed to hot and dry weather conditions experienced during February and March, followed by subdued rainfall in April. These conditions have slowed crop development and led to a decline in leaf quality and volume across most tea-growing zones. Based on current trends and post forecasts, total marketed tea in 2025 will decline by five percent to 568,530 MT with an estimate of 136,380 MT for large producers, 297,140 MT for KTDA farmers, 4,890 MT for Nyayo Tea Zones, and 130,120 MT for independent producers. While this still represents a strong overall output, it marks the first year-on-year drop in production since 2022.

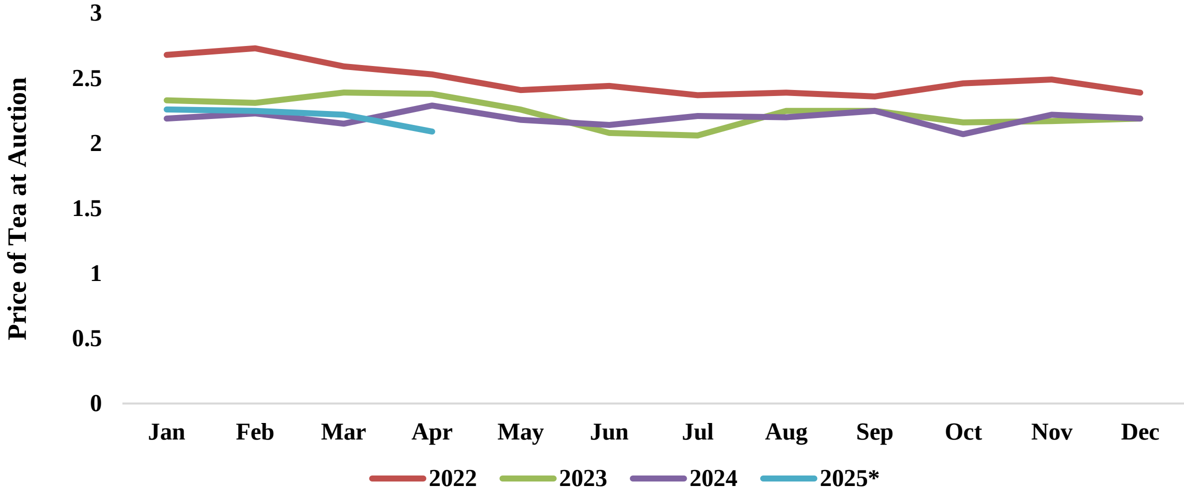
PRICE OF TEA AT AUCTION

Tea prices at the Mombasa auction have steadily declined over the past three years. In 2022, average monthly prices remained strong, often exceeding $2.40 per kilogram, with a high of $2.73 in February. The high price was supported by the minimum reserve price for tea older than six months at the Mombasa weekly auction introduced in 2021. During this period, buyer participation remained steady, and the sales rate stood at 76 percent. However, toward the end of the year, prices began to weaken due to disruptions in trade logistics and currency depreciation in key markets following the onset of the Russia-Ukraine war. Further, the introduction of the minimum price policy led to a 100-million-kilogram surplus, as buyers shunned lower-quality teas at the inflated price.

The impact of the minimum price policy on the auction market persisted in 2023, with prices continuing to decline and averaging below $2.30 per kilogram in most months. The lowest recorded price was $2.06 in July. In 2022, Kenya offered 592.29 million kilograms of tea for auction, up from 506.47 million kilograms; however, only 60 percent of the volume was sold. The decline in both sales and prices was largely attributed to an increased volume of lower-quality teas supplied by factories. Teas from the West Rift Valley region, particularly those of the Broken Pekoe 1 (BP1) grade, were especially affected. Demand remained weak in key markets such as Russia and Iran, while buyers in Pakistan and Egypt reduced their purchases due to foreign exchange constraints.

