

## STRUCTURAL BREAKS AND MARKET DYNAMICS IN THE SRI LANKAN TEA INDUSTRY: A CHANGEPOINT-BASED ANALYTICAL APPROACH

N. S. Sumathipala<sup>1</sup>, A.P. Hewaarchchi<sup>2</sup>, D.M.P.V. Dissanayake<sup>3</sup>

### Abstract

This study reveals the structural and forecastable dynamics of tea prices in Sri Lanka following significant macroeconomic shifts. Focusing on Gross Sales Averages (GSA) for Low Grown (LG) Elevation, High Grown (HG) Elevation, and Western High Grown (WHG) Elevation teas, the paper applies changepoint analysis to identify structural breaks in price patterns and uses average-based forecasting models to predict. Forecasted accuracy is around 10%, mostly less than 5%. The study further explores the effect of the global tea market on the Sri Lankan Tea market with sold quantities at Colombo auctions, supported by production data and cost of production (COP) benchmarks. The changepoint was found in April 2022 for LG and HG, while the changepoint was found in June 2022 for WHG, which explained the Ruppee depreciation. The paper provides actionable insights for stakeholders navigating post-shock price behaviour and informs auction planning, export strategies, and production policies. Global tea consumption is projected to reach 6,300 million kilograms in 2025, with a Compound Annual Growth rate (CAGR) of 1.14% from 2019 to 2022. Additionally, based on a CAGR of 1.01% from 2018 to 2021, global tea exports are anticipated to reach 2,000 million kilograms by 2025.

**Keywords:** Change Point, cost of production, forecasting, gross sales average, production, tea market

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<sup>1</sup>Faculty of Graduate Studies, University of Kelaniya, Sri Lanka  
Email: sandamaliplns@gmail.com\*

<sup>2</sup>Department of Statistics and Computer Science, University of Kelaniya, Sri Lanka  
Email: anuradhah@kln.ac.lk

<sup>3</sup>Department of Statistics and Computer Science, University of Kelaniya, Sri Lanka  
Email: pansujeed@kln.ac.lk



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## **Introduction**

Tea is one of Sri Lanka's most vital exports and a major source of employment. Recently, Sri Lanka's tea market experienced significant volatility, following the 2022 currency depreciation and macroeconomic crisis. In general, in this study, we choose Gross Sales Averages (GSA) to examine variability and trends in prices. The objective of this study is to conduct a comprehensive analysis of the Sri Lankan tea market by leveraging changepoint detection and data-driven forecasting techniques, with a particular focus on Gross Sales Average (GSA) prices across Low Grown (LG), High Grown (HG), and Western High Grown (WHG) tea grades. By identifying significant change points, the analysis enables the detection of historical price shocks and potential regime shifts. Additionally, forecasting techniques are applied to project future price trends, supporting strategic decision-making for stakeholders in the tea industry. This research aims to uncover key market shifts, both local and global, since recent economic disruptions by integrating historical price data, cost of production metrics, and global production/value trends (using CAGR). The study aims to provide actionable insights and strategic recommendations that strengthen Sri Lanka's competitiveness in the global tea market, informing policy and investment decisions. Previous research in commodity price modelling has shown the effectiveness of time series models in capturing market dynamics. However, few studies combine changepoint detection with forecasting in the context of auction-based tea markets. Existing Sri Lankan tea price studies often lack integration of cost structures and production trends, leaving a gap that this research aims to fill.

A change point (also called a breakpoint) is a time of discontinuity in a time series data structure. These changepoints occur in mean, variance, frequency, trend and autocorrelation or combined. Changepoint detection methods have been developed in many different application areas such as Climatology (Beaulieu, Chen, and Sarmiento 2012; Reeves et al. 2007), Finance (Górecki, Horváth, and Kokoszka 2018), Environmental Science (Cucina, Rizzo, and Ursu 2018), Oceanography (Killick et al. 2010), and Econometrics (Bai and Perron 2003). Moreover, these abrupt variations occur due to changes in recording equipment and observers, station location changes, measurement techniques, environmental changes, food production shocks, fluctuations in commodity prices and exchange rates. (Reeves et al. 2007). Changepoint detection improves the modelling and prediction of time series. A model could perform poorly or even fail when the change points occur in the data (Shi et al. 2022).

