WAR ON WANT
FIGHTING GLOBAL POVERTY

BREWING INEQUALITY

Sri Lankan tea, global trade and the struggle for a just transition

Brewing Inequality: Sri Lankan tea, global trade and the struggle for a just transition

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Research and analysis by the Movement for Land and Agricultural Reform (MONLAR), Alec Desbordes, and Sabrina Espeleta (War on Want).

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About War on Want

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- working in partnership with grassroots social movements, trade unions and workers' organisations to empower people to fight for their rights
- running hard-hitting popular campaigns against the root causes of poverty and human rights violations
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INTRODUCTION

A broken chain: Who profits from your cup of tea?

Every day, the UK drinks around 100 million cups of tea, with most people giving little thought to where it comes from, who picked it, or what it cost them to do so. Much of it travelled from Sri Lanka, one of the world's largest tea exporters, where the workers and smallholders who grow it receive only a fraction of the value it generates by the time it reaches a supermarket shelf in the UK or Europe. The rest is captured further up the chain by manufacturers, brands and retailers, leaving producers trapped in a cycle of low prices, poor conditions and chronic underinvestment. This briefing traces that chain from the rainforests of Sri Lanka to the shelves of UK supermarkets and asks what a just transition would look like for the workers, farmers and ecosystems at the sharp end of it.

The money generated by tea is shared out deeply unfairly, creating a chain of damaging consequences for everyone involved in growing it. **Smallholder and peasant farmers in Sri Lanka see so little of the value their labour creates that they simply cannot afford to look after their own land properly.** That means fewer new plants going in the ground, soils getting poorer year on year – due also to heavy use of chemical pesticides and fertilisers – and no resources to cope with the increasing pressures of a changing climate. **The result is a downward spiral: exhausted land, a growing reliance on chemicals to compensate, lower quality tea fetching lower prices, and no money left over to invest in doing things better.** For the workers picking the tea, it means poverty wages and conditions that fall well short of basic decency.

The global tea sector is highly fragmented, organised around millions of smallholder farmers rather than large corporate-owned estates. Today, **smallholder farmers account for 60% of all tea produced worldwide.**[1] This fragmentation feeds into a fiercely competitive global market, where tea is traded through long-established auction houses and the upstream end of the chain is at the mercy of a highly concentrated branding and retail sector with the power to drive down prices and squeeze working conditions. Sri Lanka sits at the heart of this system: it is one of the world's major tea producers and an even more significant exporter.

The impact, however, goes beyond livelihoods. Agriculture and biodiversity are inseparably linked. **How we organise the production of crops directly affects the land it is grown on, the wildlife that depends on it, and land use in surrounding areas.** Globally, permanent conversion of land for commodity production at industrial scale – often meat and cereals – is the single biggest driver of deforestation, accounting for 27% of forest loss worldwide.[2] In Sri Lanka, this trend has deep roots: the clearing of forests to make way for export-oriented cash crops, through what is known as the 'plantation economy', began in the colonial era and continues to shape the landscape today.

In the 19th century, British colonial authorities brought Tamil workers from India to Sri Lanka under a coercive system known as the *Kangani* system. As in other British colonies, this created a segregated and disenfranchised workforce whose descendants continue to face landlessness, poor housing and structural exclusion today. As the plantation economy expanded, large swathes of Sri Lanka's wet mid-country and mountain forests were cleared to make way for large estates alongside smaller family farms. This history is the foundation on which today's tea industry is built.

Protecting fragile ecosystems such as Sri Lanka's rainforests requires giving rural communities the means to live and work in dignity. Isolated environmental measures have limited effect when they are not matched by the social protections that allow workers and smallholders to actually care for the land around them.

This briefing traces the journey of Sri Lankan tea from field to supermarket shelf, examining the social, environmental and economic consequences for people and planet. It closes with a series of recommendations for just transition pathways for Sri Lanka's tea workers and farmers – and makes the case for why people power in the UK matters in demanding accountability and transparency across these food supply chains. A full methodological note is included at the end of this report.

Part one

Tracing the tea supply chain

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1.1 The long legacy of the British Empire

How the British Empire turned an island into a plantation

Sri Lanka, formerly known as Ceylon, lost its independence and came under British rule in 1815. This transformed the country in fundamental ways, including the organisation of its rural economy and agricultural system. **British commercial interests progressively displaced traditional subsistence farming with plantation agriculture geared towards consumer markets in the Global North**. Before British and Dutch colonisation, Sri Lanka devoted its land and labour power to agricultural production that provided varied food crops for Sri Lankan subsistence. In 1740 the Dutch had introduced coffee plantations to increase the profitability of its colony. The British expanded coffee production, further damaging ecosystems in forests and mountain areas.

By 1860, British colonisers had turned Sri Lanka into one of the biggest producers of coffee in the region. However, ten years later coffee plantations were hit by a fungal disease (*Hemileia vastatrix*, also known as coffee leaf rust) that decimated the crop. The British responded by clearing yet more forests and tropical rainforests to expand tea production. In 1872, James Taylor, the first tea planter in the country, established a tea factory and started exporting; through further business agreements with Thomas Lipton, Sri Lanka's tea exports ballooned, and it took its place as one of the biggest tea exporters in the world.

Two million displaced: A workforce built on coercion

Following the abolition of slavery across the British Empire in 1833, **British colonial authorities relocated large numbers of people from India to work as unskilled labourers on plantations established by colonial investors**. This was organised through a system of indentured labour, under which workers were bound by contracts to serve in specific colonies. Around two million Indians were resettled across British territories in this way, including in Sri Lanka. Many of those displaced were Tamils, an ethnic group with a strong presence in south-east India and in Sri Lanka. The consequences of this forced relocation are still visible today, with Indian Tamil communities concentrated in the 'Hill Country', in provinces like Nuwara Eliya and Kandy (see figure 1).

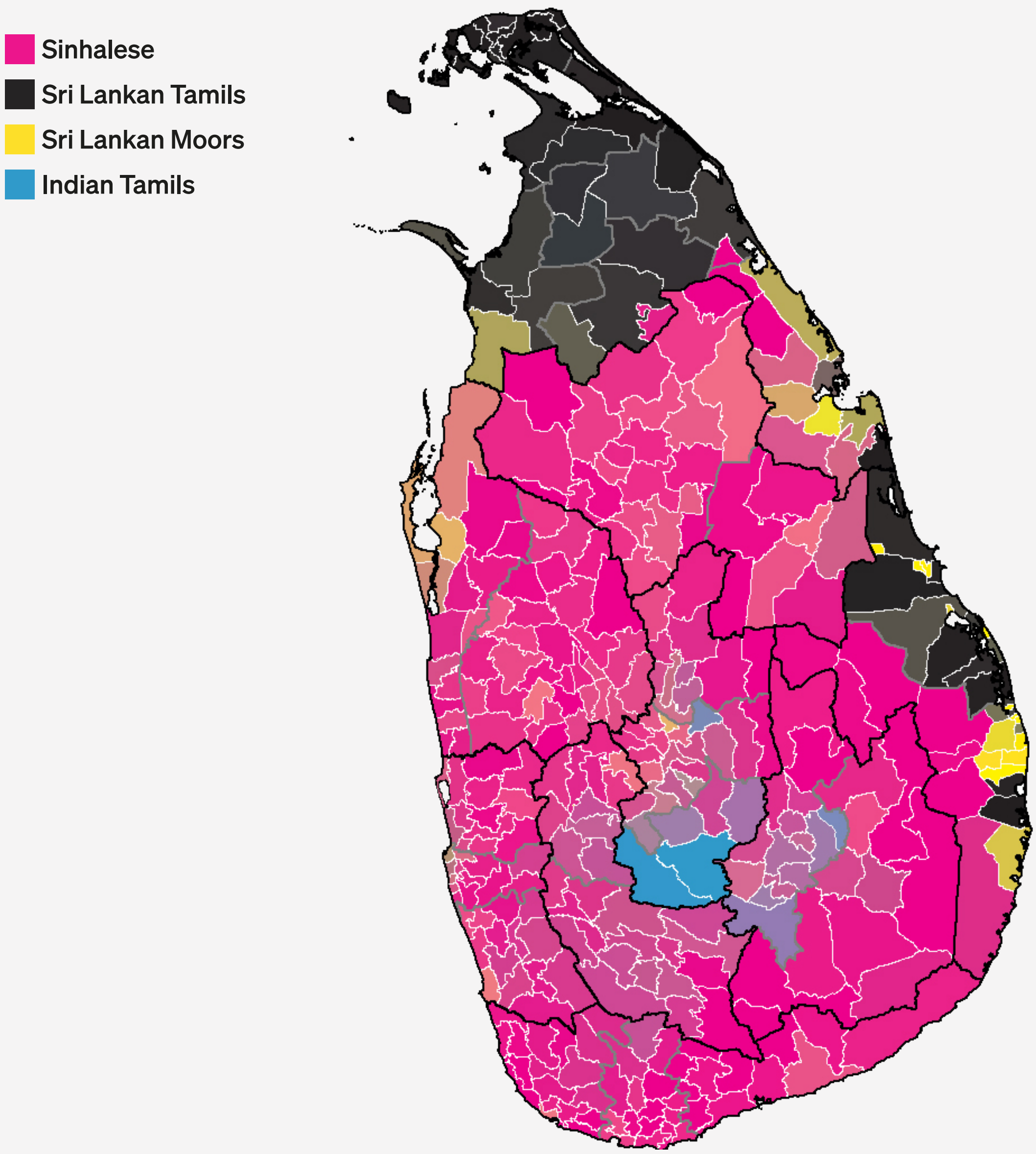
Independence without transformation

Sri Lanka gained independence in 1948, but the plantation system established under British rule still defines the country's agricultural model and remains central to its economy.

The incentive to produce cash crops for export has not gone away. There are genuine reasons for a Global South country to specialise in a commodity it can sell on world markets: export earnings generate the currency reserves that developing nations need to import goods and services and exercise a degree of economic autonomy. However, **this logic also pushes countries towards over-dependence on a narrow range of primary commodities**, sometimes at the cost of food sovereignty and economic diversification. It can also leave producers locked into serving a global market that is vastly out of scale with local needs and productive capacity, with little income going back to those who grow the crop.