In 2024, prices stayed around or below $2.20, with a brief increase in April to $2.29. However, this rise did not signal a broader recovery. Kenya offered a record 723 million kilograms at the auction, including carry-over stocks, but sold just 382 million, pushing the sales down to 55 percent. Limited buyer interest was driven in part from a lifting of minimum price policy that resulted in an oversupply of tea at the auction. Further, ongoing conflict in Sudan and Red Sea shipping disruptions weighed heavily on market performance. To date, 2025 prices remain low, with January to April monthly averages ranging between $2.09 and $2.26. April 2025 recorded a seasonal low of $2.09. This consistent drop was a result of weaker market demand, and Kenyan market access challenges in Sudan leading to oversupply at the auction **(see Figure 7).**

Figure 7: Auction Prices for Tea, 2022 to 2025 (USD/Kg)

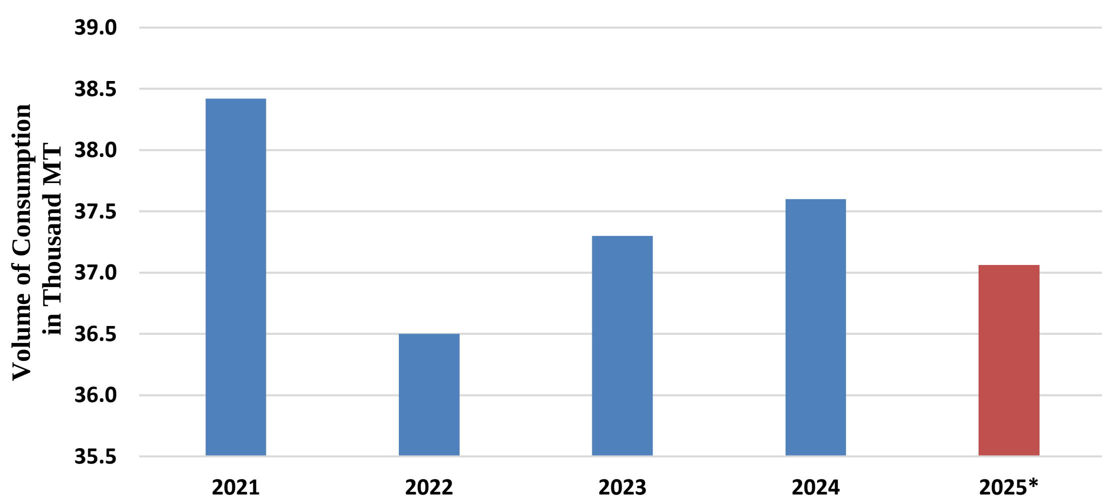


Source: Kenya Tea Board
*** FAS Estimate**

CONSUMPTION

Kenya is one of the world's top tea producers, yet most of its tea, over 93 percent, is exported. Domestic consumption remains relatively low, but it is slowly rising. In 2024, Kenya produced approximately 644,928 MT of tea, but only 36,700 MT were consumed locally—just 5.8 percent of total production. This marks a slight improvement from the previous year when domestic consumption accounted for just 6.0 percent or 37,300 tons. To increase this share, the Tea Board of Kenya has actively promoted tea drinking, targeting 15 percent domestic uptake of total production (**see Figure 8).**

Figure 8: Kenya Tea Domestic Consumption



Source: Kenya Tea Board and Post Projection
*** FAS Estimate**

Kenyan consumers rank among the top tea drinkers in Africa. In 2024, per capita tea consumption reached 0.72 kilograms, significantly above the global average of 0.3 kilograms. Between 2022 and 2024, national tea consumption grew by 3.01 percent annually, driven by a strong tea culture that includes morning, mid-morning, afternoon and evening consumption. Consumer spending has also increased. In 2024, the tea sector generated $1.67 billion, including $139.5 million from domestic sales.

The local market is evolving. While black tea remains dominant, more consumers are turning to green tea, purple tea, herbal infusions, and specialty blends, especially in urban areas and among health-conscious groups. Consumption data highlights this shift. In 2022, domestic monthly tea consumption ranged from 2,000 MT in February to a high of 4,420 MT in August. In 2023, consumption rose across most months, notably in January and May. The growth trend continued into 2024, with April and May recording 3,220 MT and 3,320 MT, respectively. Although a mid-year dip occurred between July and September, December 2024 saw the highest monthly consumption in three years, reaching 3,770 tons.

