

## **SHORT COMMUNICATIONS**

### **3.1 Tea in Vietnam**

**Ranjit Dasgupta\***

Tea has been grown in Vietnam for over 2,000 years and the custom of tea drinking has been handed down from generation to generation. At the end of the 19th century the French colonial power set up the first tea plantation in order to commercialize tea in Vietnam. Large scale commercialization started in 1918 after the creation of the Union of Vietnam Tea Farming-Industry. During the French War (1945 -1954), the tea market collapsed, and most tea plantations were abandoned, until 1960 to 1970, when there was a strong revival. During this period area under tea increased by 14,330 hectares. The implementation of “doi moi” ( open door policy of the government) added to the surge of revival. Between 1990 and 2003 tea production, yield and area increased at average annual rates of 7, 3.5, 3.1 percent, respectively. Despite this growth, the average yield remains relatively low at 0.95 ton made tea /hectare, compared to India at 1.8 ton & Kenya at 2.2 ton. In 2003 the tea industry, which depended on Inter-governmental trade with Iraq, suffered due to the Iraq war.

Vietnam tea has a varied basket of teas available for the consumer. Green tea in which there are quite a few aromatic combinations, catering to the taste of Taiwan, Japan and more recently Europe. Regular green teas have markets in Afghanistan and the Middle East; black orthodox tea and CTC tea (which is still fairly small in terms of volume). Vietnam also has specialty Oolong Teas.

Annual production over the last three years in Vietnam (Based on data International Tea Committee, 2006) is:

2004: 97,000 tons

2005: 109,000 tons

2006: 126,000 tons (estimated)

While exports during the last 3 years were:

2004: 70,000 tons

2005:88,000 tons

2006:105,000 tons

At present almost 83 percent of all recorded production is exported to some 69 countries, of which 67 percent comprises of black teas, 17 percent green teas while the balance is specialty and flavored teas.

Tea is grown in 34 provinces, mainly located in the north of Vietnam.

The Vietnamese tea sector provides employment to 400,000 households, 10,000 small processing households and 600 tea manufacturing companies. About 160 exporting companies handle the export of all types of Vietnamese tea.

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Ranjit Dasgupta, General Director, Phu Ben Tea Company, Phu Tho, Vietnam.  
Email: [ranjitdasgupta@fpt.vn](mailto:ranjitdasgupta@fpt.vn)

## Tea in Vietnam

The development programme for tea for 2005-2010 was adopted by the National Assembly in March 1999. The main objective of this programme is to develop a tea sector that is able to satisfy the domestic demand and to maintain tea as a strategic export commodity. The objective of the Vietnam Government is to increase total tea area by 150,000 hectares by the year 2010, with yield increase of 1.7 times and a total production of 214,000 Tons (tons). Employment in tea production sector is targeted to create one million jobs. Tea is projected as a means to raise living standards of the farmers as well as create employment.

Phu Ben Tea Company, located in the North of Vietnam in the Phu Tho Province, 130 km from Hanoi the capital, is a wholly owned foreign investment company by SIPEF of Belgium. The success story of Phu Ben has been treated as an example of successful implementation of the governmental reforms. The company commenced operations as a joint venture with Vina Tea (the main government owned company covering all tea in Vietnam). Vina Tea put up the land and buildings, while SIPEF invested in upgrading, modernizing the factories and converting them to CTC manufacture from traditional orthodox tea. The plantations were in a sorry state, with little inputs and outdated methods of husbandry: yields were 3.5 tons of green leaf per hectare or 770 kgs made tea. Tea experts in the form of advisors were brought in from India for both field & factory. The renovation started by upgrading the three factories in 1995/1997 and taken up in 2004 for the last factory. It was followed by improved husbandry and an extensive uprooting, replanting, and extension policy, taken up from 2003. This, coupled with aggressive training of staff, farmers and workers has resulted in plantations and factories that have become examples for the rest of the industry to follow. From a production level of 896 tons made tea in 1996, it increased to 4,800 tons in 2006, which is a growth rate of 543 percent, over ten years.

Vietnam, with its basket of different teas, has the potential to be a leading player in the International market. The main constraint is quality. With the emphasis on growth, quality has suffered; however, the government is acutely aware of this mismatch and is enacting various decrees to address the problem. We can but hope that they will be successful in their endeavor, especially after Vietnam's acceptance in the WTO.