Today, global corporate actors have largely withdrawn from direct ownership of Sri Lankan tea plantations and the local agricultural industry. Their place has been taken to some extent by large Sri Lankan companies and holdings, such as Dilmah,[3] a significant global tea brand. Even so, **production remains dispersed across a mix of tea estates and smallholder farms, with smallholders accounting for over 70% of national tea output.**

Figure 1 Ethnic distribution of Sri Lanka based on 2012 census



Source: Census of Population and Housing, Sri Lanka, 2012 / South Asia Blog southasiablog.wordpress.com

1.2 Sri Lanka's tea: The human cost behind the export model

Sri Lanka alone accounts for 5% of world tea production, and as much as 16.5% of global export value. **This makes the island the third largest exporter of tea in the world.** Given the relatively small size of Sri Lanka's economy, this is a remarkable position: the country punches well above its weight in the global tea market, just as tea punches well above its weight within Sri Lanka's own economy and the livelihoods of many of its people. In 2024, tea was one of Sri Lanka's leading export products and accounted for roughly 10% to 12% of merchandise exports (see figure 2).[4]

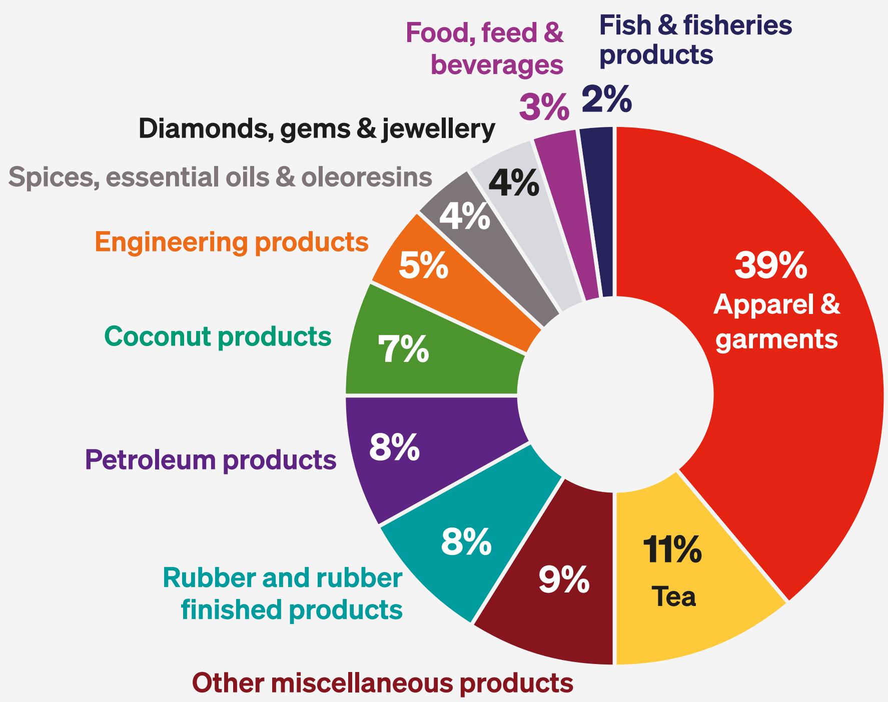
Yet this export model has left many smallholders and estate labourers without adequate income, depleted natural resources, and prevented the country from making the agricultural reforms needed to invest in the sector's future.

A sector that holds the country together

Up to 80% of Sri Lanka's population lives in rural areas, according to the World Bank.[5] Agriculture plays a correspondingly important role in employment, with more than one in four workers labouring in agriculture or on plantations, according to the International Labour Organization (ILO).[6]

The sector also acts as a safety net in times of crisis, absorbing workers who return to the land in search of food and income security when other opportunities collapse.[7] The Covid-19 pandemic and the debt crisis of 2020 to 2021 demonstrated this clearly: during those years the agricultural workforce temporarily increased by almost 150,000 workers.[8]

Figure 2 Sri Lanka's export sector (merchandise only*), 2024



*Merchandise exports accounted for 78.6% of total exports. The remaining 21.4% comprised services, including ICT, construction, transport and logistics, and financial services. Source: Sri Lanka Export Development Board, Annual Report 2024.

Tea estate workers sift and sort tea leaves on the ground near Ella, Sri Lanka.

Plantation workers: Wages that cannot support a dignified life

In 2025, MONLAR (the Movement for Land and Agricultural Reform), a partner of War on Want in Sri Lanka, conducted research on the country's tea sector.[9] According to the study, an estate labourer picks around 20 kilograms (kg) of green leaf per day and is paid between LKR 50 and LKR 60 per kg (approximately 10p to 13p). Women tea pluckers, who form the backbone of the industry, earn around LKR 1,200. **That is the equivalent of approximately £3 per day for an extremely demanding day's physical work.** These wages are further undermined by demanding productivity quotas, while outsourced contracts allow estate owners to sidestep employment obligations.

Some corporations acknowledge the problem. Lipton, alongside Twinings and Taylors of Harrogate, participated in a pilot scheme in which brands paid a differential into ring-fenced funds to be passed directly to workers on selected estates in Kenya, Sri Lanka and Malawi, with the aim of closing the gap between actual wages and a living wage.[10]

However, this approach misses the point. **If a corporation must subsidise workers' wages from outside the normal pay structure, it is an admission that the prices the industry pays are themselves unjust.** The solution is not a bonus scheme, but a fundamental reorganisation of how value is distributed along the supply chain so that workers are paid a living wage by the estates that employ them as a fundamental right, not as a corporate goodwill gesture.

Lipton's own public communications are revealing on this point. The company explicitly acknowledges that the living income for smallholder farmers is a separate and harder-to-measure category, and states that wages are prioritised because they are "more stable and straightforward to measure than self-employed incomes".[11] In other words, Lipton is aware that smallholders face the same structural problem but has chosen to deprioritise them on grounds of measurement convenience. This is particularly striking given that smallholders are responsible for most of the tea production worldwide and the significant majority in Sri Lanka. The people growing most of the world's tea are treated as a secondary concern because their poverty is harder to quantify.

Smallholder farmers: Margins that leave no room for error

Smallholders face a similar situation to that of estate labourers, though it is harder to quantify given their variable costs.

There are two main types of tea producers in Sri Lanka:

- **Smallholders, typically farming plots of less than ten acres, account for over 70% of national output.** They sell raw green leaf to factories or intermediaries, often with little bargaining power over the price they receive.
- **Estates and plantations,** which tend to operate their own factories, control larger land plots, but increasingly buy the bulk of their leaf from smallholders rather than growing it themselves and employing plantation workers. In practice, many estates now function more as processors than as cultivators.

Local factories sit in the middle of this system, buying green leaf, processing it into made tea, and selling at auction.

Local factories' margins depend on squeezing the gap between what they pay farmers and what they receive at auction. When margins are tight, investment in quality suffers. If a factory pays slightly more for leaf it attracts higher quantities, but not necessarily the best quality. If it pays less, it risks running short of supply. Either way, improvements in handling, transport and processing tend to be the first casualty when cash flow is under pressure.

According to MONLAR research, **a typical small-holder might produce around 500 kg of green leaf per acre per year. At LKR 200 per kg (approximately 45p), that generates an annual gross income of LKR 1.2 million (approximately £2,700).** Once the costs of maintenance, weed management, fertiliser and harvesting are factored in, margins erode quickly, particularly when pruning cycles or climate shocks reduce yields. What remains leaves smallholders with a net income barely higher than a labourer's daily wage.

These financial pressures have direct consequences for quality and sustainability. Cash-strapped farmers choose cheap saplings over higher-quality clones. Poor handling reduces the grade of tea at auction, which in turn depresses prices further. **It also pushes smallholders to expand into forest land, since newly cleared ground offers a short-term boost in yields as fertile soil and sunlight temporarily raise productivity.** But without shade, mulch and organic matter, that productivity soon collapses. **This is the point at which the economic precarity of farmers and the destruction of forests become the same problem.** The system, in effect, creates the very underperformance that is then used to justify keeping prices low.

A sector in decline

Sri Lanka's tea production and export volumes have been falling. Export quantities dropped below 250,000 tonnes in 2022 and have not recovered since (see figure 3). **As the global market continues to expand, Sri Lanka's share of it is shrinking, to the benefit of competitors such as Kenya.**

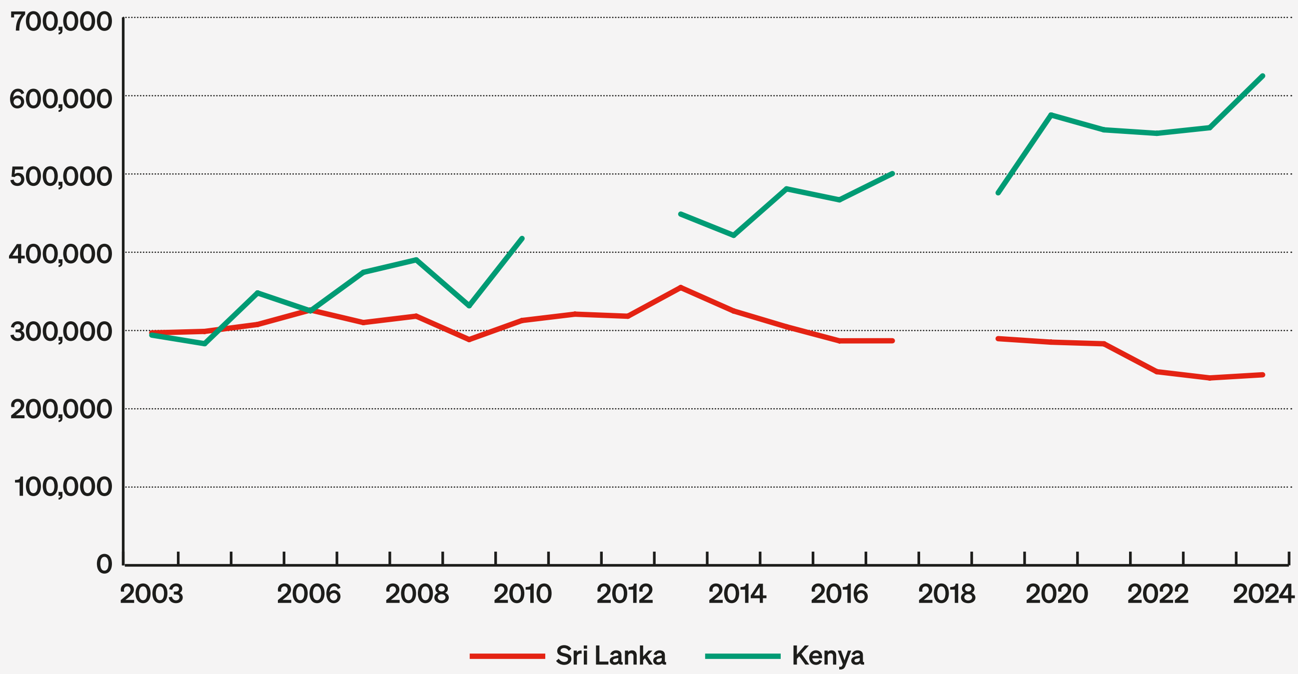
There are different ways to respond to a production crisis of this kind, but all of them raise the same urgent question of land use and investment. Lower production and export volumes, at equivalent prices, also mean less value to distribute across the supply chain – tightening the squeeze on everyone producing the tea, from the smallholder to the estate worker, while profits remain concentrated in the middle of the chain.

'Ceylon tea': A premium worth protecting

Sri Lanka produces what is known as orthodox tea, hand-picked and carefully processed to protect the integrity of the leaf. This stands in contrast to the CTC method, which stands for Crush, Tear, Curl – a mechanised process that produces large volumes of standardised, medium-quality tea and is widely used in other larger export countries. Orthodox production is more labour-intensive and expensive, but it yields a higher-quality product that underpins the Ceylon tea brand and commands a meaningful price premium on international markets.