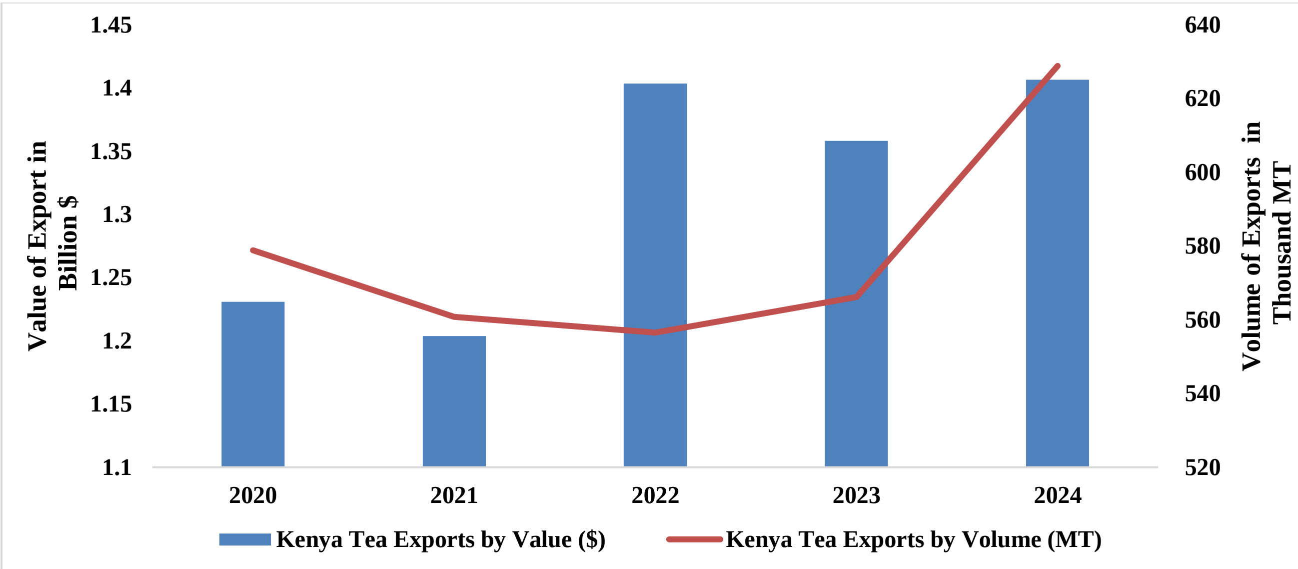
TRADE

The tea industry remains a key pillar of Kenya's economy. In 2024, it was the second largest source of foreign exchange, contributing 10.2 percent of total earnings. Diaspora remittances ranked first, bringing in $4.95 billion, or 37.7 percent of the country's total foreign exchange revenue.

Kenya's tea exports have grown in value over the past five years, rising from $1.23 billion in 2020 to $1.41 billion in 2024. However, export volumes declined from 578,819 MT in 2020 to a low of 556,519 MT in 2022 **(see Figure 9).** This drop was primarily attributed to reduced foreign exchange reserves and weakened purchasing power in key buyer markets, driven by the ripple effects of the Russia–Ukraine war and the broader global economic slowdown. These factors constrained demand despite stable or rising production levels during the same period.

While there was a slight decline in Kenyan tea exports in 2022, the sector rebounded strongly in the following years, registering the highest value in the five-year period at $1.41 billion. Export earnings recorded improved performance of 3.6 percent or $48.4 million from $1.36 billion recorded in 2023. Higher export earnings were attributed to increased export volume by 11.07 percent from 566,198 MT recorded in 2023 to 628,869 MT in 2024. However, compared to the year 2023, the export prices were lower in dollar terms. The average export unit price was slightly lower at $2,236.64 per MT compared to $2,398.65 in 2023 while the value of the currency as measured by the Trade Weighted Index was reduced from 138.25 in 2023 to 129.99 in 2024.