The first section of this study provides a Literature review and an overview of the Sri Lankan tea industry, highlighting its historical importance, current market dynamics, and the key challenges faced both locally and globally. The second section outlines the methodology, detailing the data sources, change-point detection techniques, and forecasting models used to analyse price volatility and trends. The third section presents the results and discussion. Finally, the conclusion summarises the key findings, offers strategic recommendations, and discusses the implications for market players and policymakers.

## **Literature Review**

The Sri Lankan tea industry is highly esteemed in the international tea market for its premium quality and rich heritage. The tea industry is vital to the nation's economy since it is contributing significantly to Gross Domestic Product (GDP), employment, and foreign exchange earnings. The tea productions are categorised under 3 main geographical regions as High grown (Above 1200 meters - Nuwara Eliya, Udupusellawa, Uva, Dimbula), Medium Grown (MG) (From 600 meters to 1200 meters - Kandy) and Low Grown (From Sea level to 600 meters - Ratnapura, Ruhuna). Because of these different climatic regions, a tea product gives different flavours and aromas.

According to the Annual National Accounts of Sri Lanka, 2023 (DCS, 2024) of the Department of Census and Statistics, growing tea contributed 0.7% to Gross Domestic Product (GDP) at current market prices in 2023. The report also noted that the Agricultural sector contributed 8.3% to the GDP, and the tea cultivation accounted for 7.9% of the agricultural sector. This leading agricultural export provides direct and indirect employment to nearly one million people and covers about 4% of the country's land area (Pure Ceylon Tea, 2022). Another reason of the Sri Lankan tea industry is crucial to the nation's economy, as employment in the industry has grown, with more people engaged in tea-related activities in both small holders and plantation sectors.

In 2022, Sri Lanka was the fifth in producing tea but was fourth in 2021 and the third largest exporter in the World. Sri Lanka has long been a leading exporter of tea to the global market, consistently holding this prominent position over the years. Sri Lanka has established itself as a major force in the global tea market, renowned for its high-quality teas. The primary method for selling tea produced in factories is through public auction. The Colombo Tea Auction, the world's second-largest tea auction next to Mombasa in Kenya, handles approximately 5 Mn kgs to 7 Mn kgs of tea weekly. 95% of Sri Lanka's annual tea production is sold through public auctions (e-auction, 2024). A considerable amount of foreign exchange is gained annually by the Sri Lankan tea Industry. However, since many countries took safety measures to contain the spread of COVID-19, which resulted in lower global demand for tea in 2021 (International tea market: Market situation, prospects and emerging issues, 2022). The market

crashed due to a combination of reduced global demand and oversupply in East Africa that yielded more tea than expected (Bermúdez, Voora, & Larrea, 2024). More recently, the economic and agricultural supply chain disruptions caused by Russia's invasion of Ukraine and war activities in Iran and Israel have impacted international tea prices. The conflict has reduced tea demand from several countries (Andae, 2022), and the cost of exporting tea has nearly tripled due to major shipping lines stopping operations and a shortage of merchant ships (Kitimo, 2022).

In India and Sri Lanka, tea cultivators and pickers are struggling as prices have fallen while production costs have risen due to inflation (Preetha, 2023). Sri Lankan tea cultivators face additional challenges due to a financial crisis, causing inflation and excessive food prices. This situation lower tea yields and quality following the government's 2021 ban on chemicals, which tea farmers resulted a half drop in yields, causing significant financial losses across entire plantations and pushing many farmers deeper into poverty (Bellalou, 2022; SAAPE, 2022). A few multinational companies control several processes from field input supply to tea-bag retail and strongly influence price-setting dynamics throughout the value chain (SAAPE, 2022). These companies also have considerable power at auctions, where they can impact both price movements and demand for certain tea qualities through their buying policies (Farmers and workers: About tea, 2023).

According to the China Tea Marketing Association (CTMA), green tea is the most representative staple tea in China, and CTMA optimises the industrial layout, strengthens technological innovation, promotes the integration of production and marketing, and creates new high-quality productivity of the green tea sector. At the launch of the China-Kenya Tea Trade Centre, it was announced that Kenya and China are exploring bilateral cooperation to achieve an annual trade volume of five million kilos of tea between the two countries. Additionally, they will focus on promoting the value addition and branding of Kenyan tea. It appears that China is increasingly importing black teas as its younger consumers trend towards milk tea and other less traditional offerings. (Snail, 2023). This is a huge challenge for other tea-producing countries. Since there are new countries emerging as markets for Kenyan tea, during 2023, it was notably recorded a significant increase in exports was noted, and these markets usually import tea in value-added form. Moreover, the Indian tea market faces rigid competition from alternative beverages such as coffee, fruit juices, and energy drinks. Consequently, India may increase its tea exports to the global market. Given that India is a main competitor of Sri Lanka, it can be conclusively stated that this will impact the Sri Lankan tea market. In other traditional markets, including Pakistan, the Middle East, and Russia, tea consumption continues to grow. On the other hand, Europe and North American markets are increasingly favouring apparently more "healthful" botanicals, rather than using *Camellia sinensis* products, which is changing the insights of tea among populations with significant spending power and established tea-drinking habits (Snail, 2023).