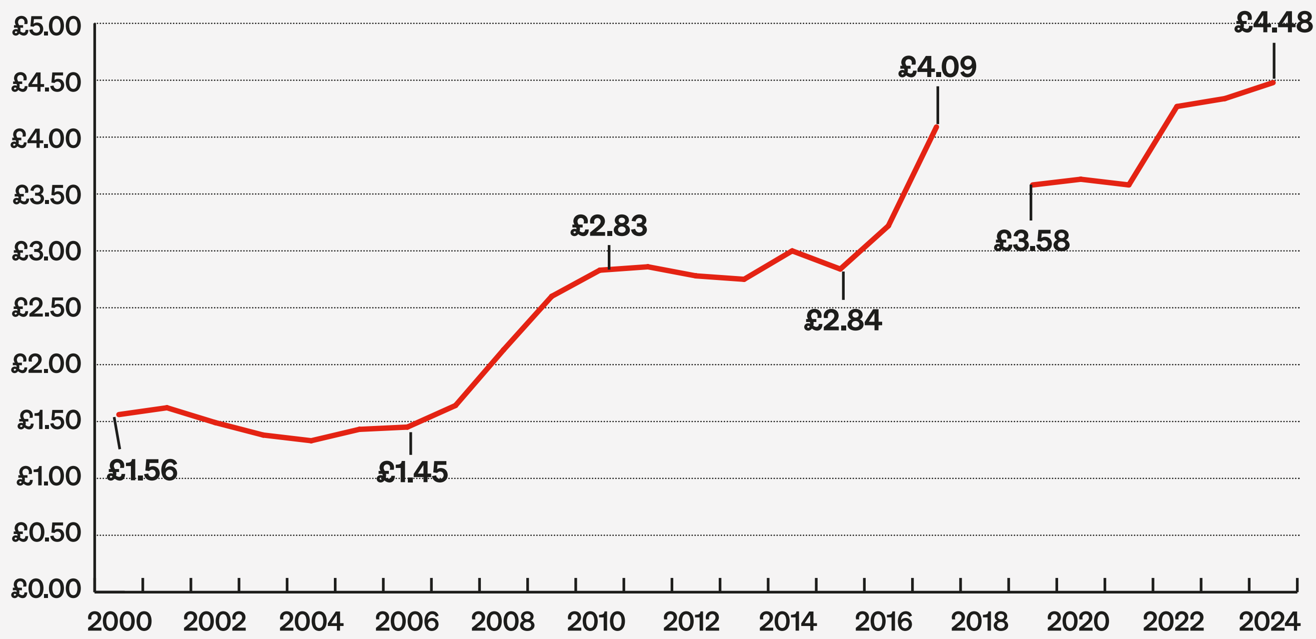
The resilience of that premium has been tested in recent years. Sri Lanka endured a turbulent decade culminating in a severe economic crisis and a sharp devaluation of the rupee, which lost roughly half its value against the pound during the 2022 crisis. Remarkably, the dollar-denominated price of Sri Lankan tea held firm throughout (see figure 4).[12] That is a testament to the strength of Ceylon tea's reputation and the demand it commands globally, a resource the country still relies on in moments of crises.

Figure 3 Volume of tea export (tonnes)



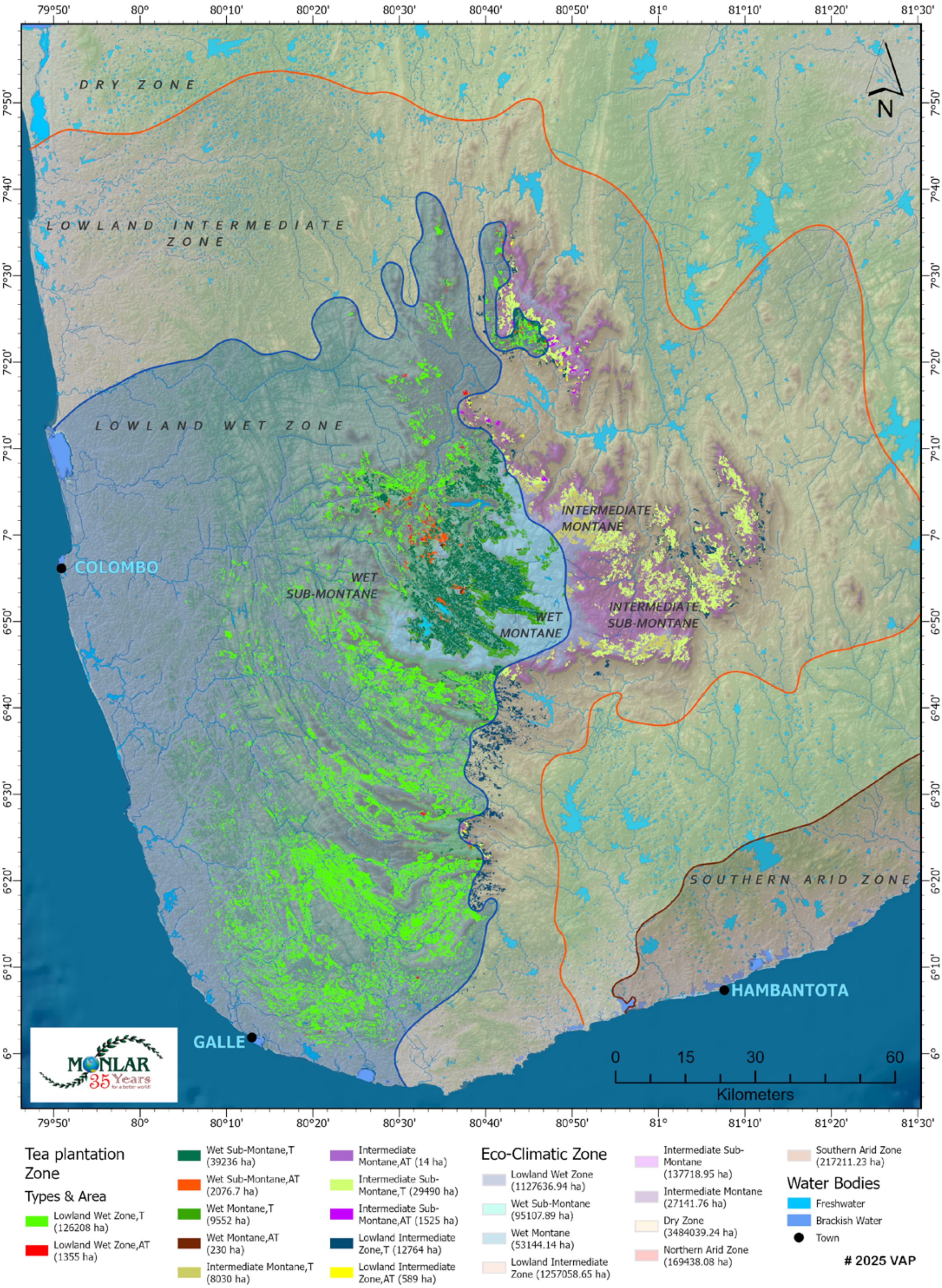
Source: UN Comtrade database

Figure 4 Value of Sri Lanka tea exports and price per kg



Source: Sri Lanka Tea Board

Figure 5 **Distribution of tea plantation areas across different eco-climatic zones in Sri Lanka**



Map produced by MONLAR, Sri Lanka

1.3 From leaf to supermarket shelf

A global trade shaped by a handful of players

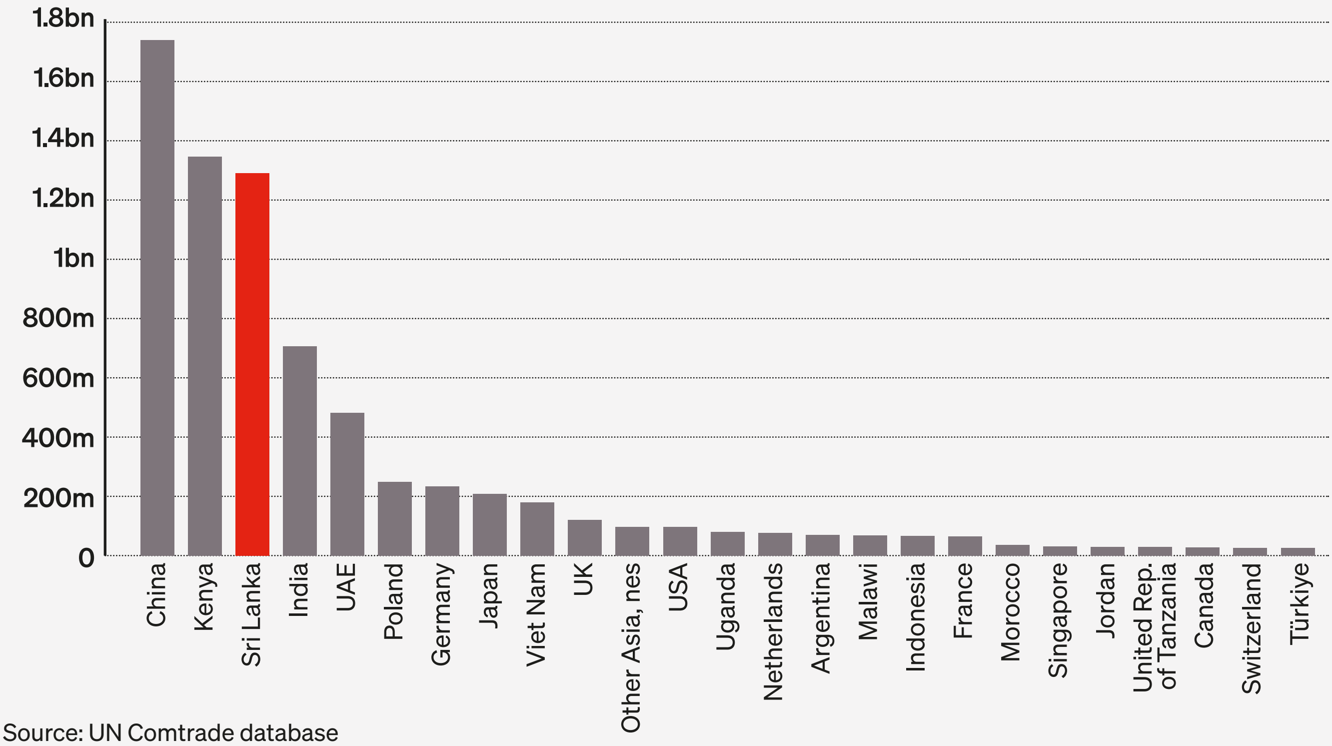
The global tea supply chain is shaped by a small number of key national players. India and China, both demographic giants, produce vast quantities of tea, but the overwhelming majority is consumed domestically. In a number of smaller countries, tea is grown almost exclusively as a cash crop for export. **Only a handful of these have risen to become major exporters, among them Sri Lanka and its closest African counterpart, Kenya** (see figure 6).[13]

Once tea is picked from the field as green leaf, it is cut and dried quickly in local tea factories close to where it is grown to become 'made tea', ready in principle for consumption and able to withstand longer journeys. **In Sri Lanka, a large proportion of tea is sold in bulk through auction houses in Colombo, an old colonial-era model that persists in other tea-producing countries such as Bangladesh and Kenya.** The Colombo Tea Auction and its subsequent regulatory framework have preserved an architecture of value extraction, in which branding, packaging and retailing take place offshore while Sri Lankan producers absorb the risks and costs. **Tea factories in Sri Lanka are required to route 90% of their output through the auction, limiting their ability to build direct trade relationships that could retain more value locally and provide greater long-term stability.**[14]

How intermediary hubs double the price without growing a single leaf

Made tea is often blended and packaged in intermediary countries, or in the end-consumer countries themselves, in preparation for final retail. A significant share of production passes through blending and packaging facilities in several non-producing countries, such as Poland and the United Arab Emirates (UAE). This capital-intensive manufacturing process adds considerable value to the product and allows those who own the facilities to capture a portion of the value generated along the supply chain.