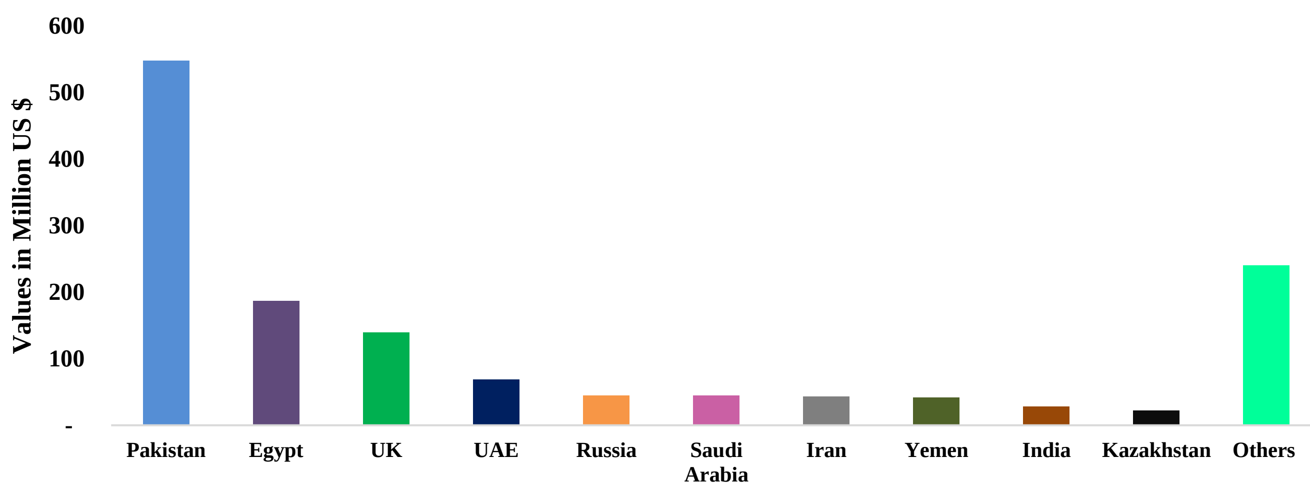
Figure 9: Kenyan Exports in Value and Volume



Source: Trade Monitor, LLC

In 2024, Kenya expanded its market reach to 104 international destinations, up from 100 in 2023. Pakistan remained the leading export destination, importing 221,472 MT, which accounted for 35.2 percent of the total export volume, valued at approximately $550 million. Other key markets included Egypt (90,906 MT; $190 million), the United Kingdom (65,233 MT; $140 million), United Arab Emirates (33,508 MT; $68.6 million), Russia (21,575 MT; 44.9 million), Iran (17,819 MT; $42.9 million), India (16,278 MT; $28.03 million), Saudi Arabia (16,035 MT; 44.4 million), Yemen (14,292 MT; 41.4 million), and China (13,011 MT; $20.75 million) **(see Figure 10).** Collectively, these top ten destinations accounted for 83.8 percent of total tea export volume.