The gradual decrease in tea production in Sri Lanka from 2018 to 2022 poses a risk to its share in the global tea market. This trend may lead to other countries with more stable or increasing tea production capabilities acquiring Sri Lanka's market share. Major tea-producing countries have increased their production over this period, and the Sri Lankan tea industry faced significant challenges in 2022 that impacted its sustainability and growth due to the fertiliser ban and the economic crisis, which led to reduced production (SLTB, 2022). Additionally, the industry has struggled with increasing production costs, limited land availability, a lack of suitable land for new tea plantations, labour shortages, climate change, and intense global market competition. Climate change threatens tea production by affecting crop yields and quality (Perera, 2020). One of the main challenges facing the tea industry in Sri Lanka is to be globally competitive and to increase productivity. Secondly, since the higher production costs will negatively impact the ability to compete in the global tea market with countries like India, Vietnam, China and Kenya, their COP is comparatively low. H1: Ownership concentration does not affect firm-level stock return.

## **Methodology**

For this study, data were taken from several sources which are Sri Lanka Tea Board (SLTB), Department of Census and Statistics of Sri Lanka (DCS), Export and Development Board of Sri Lanka (EDB), Forbes & Walkers Tea Brokers (Pvt) Ltd (F&W), Tea Exporters Association of Sri Lanka (TEA), Tea Board of India, Tea Board of Kenya, World Trade Commodities (WTC) and web sources referred to were mentioned in the report where necessary. Monthly GSA data from 2017 to 2014 were used to forecast. Annual data from 2017 to 2024 for production, exports, and GSA were used to discuss market dynamics.

Among the most popular algorithms proposed for change-point detection are the binary segmentation algorithm (Scott and Knott, 1974; Sen and Srivastava, 1975) and the Pruned Exact Linear Time (PELT) (Killick et al., 2012). In order to detect change points in the time series of the average price indices, we apply the PELT algorithm for all three elevation-wise prices. Post-change point, average-based models were used to forecast prices. These models were selected due to their interpretability and were validated with the Mean Absolute Percentage Error

(MAPE) from actual prices. Tea production and cost data were mapped alongside price trends to assess profitability. Seasonal alignment and cost-pressure periods were highlighted. CAGR is a useful measure to understand the mean annual growth rate of an investment, production, or any other business metric over a specified period longer than one year. It provides a smooth annual rate that captures the effect of compounding over the period in question. The formula for calculating CAGR is:

$$CAGR = \left(\frac{V_f}{V_i}\right)^{1/n} - 1 \quad \text{where: } V_f = \text{final value, } V_i = \text{initial value \& } n = \text{number of years}$$

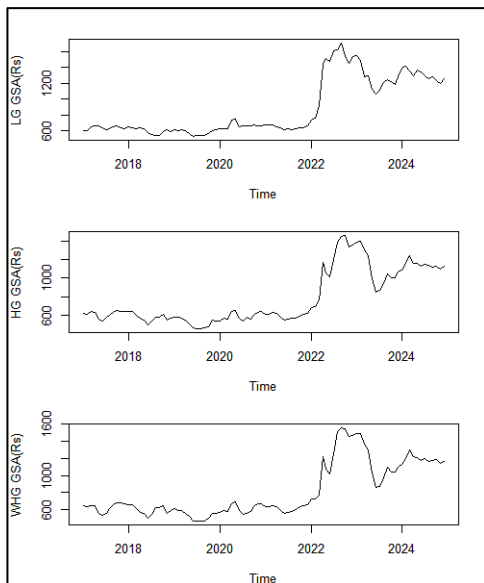
CAGR can be used for various metrics, including production levels, revenue, export quantity, price, investment returns, or market growth, providing a consistent growth rate over the specified period. We used CAGR is to calculate the prediction of global production, exports and consumption.