Figure 6 **Total value of tea exports per country, 2023, US$**



Source: UN Comtrade database

Figure 7 Tea trade in the UAE, 2023

Source: UN Comtrade database

The UAE offers a clear illustration of this process. **The country grows no tea of its own, yet re-exports more than two thirds of the tea it imports to other consumer nations.** Tea arrives in bulk at under £3 per kg and leaves at more than £6 per kg, nearly double the import price (see figure 7). This is not purely a financial sleight of hand: the tea is genuinely transformed through blending and packaging, using expensive machinery and skilled workers. Even so, the value captured at this stage remains modest compared to the prices tea commands at final retail in Global North markets.

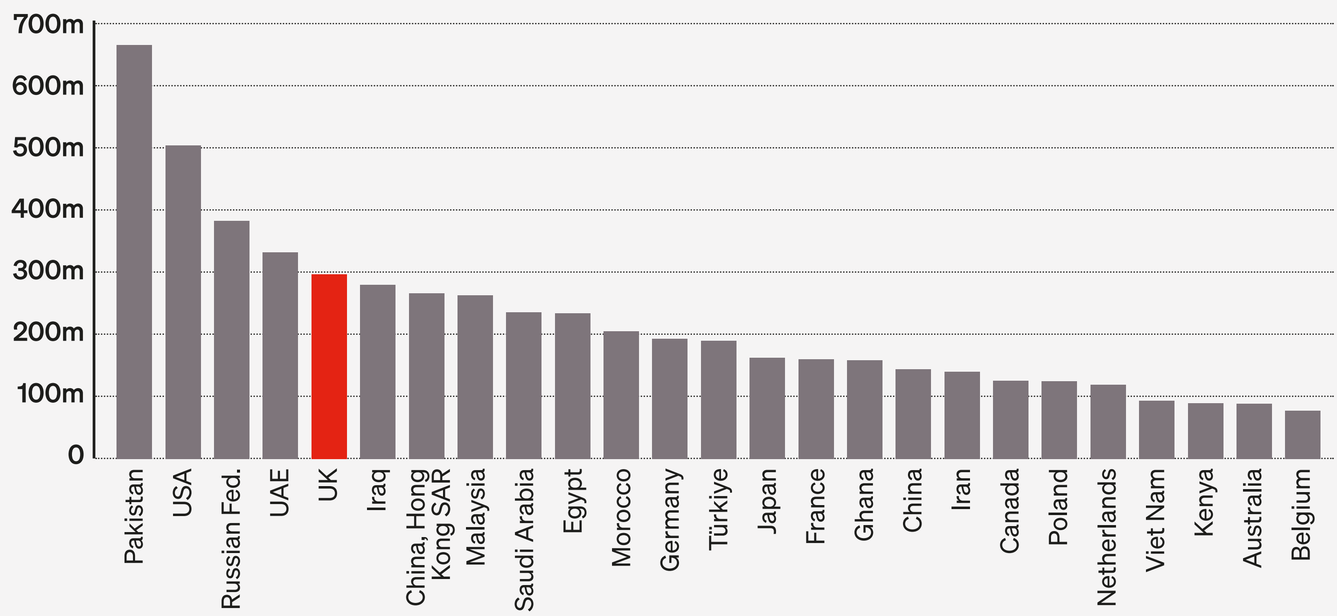
The Global North drinks – and sets the price

China and India are significant tea consumers by virtue of their population size, but both countries meet almost all their own demand domestically. **The most important markets for imported tea are the Middle East, the United States, Russia and the United Kingdom** (see figure 8). Since climatic conditions prevent these countries from growing tea at home, they are entirely dependent on exporting nations and the world market.[15]

According to aggregated bilateral export data, **the UK is the fifth largest tea importer in the world, with around $300 million worth of tea crossing its borders each year, representing just under 4% of the global market.** As a major importer, the UK and its corporations play a significant role in setting international standards and prices, with consequences felt across the entire supply chain. Within Europe, Germany, France, Poland and the Netherlands are also substantial importers, though all lag behind the UK.

Compared to the rest of the world, tea in European markets carries a pronounced mark-up at the branding and marketing stage. Two very large companies – Lipton and Twinings – both with deep historical ties to the UK, hold what amounts to a duopoly over the European consumer market. This concentrated market structure, combined with relatively high consumer incomes, means that tea reaches the end consumer at a price that bears little relation to what it cost to produce.

Figure 8 Global value of tea imports per country, 2023, US$



Source: UN Comtrade database

1.4 The UK: A market that sets the rules

The UK is one of the world's most significant markets for tea, driven less by population size than by one of the highest per capita consumption rates globally. Unable to grow tea on its own soil, the country imports entirely from Global South producers and other intermediary countries. **As one of the largest tea importers in the world, the UK's import policies and its social and environmental standards for agricultural supply chains carry considerable weight in shaping the global tea sector.**

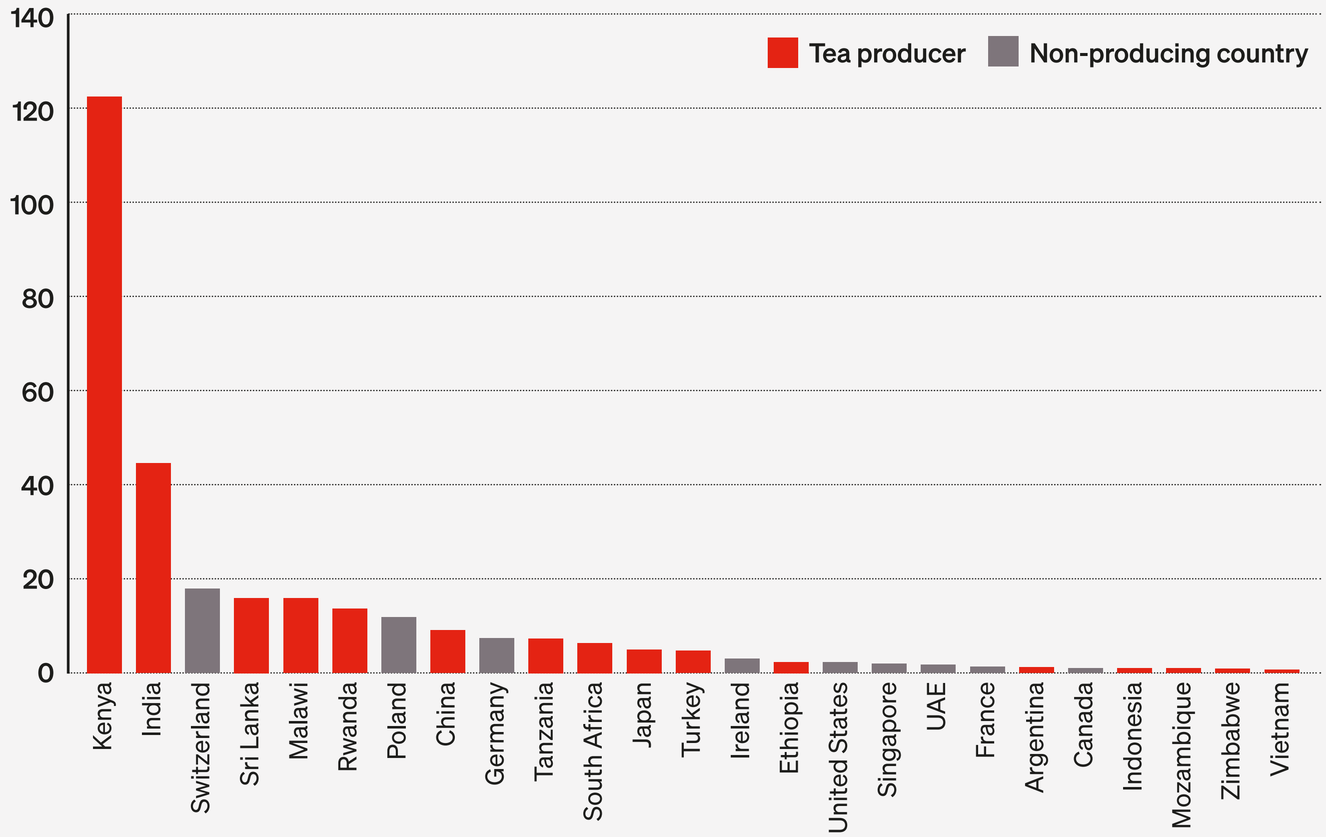
The data in figure 8 also reveals the significant role that intermediary, non-tea-producing countries play in the UK import market. These are countries that add considerable value through blending, packaging and re-exporting, without growing a single leaf themselves. Of the UK's top 25 import partners, nine do not produce tea at all, yet together they account for a substantial share of the total import value.[16]

How British corporations left the fields but kept the power

Throughout the second half of the twentieth century, Global North actors, including British corporations, progressively reduced their direct involvement in plantation production in growing countries such as Sri Lanka, shifting their focus instead to the higher-value end of the chain: blending, packaging, branding and retail. This restructuring reflected broader changes in global value chains, in which production was increasingly outsourced, with value capture concentrated downstream.

The longer-term legacy of these colonial-era ownership structures remained visible into the 2020s, even as the corporate actors involved changed. Between 2023 and 2024, Browns Investments, a Sri Lankan

Figure 9 UK tea imports by country, 2023, US$ millions



Source: World Integrated Trade Solution (WITS)

© Richard M Lee

investment holding company, expanded its presence in East African tea production through two major acquisitions: the purchase of James Finlay Kenya, formerly owned by the UK-headquartered Finlays group, in 2023,[17] and the acquisition of tea estates in Kenya, Rwanda and Tanzania from Lipton Teas and Infusions in 2024.[18] Lipton, although founded in Scotland and still closely associated with British consumer identity, has itself been Dutch-headquartered and privately owned since 2022, illustrating how thoroughly the corporate ownership of the sector has shifted away from direct production altogether. These transactions marked a further consolidation of plantation ownership in the Global South, this time concentrated in the hands of a major Sri Lankan conglomerate rather than European firms.

The high-value end of the chain lies in blending, packaging and marketing, where large corporations – including retailers – can command price premiums built on brand recognition and consumer behaviour. Yet despite stepping back from production, these corporations have retained considerable influence over the price of grown tea through purchasing agreements and highly competitive auctions in Sri Lanka and other producing countries. Two giants hold a significant share of the world market for branded tea: Lipton, now owned by private equity but still trading on a brand identity rooted in British colonial trade, and Twinings, which remains genuinely British-owned. Together they illustrate how the economics of the entire supply chain are still shaped by corporate actors based in, or historically rooted in, wealthy consumer markets, regardless of where their capital now sits.

Meet the giants: Lipton and Twinings

The colonial legacy that shaped the tea sector also explains the continued dominance of a small number of large corporate players within it, even as their ownership structures have shifted considerably in recent years.

Lipton is one of the oldest and largest tea brands in the world, founded in Scotland in the 19th century by Sir Thomas Lipton. For decades it was owned by Unilever, the Anglo-Dutch consumer goods giant. In 2022, Unilever sold its tea division for US$4.5 billion to CVC Capital Partners, a private equity firm, and the business was renamed Lipton Teas and Infusions, now headquartered in Amsterdam.[19] Lipton's reach extends well beyond its own label: it also owns several other brands familiar to British consumers, including PG Tips and Pukka, giving it a presence across multiple market segments simultaneously. The company describes itself as the world's largest tea buyer, sourcing from close to one million farmers across 30 countries, including Sri Lanka, and purchasing around 4% of all tea leaves grown each year. It also owns and operates manufacturing facilities across Europe, the United States and the Middle East.[20]

Twinings is the second most dominant player in the sector, and unlike Lipton, remains genuinely British-owned. Founded in the early 18th century, it has grown steadily in size and reputation and is today owned by Associated British Foods (ABF), a UK-headquartered company. Like Lipton, Twinings is both a retailer and a manufacturer, blending and packaging tea in its own facilities in the UK, Poland and China, and selling a wide range of products across consumer markets.