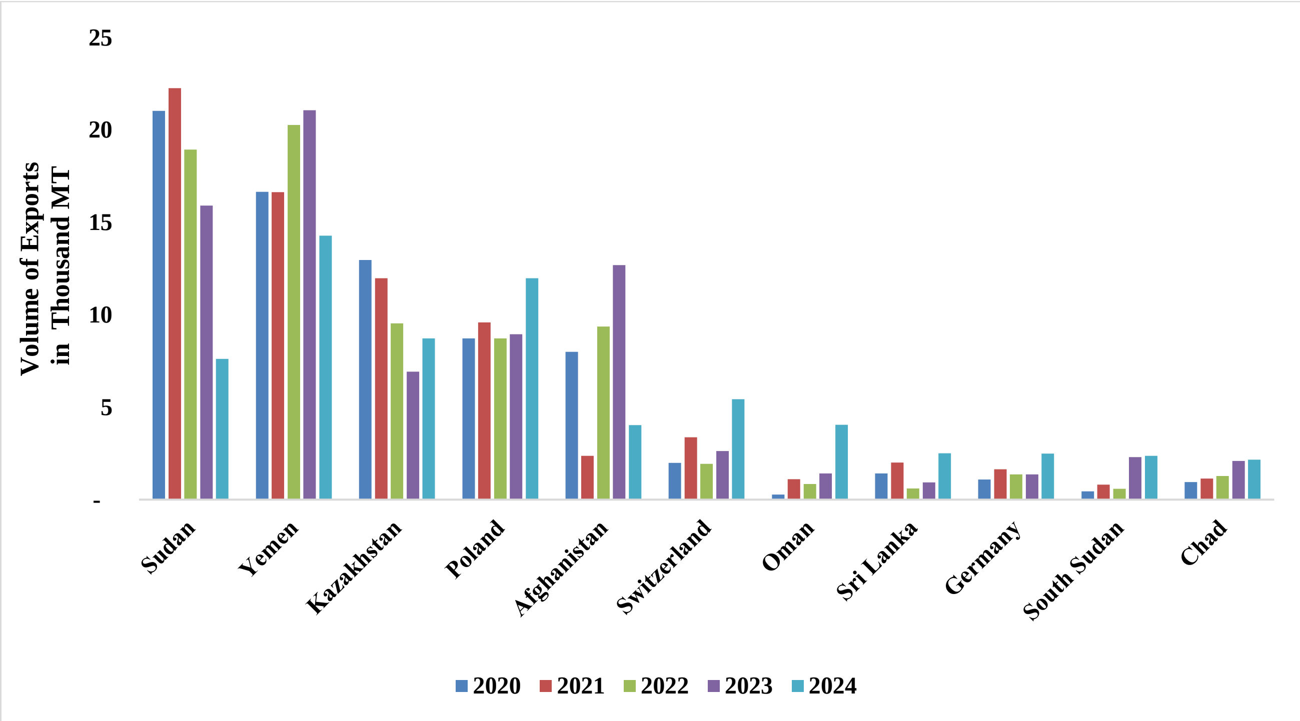
Figure 10: Top 10 Importers of Kenyan Tea by Value in 2024



Source: Trade Monitor, LLC

Kenya’s tea exports recorded notable improvements across traditional markets. According to Kenya Tea Board, Chad emerged as a growing direct importer of Kenyan tea, having shifted its transshipment routes from Sudan to Nigeria and Niger due to ongoing conflict and trade disruptions in Sudan. Similarly, South Sudan demonstrated strong performance as an emerging market. Export volumes also increased in a mix of traditional and non-traditional destinations, including Australia, Kazakhstan, Japan, Oman, Switzerland, Poland, Sri Lanka, South Africa, Germany, and Ukraine **(see Figure 11).**

Figure 11: Top Kenya Exports to Traditional and Non-Traditional Markets (2020-2024)