### Findings and Discussion

Figure I illustrate the GSA of LG, HG, and WHG from January 2017 to December 2024. There was a significant sudden increment starting from the year 2022 in all elevations. Therefore, we searched for changepoints using the PELT method and found a changepoint in April 2022 in the variance. A clear shift in price levels and volatility was identified post-2022. All three grade categories exhibited this structural change, though with varying intensity. These were plotted and shown in Figure II. Then we used the post-changepoint structure of the time series to forecast GSA for all three elevations. These forecasts achieved around a 10% difference from actual prices over the 2024–2025 validation period, supporting the reliability of simple average models are better. The forecasted prices and percentage errors are given in Table I and shown in Figure III.

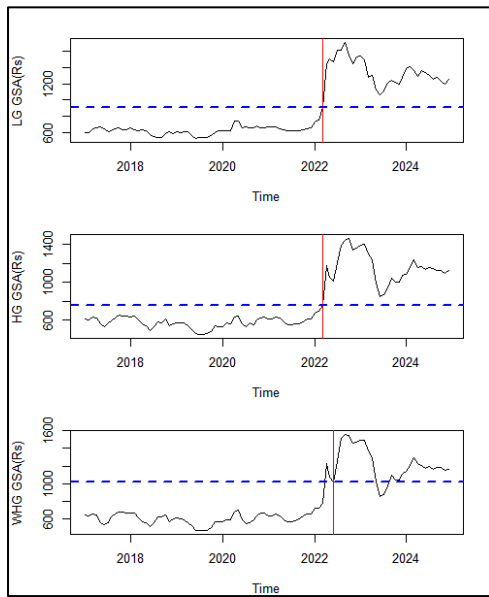
Then we used the ARIMA model to forecast the same. For the simple Average method is given Mean Absolute Percentage Error (MAPE) for LG, HG, and WHG are 17%, 34% and 10%. But ARIMA models give 48% for HG and LG elevations, while WHG gives 51%.

**Figure 1**  
GSA (Rs) of LG, HG 2017 to 2024



(Source: Authors' Compilation)

**Figure 2**  
Changepoint detected in LG, HG and WHG GSA in 2022



(Source: Authors' Compilation)

**Figure 3**  
Forecasted GSA(Rs) Vs Actual and WHG from for all three elevations



(Source: Authors' Compilation)

Currently, the total area of tea cultivation in Sri Lanka is 271,000 hectares (SLTB, 2022; Statistical Information on Plantation Crops, 2022). According to Table II, a significant change cannot be seen in tea cultivated land from 2019 to 2025, and only a 1.5% increase. The production of tea has been shrunk at about 37.4 Mn kgs (Mn kgs) in 2024 when compared to 2019.

**Table 1**  
Forecasted GSA Value for HG, LG and WHG for 2025

Year	Month	LG			HG			WHG		
		Actual	Forecasts	% Error	Actual	Forecasts	% Error	Actual	Forecasts	% Error
2024	Aug	1256.62	1268.82	-1%	1142.30	1084.04	5%	1167.84	1139.31	2%
	Sep	1282.63	1313.97	-2%	1121.04	1125.39	0%	1179.61	1193.51	-1%
	Oct	1233.29	1248.15	-1%	1127.71	1121.11	1%	1185.8	1182.04	0%
	Nov	1191.89	1197.76	0%	1092.89	1079.32	1%	1147.84	1147.12	0%
	Dec	1253.76	1240.86	1%	1128.16	1115.76	1%	1165.57	1182.83	-1%
2025	Jan	1255.60	1250.35	0%	1105.66	1191.83	-8%	1156.86	1115.89	4%
	Feb	1225.50	1245.92	-2%	1105.71	1238.68	-12%	1155.01	1142.03	1%
	Mar	1236.32	1168.43	5%	1144.99	1262.57	-10%	1179.69	1147.27	3%
	Apr	1228.65	1171.36	5%	1101.21	1191.62	-8%	1132.58	1249.07	-10%

	May	1240.70	1158.84	7%	1038.64	1070.72	-3%	1037.91	1104.53	-6%
	Jun	1187.39	1123.82	5%	996.85	997.88	0%	1002.06	1014.84	-1%

(Source: Central Bank Annual Report, 2022 & Tea Board of Sri Lanka, CTTA Annual Report 2024/2025)

**Table 2**

Annual tea production and total tea cultivated area in Sri Lanka from 2019 to 2023