Together, Lipton and Twinings illustrate an important point about the modern tea industry: corporate dominance no longer maps neatly onto national identity. Brand heritage continues to trade on British colonial-era associations, even where the underlying capital has moved elsewhere, in Lipton's case into private equity ownership based in continental Europe. This shift is not unique to tea. **Private equity's growing presence in food and agricultural commodities reflects a broader trend of financialisation across the food systems,** in which ownership is increasingly driven by short to medium-term investment returns rather than long-term stewardship of land, supply chains or the communities producing the raw materials. What has remained constant, regardless of who owns the brand, is the concentration of power at the branding and retail end of the chain, far removed from the fields where the tea is actually grown.

Beyond the Big Two

A number of additional brands are active on the UK market, with a smaller footprint on the world stage. Yorkshire Tea, owned by Taylors of Harrogate, operates a manufacturing centre in the UK and is widely stocked across supermarkets. While these smaller players occupy a distinct market position, the sector remains firmly shaped by the dominance of the two major corporations at the top.

Manufacturing at home

These examples demonstrate that much of the blending, packaging and branding for the UK market still takes place on its soil. This makes it difficult to separate the value added during the manufacturing process from the brand premium built into the final retail price. Nonetheless, we can estimate the value of packaged tea by looking at the UK's re-exports. **While the UK imports tea at an average price of £2.33 per kg, it re-exports processed, blended and packaged tea at an average of £7.38 per kg to markets such as Ireland, the United States, France and Canada.** Much of the UK's processed tea is sold through supermarkets, though UK packers and blenders also supply export markets.[21]

Germany offers a useful point of comparison. It imports tea at a slightly higher average price of £4.75 per kg, reflecting a preference for higher-quality teas, with Sri Lanka as its main supplier. A large proportion of this is consumed domestically, but Germany also re-exports a share of its processed tea at an average of £12.00 per kg, primarily to France and the Netherlands.

From the field to the supermarket shelf: What consumers actually pay

The final price of tea in British supermarkets varies enormously, from budget black teas to premium blends containing spices and botanicals, ranging from around £10 per kg to well over £100 per kg. Given this range, a like-for-like comparison across the full market would be ambitious. For clarity, this section focuses on black tea sold by three of the largest UK supermarket chains: Tesco, Sainsbury's and Asda, which together account for almost half of the UK grocery market.

The main black tea brands found across these retailers are PG Tips, Twinings, Clipper, Yorkshire Tea, and the supermarkets' own labels. Prices vary by brand and pack size. Smaller packs typically retail at between £15 and £30 per kg, while larger multipacks can bring the price down to between £6 and £12 per kg. The most heavily discounted teas are generally supermarket own-brand products, as illustrated by Tesco's own label range.

Ceylon tea commands a clear quality premium and is sold exclusively in smaller packs. Tea explicitly identified as originating from Sri Lanka sits firmly at the higher end of the price range, at between £15 and £30 per kg, reflecting both its reputation and the marketing premium attached to its origin.

It is worth noting that blended teas, which were not included in our comparative price table, can reach values of up to £100 per kg. Ceylon tea sits at the premium end of the pure black tea segment. While it faces growing competition from shifting consumer tastes towards herbal and spiced blends, black tea remains by some distance the dominant form of tea consumed in the UK. **Nearly 75% of the population drinks black tea, and 40% do so several times a day, figures that put it well ahead of green tea and all other varieties.**[22]

Table 1 Price per kg of tea products in major British supermarkets

Product	Tesco £	Sainsbury's £	Asda £
Twinings; 40 tea bags; 100g – Ceylon	**31.00**		
Twining's; 80 tea bags; 232g	20.69		20.60
Tesco finest; 50 tea bags; 125g – Ceylon	**20.00**		
Sainsbury's; loose tea; 125g – Ceylon		**17.60**	
Yorkshire Tea; 40 tea bags; 125g	17.60	17.60	17.40
Clipper; 80 tea bags; 232g	16.16	17.00	
PG Tips; 40 tea bags; 116g	14.70		15.50
Yorkshire Tea; 80 tea bags; 250g	15.00	15.00	15.00
PG Tips; 70 tea bags; 203g		14.78	
Sainsbury's; 80 tea bags; 250g – Ceylon		**14.40**	
Tetley; 40 tea bags; 125g			14.16
Yorkshire Tea; 160 tea bags; 500g		14.00	
Tetley; 80 tea bags; 250g	12.60	12.60	12.60
PG Tips; 80 tea bags; 232g	10.80	12.93	10.80
Yorkshire Tea; 240 tea bags; 750g		11.33	
PG Tips; 160 tea bags; 464g		10.56	
Tetley; 120 tea bags; 375g	9.47	9.90	
Yorkshire Tea; 210 tea bags; 656g	9.13		
PG Tips; 210 tea bags; 609g	8.78		8.49
PG Tips; 240 tea bags; 696g		8.62	
Tetley; 240 tea bags; 750g	6.65	8.13	7.00
Tesco; 80 tea bags; 250g	5.20		
Tesco; 240 tea bags; 750g	4.33		

Mapping the value chain

The picture that emerges from this analysis is of a tea supply chain characterised by fragmented agricultural production involving millions of smallholders and plantation workers competing for income and resources, structured around major manufacturing hubs in re-exporting countries or in end-consumer nations, and culminating in a final retail price that bears little relation to what growers receive. Putting these elements together allows us to trace precisely how value is added, and captured, at each stage of the journey from field to supermarket shelf (see figure 10).

Field research across major tea-growing regions shows that smallholders typically receive around £0.44 per kg (45p) for fresh green leaf from local factories. To produce 1kg of made tea, a smallholder must pluck and carry about 4.65kg of green leaf, for which they receive roughly £2. Factories then sell that kilogram of finished (made) tea to auction houses at about £3 per kg. That tea is then exported, through auction houses or direct agreements, for just under £5 per kg. The first significant addition of value occurs in the manufacturing hubs, where capital-intensive factories blend, label and package the tea for consumer markets. Packaged teas fetch a few pounds more, but the total value of the product at this stage remains well below the final retail price. On British supermarket shelves, Ceylon tea retails at between £15 and £30 per kg. **That gap between manufacturing cost and retail price is where value is captured, and it is precisely why large brands have a clear interest in withdrawing from the growing end of the supply chain: it allows them to squeeze that segment of the supply chain without bearing any of its costs.**[23]

The legacy of colonial relations runs through modern supply chains like a thread. From mineral extraction to labour-intensive industry, the Global South continues to receive a fraction of the value generated by a system established centuries ago and maintained to this day. **At the sharp end of that imbalance are not abstract nation-states, but sacrifice zones with workers, farmers, forests and the communities that depend on them.**[24]

Every cup of tea has a story. Picked in Sri Lanka by predominantly low-paid and marginalised workers and farmers, tea passes through a chain that concentrates value at the branding and retail end while systematically underpaying those who grow it. Large corporations and conglomerates, often owned by private equity firms as in the case of Lipton, alongside a fragmented production system and fiercely competitive global markets, have together cornered the supply chain and weakened producers.

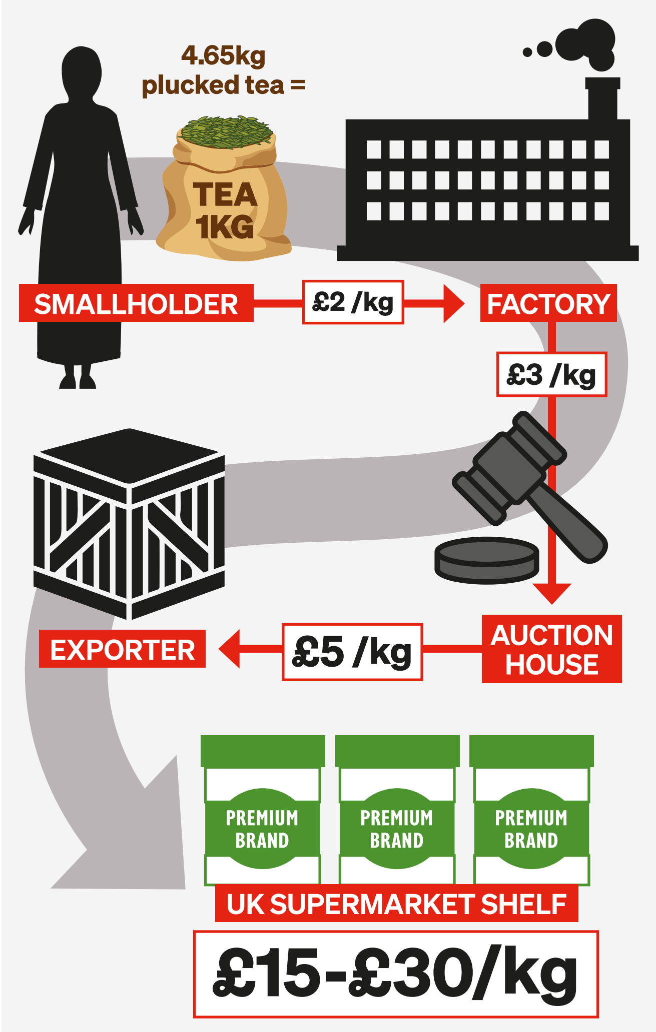
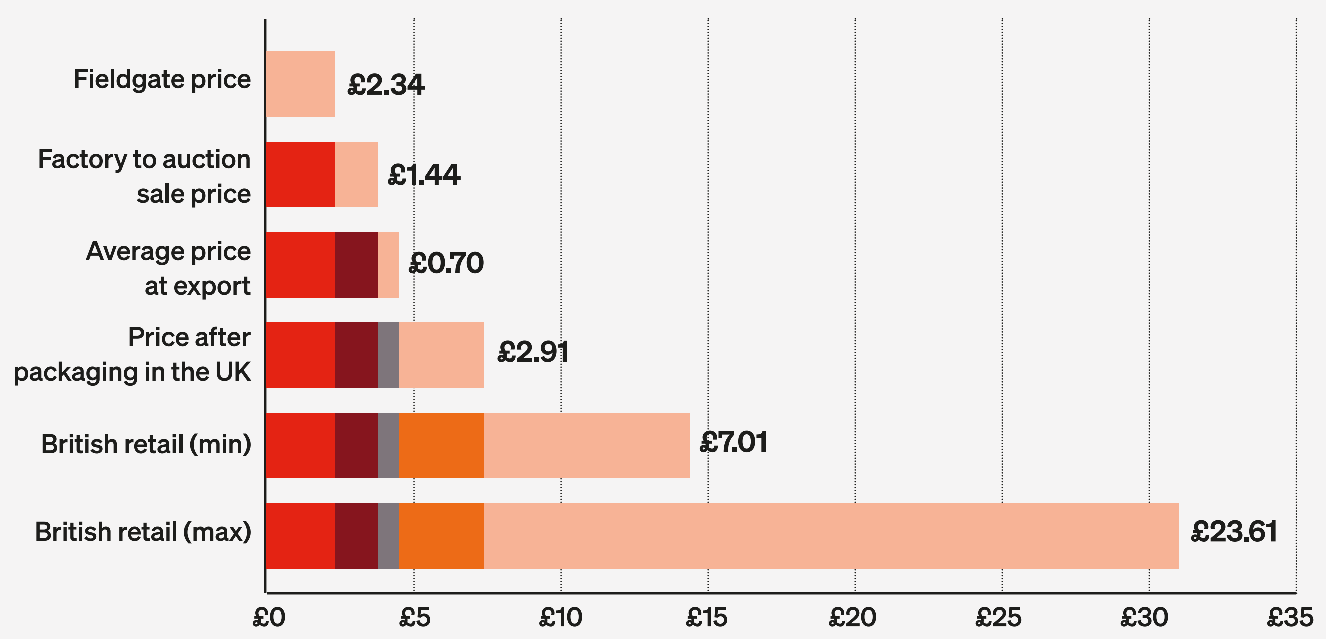