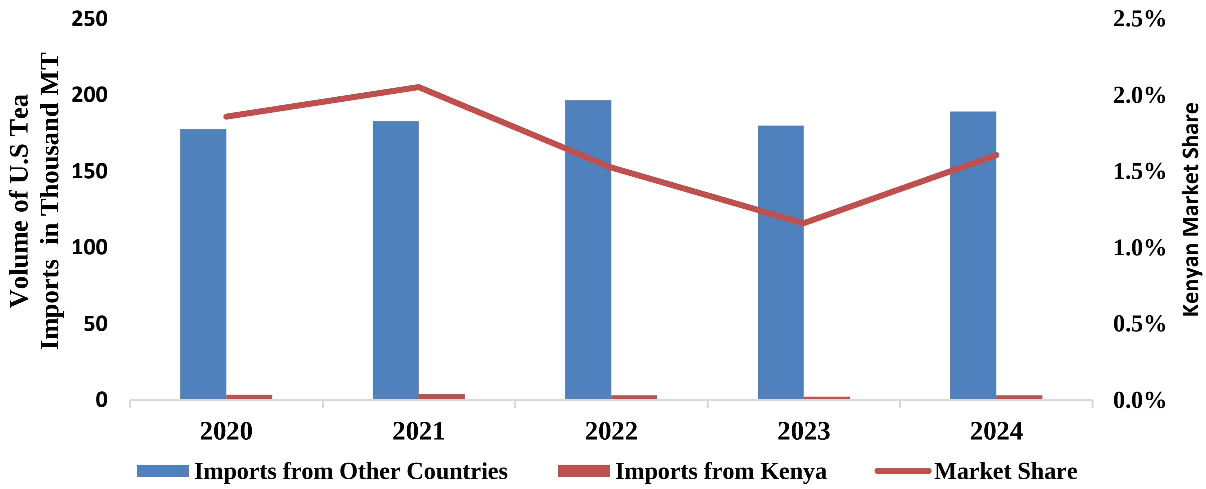


Source: Trade Monitor, LLC

Exports to Sudan declined by 52.2 percent by volume, largely due to internal conflict. Yemen and Afghanistan also registered a 32.2 percent and 68.2 percent dip, attributed to the increasing attacks on ships along the Red Sea.

Kenya’s tea exports to the United States have remained modest and inconsistent over the past five years, accounting for less than two percent of total U.S. tea imports annually. Export volumes ranged between 1,159 and 2,796 metric tons between 2020 and 2024, with a notable decline after 2021. Meanwhile, the U.S. market continues to be dominated by Canada and Argentina, each consistently supplying tens of thousands of metric tons annually. Other major competitors such as China, India, Sri Lanka, Vietnam, and Taiwan have also maintained strong positions (**see Figure 12).**

Figure 12: Kenya's Competitive Position in the U.S. Tea Market

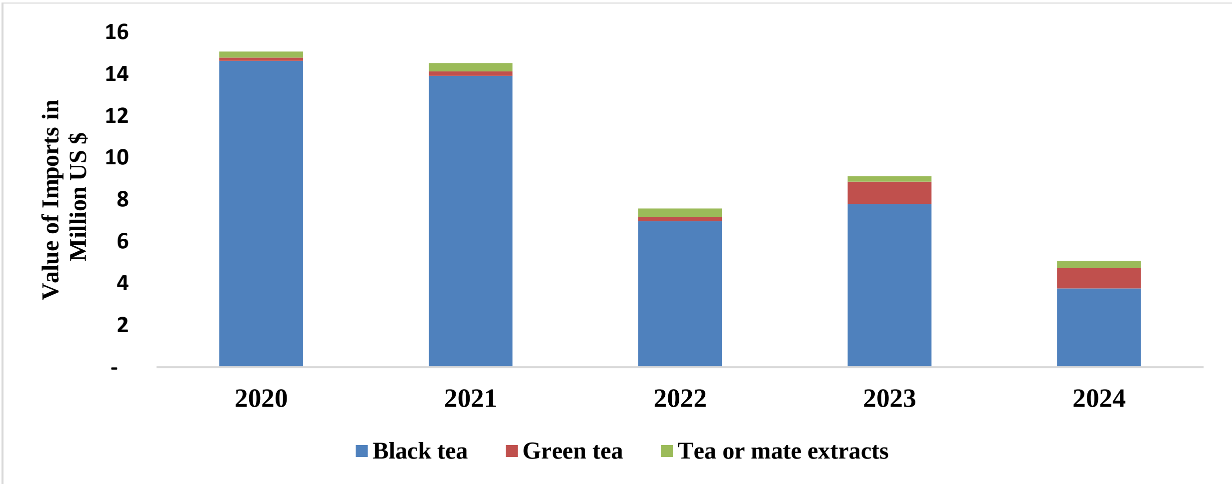


Source: Trade Monitor, LLC

Kenya's tea import trends between 2020 and 2024 fluctuated due to industry demand and consumer preferences. Kenyan importers reduced black tea purchases from $14.6 million in 2020 to $3.76 million in 2024, due to stronger local production and adjusted blending practices. At the same time, importers increased green tea purchases, rising from $153,641 in 2020 to a peak of $1.07 million in 2023, before slightly declining to $983,692 in 2024. This growth highlights Kenya's expanding domestic tea market and rising consumer interest in non-traditional tea products.