Year	Annual Production (Mn Kgs)	Total Cultivated Area (Hectares (ha))
2019	300.1	235,001
2020	278.9	265,750
2021	299.5	266,606
2022	251.8	267,187
2023	256.1	269,000
2024	262.7	271,000

(Source: Central Bank Annual Report, 2022 & Tea Board of Sri Lanka, CTTA Annual Report 2024/2025)

During the year 2022, the national tea production of the country was recorded as 251.8 Mn kg. This decrease of 48 Mn kgs, which was 16% when compared to the year 2021. Then, during the year 2024, the tea production was recorded as 262.7 Mn kgs. Though this represents an increase of 6.6 Mn kgs, which was not a significant increase. According to Tea Board statistics, when compared to the first quarters of the years 2024 and 2025, the production of tea increased about 4.86 Mn kgs in the first quarter of 2024, which was a 2.4% increase (Table III).

Reducing the Cost of production is vital in the plantation sector. There is a significant relationship between labour productivity and the cost of production (COP) in the tea industry, as the tea production system requires a large workforce. Sri Lanka has the highest COP among major tea-producing countries (SLTB, 2022). For the period 2018 to 2024, the COP per kilogram of made tea has escalated steeply. Increased labour costs and higher prices of fuel and other needed inputs have significantly increased production expenses. According to the Department of Census and Statistics (Provisional), the annual cost of tea production in 2023/24 is Rs. 963.83 per Kg, which is an increase of 8.9 % against 2022/23, while 50.8% against 2021/22. Sri Lanka exports tea as bulk tea, Tea in packets, Tea bags, Instant Tea and Green Tea. Sri Lankan Tea Exports in metric tons for the period 2017 to the first quarter of 2024 are given in Table III.

**Table 3**

Sri Lanka tea exports from 2017 to 2023

Tea Exports (MT)	2017	2018	2019	2020	2021	2022	2023	2024
Bulk	125,629	122,428	122,844	118,251	125,388	110,453	103,328	111,074
Tea in packets	134,509	131,256	139,080	118,176	128,344	110,765	108,036	101,818
Tea bags	21,701	21,578	22,913	22,173	24,665	21,673	23,230	25,584
Instant Tea	2,122	2,481	3,071	2,843	3,032	3,076	2,801	2,623
Green Tea	5,023	4,620	4,749	4,126	4,587	4,222	4,516	4,687
Total	288,984	282,363	292,657	265,569	286,016	250,191	241,912	245,788

(Source: Tea Exporters Association Sri Lanka (<https://teasrilanka.org/statistics>) and F & W)

However, in the case of tea exports, there was an increase of 8.9 % for bulk tea in 2024; however, there was a decrease of 5.7% for packeted tea in 2024 compared to 2023. Total tea exports in 2021 were 286.02 Mn kgs, and in 2024, they decreased to 245.78 Mn kgs by 14.1%. However, the demand for packeted tea was higher than the bulk tea over the years from 2017 to 2023. Moreover, over the period 2021 to 2023, tea bag exports of 24.67 Mn kgs in 2021 decreased to 23.23 Mn kgs in 2023, but slight increase of 2.3 Mn Kgs in 2024. In comparison with 2022, an increase 18 % export of tea bags in 2024. Sri Lanka's green tea and instant tea exports are not so high despite global demand for green tea. However, the demand for green tea is higher than that of instant tea over the period.

**Table 4**

National elevation averages (Rs/kg) from 2020 to 2023 with the variance of 2022/2023

Elevation	2020	2021	2022	2023	2024	Variance 2023/2024	% Variance
High	580.90	587.13	1093.10	1072.48	1141.63	69.15	6.4%
Medium	553.94	550.80	1030.82	1012.35	1064.48	52.13	5.1%
Low	666.32	644.23	1339.86	1252.15	1304.38	52.23	4.2%
Overall	628.21	615.44	1234.24	1171.29	1225.17	53.88	4.6%

(Source: Sri Lanka Tea Board and F & W Tea Brokers (Pvt) Ltd)

Comparing 2023 and 2022, a decline of GSA has been noticed in all HG, MG and LG elevations (Table IV). However, in 2024, the average price recorded an increase of all elevations but less than 7%. Averages of all elevations in the second quarter of 2025 are lower than the second quarter of 2024 (Table V).