Figure 10 Added-value of Sri Lanka tea by supply chain segment



Source: See Annex: Sources and Methodology

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Part two

The human, environmental and economic costs of an unsustainable model

Encroachment of tea cultivation into Sinharaja Forest Reserve, in south-west Sri Lanka. Photo: MONLAR Sri Lanka

2.1 Sri Lankan tropical rainforests under pressure

Human activity, and agricultural expansion in particular, has significant consequences for local ecosystems. Sri Lanka is no exception. According to Global Forest Watch, the island has lost 250,000 hectares of forest cover since 2001, equivalent to around 6% of its total tree cover. This includes tropical rainforests: up to 11,000 hectares of humid primary forest have been lost, representing approximately 5% of total tree cover loss. What is particularly striking is the cause. **Global Forest Watch attributes up to 96% of Sri Lanka's total forest loss to land being permanently converted for agriculture,** far outstripping other causes such as logging, wildfires or the expansion of settlements.[25]

Sinharaja and Kanneliya: Rainforests in the path of monoculture

At the heart of Sri Lanka's biodiversity crisis lie two protected forest areas of exceptional importance: the Sinharaja Forest Reserve and the Kanneliya-Dediyagala-Nakiyadeniya complex, known as KDN. Together they represent some of the last remaining lowland tropical rainforest in the country, and their ecological significance is difficult to overstate.

Sinharaja alone shelters 43% of Sri Lanka's terrestrial animal species and 41% of its endemic fauna. The country is also one of the 36 global biodiversity hotspots: these are Earth's most biologically rich – yet threatened – terrestrial regions.[26] The Sinharaja rainforest is home to 115 species listed as Critically Endangered or Endangered on the IUCN Red List, while the KDN complex, covering just over 10,000 hectares, is considered one of the most floristically rich areas in the whole of South Asia. **The wider region, taking in the new Sinharaja boundaries legislated in 2019, the KDN complex and smaller connected protected areas, covers approximately 49,000 hectares of tropical rainforest**. Within this landscape live wet-zone lowland black leopards, Sri Lankan rainforest elephants, 130 mammalian species, around 200 reptile species, close to 300 bird species and approximately 80 amphibian species.

Sinharaja has accumulated a high number of formal recognitions: it was designated a National Heritage site as far back as 1875, a UNESCO Man and Biosphere Reserve in 1978, a UNESCO World Heritage Site in 1989, and an Important Bird and Biodiversity Area by BirdLife International in 2004. On paper, these protections are considerable. On the ground, the picture is rather different.

Before British colonial rule, roughly 70% of Sri Lanka's land mass was forested. That figure had dropped to 44% by the mid-twentieth century and to around 27% by 2010, according to the Food and Agriculture Organisation. The forests around Sinharaja and Kanneliya reflect this broader trend. A baseline survey among communities living in five villages on the peripheries of both reserves conducted in 2023 by War on Want's partner organisation MONLAR paints a detailed picture of the pressures faced by communities and ecosystems.[27]

Tea at the centre of village life

For the communities living around these forests, tea is the dominant source of income. Small-scale tea cultivation is the primary livelihood, alongside other export crops such as cinnamon, pepper, cardamom and coconut. A handful of residents supplement their income through tourism, gem mining, animal husbandry or small-scale trade, but tea remains the economic backbone.

This dependence comes with significant pressures. **The expansion of small-scale tea planting has been one of the main drivers of encroachment into forest buffer zones and peripheries.** Alongside this, private corporations have cleared forest land within formerly nationalised estates, leased to them since the 1970s, to make way for large-scale oil palm cultivation. Oil palm is particularly damaging: it requires heavy use of fertilisers, pesticides and weedicides, and its expansion has contributed directly to the destruction of primary forest patches, the blocking of wildlife corridors, and the drying up of natural water sources that communities depend on. Currently, national legislation and pressure from environmental groups and farmers have put a stop to further development of oil palm plantations.

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One of the most important protected areas in Sri Lanka is the Sinharaja rainforest, in the south-west of the country.

Smallholder farmers themselves are caught in a bind. Low prices for raw tea leaf, combined with the sudden removal of fertiliser imports in 2021, caused harvests to fall sharply. That year, the Sri Lankan government banned the import of chemical fertilisers. While the official justification was a political decision to transition towards organic agriculture and a more environmentally friendly food system, the real drivers were more immediate: a critical shortage of foreign currency that left the government unable to purchase agricultural inputs, particularly from neighbouring India and China. The transition was abrupt and unplanned, triggering widespread protests from farmers and wiping out an entire harvesting season's worth of crops. MONLAR had warned the government about the risks of such a transition in advance. Many smallholders found themselves unable to afford fertiliser once government imports were halted and prices rose sharply. The policy was eventually reversed, but the damage to yields, livelihoods and trust had already been done.[28] In this context, **the pressure to expand into marginal land, including forest edges, is not driven by indifference to the environment, but by economic survival.**

The forest seen as both barrier and asset

MONLAR's survey found a striking divide in how communities relate to the forests on their doorstep. Some villagers, particularly those who have lost access to non-timber forest products they once collected freely, experience the forest primarily as a restriction on their lives. The Forest Department's regulations bar them from entering reserves to gather mushrooms, fruits, medicinal plants or materials for craft production; at the same time, residents report that outside smugglers continue to operate freely inside the same forests, involved in timber extraction, bio-piracy and illegal gem mining.

Others, particularly in villages closer to tourist entry points such as Kudawa and Viharahena, see the forest as an opportunity. Home stays, small restaurants, guiding services and the sale of local products such as treacle, jaggery (traditional unrefined sugar) and handicrafts offer an alternative income stream. The problem is that the benefits of tourism have largely bypassed local communities. Hotels and restaurants in the area are predominantly owned by outside investors, and villagers have received little in the way of jobs, infrastructure support or training to participate meaningfully in the industry.[29]

'Green deserts': The green illusion

From above, tea and palm oil plantations can look deceptively green and lush. In ecological terms, however, they are closer to deserts. Monoculture plantations cannot support anything like the biodiversity of a natural forest, and as Sri Lanka's rainforests are cleared to make way for them, the consequences are devastating on humans, plants and wildlife.[30]

Forests are the island's main source of clean water, feeding the catchment areas that supply rivers and groundwater. As deforestation accelerates, water shortages follow, alongside the loss of habitat that is pushing many of Sri Lanka's rare and endemic species towards extinction. Forests also act as a natural buffer against monsoon flooding: without them, the risk of landslides and severe land degradation rises sharply, with serious consequences for both communities and agriculture. The heavy use of agrochemicals on plantations adds a further layer of harm, exposing workers and nearby communities to toxic exposure through the air, water and food, and contributing to a range of chronic health problems. What remains of the rainforest is now reduced to scattered, isolated patches surrounded by vast stretches of plantation, too small and disconnected to sustain healthy populations of plants or animals.

Other failures and structural issues compounding the crisis

What emerges clearly from this is that the deterioration of these forest areas cannot be separated from a wider combination of governance failures and the pressures placed on a country like Sri Lanka by its position in global markets. **The drive to generate foreign currency reserves, the conditionalities imposed by international financial institutions, and the constant imperative to prioritise 'development' all push in the same direction.**[31] These overlapping pressures have accelerated forest loss in and around Sinharaja and Kanneliya in recent years.

The result is a situation where the people with the most direct stake in the health of these ecosystems, the smallholder farmers and rural communities who live alongside them, are the least empowered to protect them, and the most likely to be blamed when degradation occurs.

There is a well-established connection between economic pressure and the use of forest resources by rural communities, including deforestation itself. A demarcation of forest boundaries in the early 2000s made a positive contribution to protecting Sri Lankan forests. However, the underlying pressures driving farmers to encroach on forest reserves have not gone away. Poverty in villages and communities bordering the country's forests, combined with a shortage of agricultural land and limited opportunities for sustainable forms of employment, continues to push people towards activities that damage the natural environment.

Aerial view of a palm oil plantation (bottom) encroaching into Kanneliya rainforest, south-west Sri Lanka.

2.2 One crop, one country's fortunes and woes

A development model built around exports

For most developing countries, export commodities are presented as a vital engine of sustained development, offering access to mature consumer markets abroad while drawing on domestic productive strengths and industries. Where a country has particular advantages in growing conditions, agriculture becomes a natural foundation for this model, often alongside light industrial production where a lower-cost workforce provides a competitive edge. This broadly describes Sri Lanka's development path: **a balance of garment manufacturing and agricultural exports, with tea at the centre of the latter.**

But this model did not emerge from free choices made by sovereign nations. From the late 1970s onwards, international financial institutions such as the International Monetary Fund and the World Bank actively promoted export-led development across the Global South, embedding it through structural adjustment programmes, loan conditionalities and trading rules set by the World Trade Organization.

The result, **across much of the Global South, has been economies increasingly shaped around producing for northern consumer markets rather than feeding and sustaining their own populations.**

The consequences are structural and self-reinforcing. Large areas of the most fertile land continue to be devoted to cash crops destined for export, while land used for subsistence agriculture and locally consumed food is often more fragmented, harder to farm and of lower quality.

Why foreign currency dependency is the real trap

An export-oriented economy serves several purposes for Global South countries. It supports employment and industrial growth by channelling purchasing power from wealthier consumer markets back into the domestic economy. It also generates the foreign currency reserves that developing countries need to import essential goods they cannot yet produce at home, whether due to a lack of resources, technology or skills. Sri Lanka imports significant

Encroachment of a tea plantation into the Sinharaja rainforest, a UNESCO World Heritage site.

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Freshly harvested tea is stored in a smallholder farmer's hut before being taken to the local factory for sale. Sinharaja Forest Reserve.

quantities of petroleum, mobile phones, medicines, milk, sugar and wheat, and depends on international currency to pay for them. Foreign currency is also essential for servicing international debt owed to other nations and multilateral institutions.

Yet this is precisely where the model reveals its structural weakness. Global South countries find themselves dependent on a trading system they do not control, one in which they receive prices rather than set them. **This leaves them acutely vulnerable to market volatility and price fluctuations, and increasingly reliant on hard currency earnings, primarily US dollars**. The more indebted a country becomes, the greater the pressure to keep export earnings flowing, which in turn deepens dependence on a narrow bundle of commodities and the global markets that price them. What is framed as a development strategy can become a constraint on development itself, locking countries into producing for others while remaining vulnerable to decisions made by markets and institutions far beyond their borders.