Kenyan tea or mate extract imports remained relatively stable throughout the period, averaging around $330,000 or 120 MT annually. These extracts are commonly used in processed beverages and value-added tea products **(see figure 13)**

Figure 13: Kenya Tea Imports



Source: Trade Monitor, LLC

KEY CHALLENGES AND EMERGING ISSUES

Despite being the world's top exporter of black tea and a critical pillar of Kenya's economy, the tea industry faces mounting structural, economic, and environmental challenges. These emerging issues are reshaping the sector's trajectory and will likely influence how international partners engage with the Kenyan industry.

One of the foremost threats is change in weather. Tea farming in Kenya relies on consistent rainfall and moderate temperatures, particularly in the highland areas. However, changing weather patterns—marked by erratic rainfall, prolonged droughts, and occasional very low temperatures—are affecting both yield and quality. Smallholder farmers, who produce the majority of Kenya's tea, are especially vulnerable due to limited access to irrigation or the best technologies. As temperatures rise, suitable growing areas may shift, threatening long-established production zones.

Rising production costs also pose a major concern. Key inputs like fertilizer, fuel and labor have become increasingly expensive, with fertilizers alone accounting for a significant portion of operational budgets. Many farmers have cut back on usage of inputs, compromising both output and quality. Transport inefficiencies, especially in rural areas, and high energy costs further squeeze margins. These cost pressures are undermining Kenya's global competitiveness, particularly against more efficient producers like Sri Lanka and India. In Kenya's tea processing sector, wood is still a major energy source, during the drying and withering phases, consuming at least one million MT of firewood annually. This reliance on firewood is becoming more and more unsustainable both in terms of ecology and the economy.

For tea manufacturers, especially smallholder cooperatives run by the KTDA, the growing cost of firewood has become a major hardship. The price of firewood has been rising rapidly as overexploitation **(see figure 14),** and stricter environmental rules have made it scarcer.

Figure 14: Firewood in a Tea Processing Facility

Source: FAS Nairobi

Farmer dissatisfaction is growing, fueled by delayed payments and limited financial transparency. Many smallholders under the KTDA system report frustration with bonus disbursements and unclear deductions. While tea exports generate over a billion dollars annually, a relatively small share reaches the growers. This discontent is prompting some farmers to abandon tea in favor of alternative crops or non-agricultural ventures, weakening the reliability of supply.

The industry is also overly reliant on a small number of export markets. In 2024, over 75 percent of Kenyan tea was sold to just seven countries: Pakistan, Egypt, United Kingdom, United Arab Emirates, Russia, Saudi Arabia and Iran, making the sector highly exposed to geopolitical or economic disruptions. Recent currency and import restrictions in Pakistan and Sudan affected trade flows. In addition, evolving global preferences for green, herbal, and sustainably sourced teas challenge Kenya’s traditional market dominance.

Lastly, domestic tea consumption remains underdeveloped. Despite Kenya's production scale, per capita tea consumption is low, with most tea consumed in a traditional milk-sugar blend. Nationally, there is limited awareness or availability of specialty, herbal, or ready-to-drink options. Weak branding, scarce retail innovation, and minimal promotion also constrained domestic growth. However, rising urbanization and a growing middle class present an opportunity to expand local markets through value-added products and targeted consumer campaigns.

SHIFTING DYNAMICS

In recent years, Kenya’s tea industry has undergone a marked transformation, reflecting shifts in both consumer behavior and market strategy. A standout development is the growing demand for value-added and specialty teas including flavored blends, herbal infusions, and single-origin premium products for urban consumers. Urban tea drinkers, especially in Nairobi and Mombasa, are increasingly gravitating toward these options, influenced by global wellness trends and a desire for greater variety.

At the heart of this evolution is the rise of tea cafés and boutique tea shops across major towns, transforming tea drinking into an experiential social occasion rather than a simple routine. These venues offer curated tasting sessions, serene ambiences, and wellness-themed blends that appeal to younger and health-conscious consumers.

Simultaneously, the industry has embraced digital innovation, with producers and retailers expanding into e-commerce and mobile platforms to reach both local and international buyers. This enhanced digital access has also been complemented by growing consumer interest in sustainable and traceable sourcing, prompting producers to pursue certifications such as Rainforest Alliance, Fairtrade, and Environment Society, and Governance frameworks that underscore Kenya’s commitment to ethical tea production.

Attachments:

No Attachments.