Sri Lanka illustrates this trap with particular clarity. The country exports tea to earn the foreign currency it needs to import the very basics its population depends on. Tea plays such a crucial role that the mission of the Sri Lanka Tea Board is "to increase the foreign exchange earnings to the country through sustainable development of the industry and thereby ensuring the economic development of the plantation community".[32] **When those currency flows are disrupted, as happened during Sri Lanka's devastating economic crisis in 2022, the consequences are immediate and severe: shortages of food, fuel and medicines, and a population bearing the cost of a model built around serving export markets rather than domestic needs.**[33]

Beyond these conventional currency functions, tea has also played a role in Sri Lanka's external economic relations. A notable example is the "Oil for Tea" barter-based settlement arrangement with Iran, initiated in 2021, under which Sri Lanka agreed to repay approximately US$250 million in outstanding oil import debt through exports of Ceylon tea. Implemented in the context of foreign exchange shortages and international sanctions constraints, the mechanism allowed Sri Lanka to service external obligations without direct US dollar payments, illustrating the strategic use of tea as a tool of economic resilience in times of external constraint.[34]

Tea is therefore not simply an agricultural commodity, but a structural pillar of the country's economic model, with direct implications for the island's development prospects. The sector also sustains livelihoods across large parts of Sri Lanka's rural areas and remains a cornerstone of agricultural employment.

2.3 Proof it works: From peasant-based agroecology to agroforestry solutions

Agroecology in Sinharaja rainforest

Since 2021, War on Want and MONLAR have been running a joint project to resist illegal encroachment of corporations into the Sinharaja and Kanneliya rainforests, tackling mining, poaching, human-induced fires, illegal monoculture expansion and the blocking of streams and rivers. The project also aimed to provide practical, hands-on support to smallholder tea farmers living near the rainforests as they transition towards agroecological methods. The initiative has delivered concrete results: improved knowledge and mapping of protected species and forest boundaries, and, most significantly, **the first use in Sri Lanka of an approach that combines agroforestry and agroecology specifically for smallholder tea farmers.**

This approach works by integrating agroecological fertilisers and pest-control systems with the deliberate planting of native trees within and around tea farms. The trees provide shade and act as windbreaks, creating a more stable microclimate for the tea itself, while also improving soil health and supporting biodiversity. By adopting practices such as agroforestry, integrated pest management and soil restoration, farmers are far better equipped to protect the land they depend on.

The method has also allowed endemic wildlife species to move between fragmented forest patches, easing the ecological isolation that threatens long-term biodiversity in the region. Beyond these environmental benefits, the shift away from harmful chemical pesticides has had a direct impact on farmers' own health and on the quality of local soil and water sources, both of which had suffered serious damage under conventional methods.

Tea farmers interviewed in the project areas have faced significant challenges, particularly in the wake of Sri Lanka's fertiliser crisis in 2021. **The rising cost of fertilisation and the lack of support from government officials have created real fears among smallholders about the viability of an agroecological transition, including in the tea sector.** The fallout from the crisis made it significantly harder to organise new farmer groups around agroecological practices in the short term, and it took considerable time to rebuild trust in the efficacy of agroecology as an alternative.

Compounding this, the organic fertiliser distributed by the government as a replacement for chemical imports was of poor quality, reinforcing farmers' fears that the transition would not be worth the hardship without adequate income support to see them through it. During training sessions, MONLAR worked with farmers to raise awareness of these challenges and to explore alternatives, including how to produce their own fertiliser at village level, using techniques such as Zero Budget Natural Farming.[35]

However, in the long term, the outcomes are positive. While the first year of transition proved difficult for some smallholder farmers, the longer-term picture has been more encouraging: many farmers reported being able to harvest tea leaves every two weeks rather than every three to four weeks, a significant improvement in productivity. **After completing the transition period, farmers reported not only higher yields compared to conventional techniques but also improved soil quality. This is precisely why adequate financial support for the transition to agroecological farming is so important: when production levels fall temporarily and household income is directly affected, farmers need a safety net that allows them to hold on long enough to see the benefits.**

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Two examples of agroforestry models for tea production in Sri Lanka, implemented by smallholder farmers: tea cultivation combined with a variety of crops, canopy layers and companion plants.

2.4 Towards a fairer cup: Just transition pathways for tea workers and farmers

What a just transition could look like

To break the cycle of exploitation, biodiversity degradation, precarity for farmers and deforestation, a radical transformation is needed that shifts more value back to the source, shortens and cleans up supply chains, embeds social, environmental and climate justice principles into public policy, and makes corporations more accountable.

1. A living wage for workers, fair prices for farmers: Labour justice for all

A just transition in an export-oriented sector like Sri Lankan tea can only be built on a foundation where plantation workers and smallholders are able to sustain a dignified life from their labour, while also being able to care for the land they depend on. **This cannot happen without substantial financial and material resources reaching growers directly through living wages for workers and fair prices for smallholder farmers,** backed by real legal protections that are properly enforced.

This must include enforceable transparency measures that compel corporations to demonstrate how labour costs are accounted for within product pricing. It also requires measures to regulate pricing across the supply chain, ensuring that costs are not unfairly passed down to those least able to absorb them, resulting in poverty pay. In practice, this means **linking the prices paid to peasant farmers and factories directly to what tea actually sells for on supermarket shelves,** so that when brands raise their prices, more money flows back down the chain rather than being captured entirely at the top. It also means moving away from short-term, one-off purchasing towards longer-term contracts that give farmers the financial security to invest in their land, such as replanting ageing tea bushes, improving shade cover, building proper collection points, and accessing reliable transport, all of which are currently out of reach for farmers living harvest to harvest.

For workers, dignity also means social protections that are actually enforced, not just written into policy. Every worker, including those on outsourced or informal contracts, should receive proper pension and provident fund coverage. Housing, water and sanitation on estates, which remain inadequate in many areas to this day, need urgent investment. And workers need a genuine voice through effective grievance systems and the right to organise and bargain collectively.

2. Transparency and traceability across the supply chain

People deserve to know where their tea actually comes from, and how the money behind it is actually distributed. At the international level, this means applying real pressure on Global North corporations to be transparent about their suppliers and to publish their costs, including at the factory level. It also means ensuring that social safeguards accompany every environmental standard, since environmental protections are of limited value if the people on the front line of production are not given the means to support and protect the ecosystems they depend on. Labelling needs to mean what it says. Geographical Indication rules, which exist precisely to protect the integrity of products like Ceylon tea, must be enforced rigorously so that anything sold under that name contains Sri Lankan tea.

Traceability should not be a marketing exercise but a genuine accountability tool. This means adopting secure chain of custody systems, such as QR codes on packaging, that allow a consumer to trace their tea back to the estate, factory or cooperative where it was grown. It also means publishing the prices brands pay at the point of export, indicating what share of that value reaches producers, and making worker wage data and compliance records publicly accessible.

However, transparency alone does not create accountability. A QR code that links to a supplier's name is meaningless without the mechanisms to act on what it reveals. **Traceability only becomes a**

genuine tool for change when it is connected to organised structures that can use that information: trade unions and worker organisations with the power to bargain collectively, community groups with the legal right to raise grievances, civil society organisations able to monitor compliance independently, and regulatory bodies with the authority to enforce consequences when standards are not met.

3. Financing the transition: Support for peasant agroecology and agroforestry

None of this is possible without proper funding, and that funding needs to be directed deliberately and transparently. Climate grants and direct contributions from retailers who profit at the top of the chain should be pooled into a dedicated Tea Just Transition Facility. **Smallholders should be first in line for support with practical upgrades and investments,** and access to public funding for agroecological transition.

Practical, genuine alternatives exist, and the evidence for them is growing. Agroecology and agroforestry deliver multiple positive outcomes, including improvements in productivity levels, and the results are visible not only in the work around the Sinharaja rainforest documented in this report, but in experiences across the world.

One of the most compelling examples is the agroecological transition underway in Andhra Pradesh, India, at a scale that demonstrates what is possible when these approaches receive serious political and financial backing. The Andhra Pradesh Community-Managed Natural Farming programme (APCNF) is a state-wide transformation of farming practices, encompassing 6 million farmers, 6 million hectares of land and 50 million consumers. It is the largest transition to agroecology in the world, with 630,000 farmers already demonstrating that it is possible to simultaneously address rural livelihoods, access to nutritious food, biodiversity loss, climate change, water scarcity and pollution, not as competing priorities, but as interconnected challenges with a common solution.[36]

Given the right financial backing and the opportunity to scale up these initiatives, communities can become genuine partners in conservation rather than being treated as obstacles to it. Public and climate funding should be directed towards peasant agroecology solutions of this kind, not towards subsidising corporate agribusiness or false solutions that have shown little ability to protect either people or land.

4. A just transition in practice: Tea production and Sri Lanka's rainforests

At the landscape level, **tea production should progressively transition towards agroforestry-based systems that diversify tea lands by integrating a mix of economically viable crops, shade trees, native vegetation and ecological corridors into tea-growing areas.** These systems enhance biodiversity, improve soil fertility, increase carbon sequestration, regulate microclimates, reduce erosion and improve water infiltration, while making tea farms more resilient to droughts, heavy rainfall and other climate-related shocks, and ensuring more diversified and stable incomes for farming families. Protecting and restoring vegetation along rivers, streams and catchment areas should also be a priority, as healthy watersheds are essential for maintaining reliable water supplies for both agriculture and the communities that depend on them downstream.

At the farm level, greater investment is needed in agroecology, including the local production of ecological inputs, small-scale irrigation systems, biological pest management, the use of organic soil amendments sourced locally, and replanting with high-quality varieties of tea that provide better prices for farmers. These practices restore soil organic matter, improve nutrient cycling, reduce dependence on synthetic agrochemicals, and enhance the long-term productivity and resilience of tea plantations. Supporting farmers through the transition, via financial incentives, extension services, research, and market rewards for sustainably produced tea, will be essential to overcoming the economic barriers that ecological farming currently presents.

5. Protecting Sri Lankan forests

Protecting Sri Lanka's remaining natural forests must become a central pillar of any long-term strategy for the tea sector. Healthy forest ecosystems are not separate from tea production; they are fundamental to its sustainability. **The rainforests of Sri Lanka's wet zone regulate the local climate, maintain water cycles, protect watersheds, conserve biodiversity, stabilise soils and provide the essential ecosystem services that sustain agricultural production.** Continuing to convert forest land into tea plantations therefore undermines the very ecological foundations on which the tea industry depends.

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A smallholder farmer producing high-quality tea varieties. Specialised training from the Sri Lanka Tea Research Institute, combined with the transition to agroecological techniques supported by MONLAR, has allowed him and his family to significantly increase their income while improving the health of the soil and water on their plot.

The tea sector must adopt and implement a robust, independently verifiable zero-deforestation commitment, backed by effective monitoring, transparent reporting and meaningful accountability measures. This cannot remain a matter of voluntary declarations: it needs to be supported by **financial incentives, technical assistance and policy frameworks that give producers, particularly smallholders, the means to improve productivity on existing tea land rather than expanding cultivation into what remains of the forest.** Stronger land-use planning and the rigorous enforcement of environmental regulations will also be essential to preventing further encroachment into ecologically sensitive areas.

The industry's dependence on firewood for tea processing also needs urgent attention. It remains a significant but often overlooked driver of forest degradation, and one that is directly within the industry's power to address. Investment in energy-efficient processing technologies, sustainable woodlot management, biomass innovations, solar energy and other renewable solutions can substantially reduce pressure on natural forests while also lowering production costs and greenhouse gas emissions over the long term.

6. Breaking the century-old model of auction exports

As outlined in section three, 90% of Sri Lanka's tea exports are still channelled through auctions in Colombo port, a century-old colonial model in which most of the value is captured long after the tea leaves the country of origin. Breaking this model means expanding direct exports well beyond the current 10% ceiling, allowing qualified factories and smallholder cooperatives to export directly under a verified system covering both origin and labour standards. A fast-track export channel should be created for producers who meet stringent standards on forest protection, labour conditions and product quality.

According to an article published in the Sri Lankan Daily Mirror in April 2026,[37] there are early signs of movement in this direction. Sri Lanka's current Plantation Minister is planning to launch a new Tea Cluster programme ("Ceylon Tea Village") involving 500 villages, in which each cluster is intended to function as a coordinated economic ecosystem bringing together farmers, processors, logistics providers and exporters within a single integrated system.

The stated goal is for these clusters to become the operational engine that transforms Sri Lanka's tea industry, with one of the Ministry's central aims being to raise the annual per capita income of tea-growing families to US£12,000. Under this model, these families would become shareholders in their own cluster enterprises, allowing them to participate directly in the economic gains generated by the industry. It remains to be seen whether this model genuinely aims at supporting more territorial markets (food markets linked to a specific local, national, or regional territory, where supply chains are short, intermediaries are few, and producers and consumers are closely connected) and food systems with fairer conditions for smallholders, or whether it simply reproduces the current centralised structure under a different name.

7. More food sovereignty for Sri Lanka

Like many countries in the Global South, Sri Lanka has become heavily dependent on cash crops such as tea to generate foreign currency. **A just transition cannot stop at making tea production fairer. It also requires building real alternatives rooted in food sovereignty rather than continued dependence on export markets.** Countries in the Global South have the right to chart their own path, including the right to prioritise feeding their own people over satisfying demand from wealthier nations through commodities that do nothing to nourish their own populations and instead perpetuate a system of extraction that harms both people and planet.

Food sovereignty is not an abstract ideal, but a practical framework built on six core principles. It puts **people's right to sufficient, healthy and culturally appropriate food** at the centre of agricultural policy, rejecting the idea that food should be treated as just another commodity for global agribusiness to trade. **It values and protects the rights of those who produce food**, from smallholder farmers to fisherfolk and forest communities, rather than undermining their livelihoods. **It brings food producers and consumers closer together**, favouring local markets and decision-making over distant, unaccountable corporate supply chains. **It places control over land, water, seeds and natural resources back in the hands of local communities,** rather than allowing them to be privatised or extracted. It builds on the **knowledge and skills that food-producing communities already hold**, rather than displacing them with technologies that undermine local practice. **And it works with nature rather than against it, favouring diverse, low-input agroecological methods** that strengthen resilience to climate change over industrial monocultures that degrade the land.

These principles offer a coherent alternative to the export-led model that has left Sri Lanka's tea-growing communities exposed to global price volatility, environmental degradation and chronic under-investment. A just transition for tea growers and workers cannot be separated from the wider right of Sri Lanka, and countries like it, to feed themselves first.

8. A radical transformation of the international trade order

These reforms cannot deliver lasting change within a global trading system built on exploitation, speculation and extraction. What is needed is a fundamentally different framework for trade and agriculture, one rooted in food sovereignty, justice, solidarity and reciprocity rather than export dependency.

As the global food sovereignty movement has argued, **such a framework must guarantee countries the autonomy and sovereignty to pursue the public policies they need**: ensuring sufficient, healthy local food production, fair incomes for workers and producers, and accessible prices for ordinary people, building on the public policy approaches already proven to work.

This also means stepping back from trade and investment agreements that entrench the current model, including mechanisms that allow corporations to override national public interest decisions through private legal challenges such as ISDS,[38] and prioritising regional, territorial and democratically governed local markets that offer fair access and fair prices to everyone, particularly for workers and smallholders. It means recognising and protecting the economies of Indigenous peoples, bringing trade laws and agreements into line with human rights, and ensuring that public policy favours solidarity economies and small-scale producers over corporate concentration.[39] Finally, it means pairing reforms to global tax and debt systems with transparent, democratically accountable use of public resources, so countries can build their own economies and extend essential public services to everyone.[40]

Smallholder tea cultivation on the edge of Sinharaja Forest Reserve, southern Sri Lanka.

9. A debt long overdue: Holding corporate power accountable

None of the transformations above will happen through goodwill alone. The brands and retailers who capture the largest share of value in the tea supply chain have known about poverty wages, environmental degradation and labour abuses for decades, and have relied on voluntary codes of conduct and self-reported sustainability commitments that carry no real consequences when they are broken. That model has evidently failed.

Governments in the Global North, where the bulk of the world's tea is bought and sold, should introduce **mandatory human rights and environmental due diligence legislation** that makes companies legally responsible for conditions throughout their supply chains, not just within their own operations. This means real **legal liability when companies profit from poverty wages, deforestation or unsafe working conditions further down the chain**, rather than the current system in which reputational risk is the only real penalty for inaction.

In the UK, a broad coalition of civil society organisations (including War on Want), businesses and investors have been campaigning for a Business, Human Rights and Environment Act (BHREA),[41] a law that would introduce a legal duty on UK companies to prevent human rights abuses and environmental harm across their operations and supply chains. Modelled on the 'failure to prevent' principle already established in the UK's Bribery Act, the BHREA would **shift the burden of proof onto companies to demonstrate they have taken adequate steps to prevent harm, rather than leaving it to workers and communities to prove corporate wrongdoing**. For tea workers and smallholders in Sri Lanka, such a law could be transformative: it would make the brands selling their tea in UK supermarkets legally accountable for what happens at the other end of the chain, not just what happens in their own offices and warehouses.

A just transition is possible, but it will require action at every level: from people in the Global North demanding transparency and accountability about the origins of their tea, to Sri Lankan workers and smallholders organising for land reform, fairer prices and financial support for the agroecological transition, as well as decent wages, ecological farming, climate adaptation, and corporations being held accountable for what happens at the other end of their supply chains. The tea in your cup is only cheap because someone else is paying the difference.

Annex: A note on sources and methodology

This report draws on a multilevel exploratory approach to understanding how tea production in Sri Lanka is organised, what impact it has, and how the sector connects to the world market and British consumers in particular. Its aim is to map the distribution of value along the supply chain and examine the consequences for everyone involved.

A range of first and second-hand sources is necessary to piece together a picture of which some parts are deliberately obscured. Institutional reports and publications provide the political and economic backdrop, including sources such as the **Sri Lankan Tea Exporters Association** annual report, which offers general trends and institutional context. These are drawn on throughout the report, though with appropriate caution.

Macroeconomic trade data allows the reader to understand the scale and significance of tea exports to the Sri Lankan economy. All trade data are drawn from the **United Nations Comtrade database**, available at https://comtradeplus.un.org, which compiles detailed import and export statistics in goods and services as reported by national statistical authorities.

To identify and categorise products, the report uses the **Harmonised Commodity Description and Coding System,** commonly known as the Harmonised System (HS). The focus is on commodity code HS0902, which covers tea (whether or not flavoured), sitting within Section 2 of the HS (vegetable products). One limitation worth noting: the current level of precision within the Harmonised System does not allow a distinction between bulk tea and blended or packaged tea, which represent quite different stages of the supply chain.

Table 2 Harmonised System codes for tea products

Section 2: vegetables products	HS06 to HS14
Coffee, tea, maté and spices	HS09
Tea, whether or not flavoured	HS0902

What the data can and cannot tell us

Import figures are generally more precise than export figures, owing to the additional scrutiny applied by customs authorities to goods entering a territory. In this case, however, import figures reported to Comtrade are less reliable than export figures, partly because several major tea-importing countries, including Russia and Iraq, have not reported data to Comtrade for a number of years. To address this, import figures have also been estimated by aggregating the export routes from producing countries to specific national markets, which allows for greater consistency across the data. That said, Comtrade data is only as reliable as the national statistics it draws on, and most figures should be read as indicative estimates and trend markers rather than precise counts.

Interviews across the Sri Lankan tea supply chain

In 2025, **MONLAR conducted approximately 40 in-depth, semi-structured interviews with stakeholders across the Sri Lankan tea value chain.** Participants included smallholder cultivators, factory owners, large-scale estate planters, organic and specialty-tea producers, pluckers and field staff, environmental activists, researchers at the Tea Research Institute, academics with expertise in agriculture and labour, as well as local political organisers involved in community-level issues.

Primary data collection took place in multiple tea-growing regions across the island. The research team visited estates and smallholder communities in both up-country and low-country districts, enabling direct observation of field practices, factory operations, labour conditions, environmental impacts, and regional market dynamics. Site visits also allowed for informal conversations with workers, traders and community members, which supplemented the formal interview material.

Participants were identified using a snowball sampling method, beginning with key informants in producer communities and industry networks, who then facilitated introductions to additional participants. This approach proved particularly effective in reaching factory owners, smallholder groups and labourers who are often reluctant to engage with researchers, whether due to fear of institutional repercussions or political sensitivities. It also ensured diversity across geography, ownership patterns, production practices and political orientations.

Price tracking

Prices along the value chain were gathered through a range of carefully selected methods. Farmgate prices and prices at the Colombo Tea Auction were obtained through field research conducted in the country's major tea-growing regions by MONLAR. Final retail prices were gathered through a manual review of product listings across three major UK supermarket websites, carried out in March 2026. While prices naturally fluctuate, this provides a reliable snapshot of retail pricing at a given point in time.

All values are presented in pounds sterling (£). Annual average exchange rates between the pound (GBP) and the Sri Lankan rupee (LKR), and between the pound (GBP) and the US dollar (USD), were sourced from OFX, a foreign exchange service provider. Using annual averages rather than daily rates ensures consistency across yearly comparisons and avoids distortion from short-term currency volatility.

Table 3 Yearly average exchange rate of GBP to LKR and USD

Year	Value of GBP in LKR	Value of GBP in USD	Year	Value of GBP in LKR	Value of GBP in USD
2000	116,50 LKR	1,51 USD	2013	202,12 LKR	1,56 USD
2001	128,59 LKR	1,44 USD	2014	215,18 LKR	1,65 USD
2002	143,20 LKR	1,50 USD	2015	207,85 LKR	1,53 USD
2003	157,81 LKR	1,64 USD	2016	198,07 LKR	1,36 USD
2004	185,10 LKR	1,83 USD	2017	196,56 LKR	1,29 USD
2005	182,26 LKR	1,82 USD	2018	216,69 LKR	1,33 USD
2006	191,58 LKR	1,84 USD	2019	228,17 LKR	1,28 USD
2007	221,13 LKR	2,00 USD	2020	238,02 LKR	1,28 USD
2008	200,88 LKR	1,86 USD	2021	272,80 LKR	1,38 USD
2009	181,29 LKR	1,57 USD	2022	396,75 LKR	1,24 USD
2010	174,73 LKR	1,55 USD	2023	407,88 LKR	1,24 USD
2011	177,27 LKR	1,60 USD	2024	385,63 LKR	1,28 USD
2012	202,15 LKR	1,58 USD	2025	396,60 LKR	1,32 USD

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