**Table 5**

*Elevation-wise averages in the first quarters of 2023 and 2024*

Elevation	2024 – 2 <sup>nd</sup> Quarter	2025 – 2 <sup>nd</sup> Quarter
High	1153.23	1078.13
Medium	1098.61	1029.89
Low	1359.05	1228.85
National	1265.67	1158.54

(Source: F & W's Brokers (Pvt) Ltd)

Sri Lanka's tea export volumes are given in Table VI. While tea exports declined in 2023 compared to 2022, a slight recovery was seen in 2024 which is 3.9 Mn Kgs. A slight increase in the export tea quantity was notable in the 2<sup>nd</sup> quarter of 2025, when compared to 2<sup>nd</sup> quarter of 2024. The revenue earned increased by 5% is not a significant amount, it can be seen a positive increase in 2025. According to Forbes and Walker Statistics in March, Tea Export Revenue of US \$ 1365.42 Mn was recorded in 2024 which is a 4.06% increase compared to 2023. Export earnings from tea, which made up 12% of merchandise exports, increased by 18.43 % to US\$ 131.6 Mn in December 2024 compared to December 2023.

**Table 6**

*Tea exports quantity and value from 2020 to 2023 of Sri Lanka*

Year	Quantity (Mn Kg)	Value (Rs Bn)
2020	265.57	230.17
2021	286.02	263.35
2022	250.19	411.09
2023	241.91	428.29
2024	245.79	NA

(Source: F & W Tea Brokers (Pvt) Ltd / \*NA-Not Available)

Labour costs in Sri Lankan tea plantations are substantially higher compared to other countries for producing the same amount of tea. Sri Lanka enforces an attendance-based minimum wage for tea estate workers, giving it the highest labour wage rate among all black tea-producing nations. However, higher wages directly contribute to increased production costs for tea, potentially making Sri Lankan tea less competitive in global markets, unless productivity improves or higher prices are fetched for premium tea varieties. Refer to Table VII. In contrast, in India and Kenya, labour costs are relatively lower, enabling them to produce tea at a more competitive rate on the global market (Balachandran, 2022). This cost discrepancy has put a burden on Sri Lanka's tea exports, as buyers might opt for more cost-effective sources from India or Kenya.

**Table 7**

*Comparison of the daily labour wage rate of Sri Lanka, Kenya and India*

Country	Wage/kg in USD		Daily Labour Wage Rate
	2022	2024	
Sri Lanka	3.11	0.23	20 kg a day/LKR 1350 Daily Wage
Kenya	1.00	0.08	45 kg a day/KSH 516.45 Daily Wage
Assam, India	1.25	0.07	34 kg a day/INR 204 Daily Wage

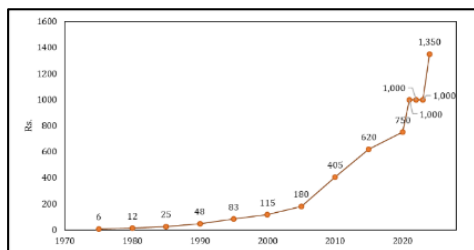
(Source: Authors' Compilation)

Refer to Figure IV to see the daily labour wage rates changes from 1970 to 2024. Sri Lanka's tea industry, particularly the Regional Plantation Companies (RPCs), is burdened by the highest production costs globally, which makes it challenging to remain competitive in the international tea market. A significant factor driving these high costs is labour, which accounts for 65% to 75% of the total production costs at the green-leaf stage (Ariyaratne, 2023). In Kenya, labour costs make up about 50% of the cost of production during the green leaf stage and roughly 20% during the processing stage. This more balanced labour cost distribution is due to higher efficiency and mechanisation in tea production. In India, the labour share of the total production cost at the green

leaf stage is between 40% 50%, while the labour cost during the processing stage is minimal, at less than 5%. These differences highlight why India and Kenya have lower production costs compared to Sri Lanka, where labour makes up a much larger proportion of total costs. This structure allows Kenya and India to be more competitive in the global tea market (Balachandran, 2022)

**Figure 4**

*Daily labour wage rates from 1970 to 2024*



*(Source: Authors' Compilation)*

Global tea production experienced a compound annual growth rate (CAGR) of 1.86% from 2018 to 2022 and is expected to reach 6,790 million kilograms by 2025. Global tea consumption is projected to reach 6,300 million kilograms in 2025, with a CAGR of 1.14% from 2019 to 2022. Additionally, based on a CAGR of 1.01% from 2018 to 2021, global tea exports are anticipated to reach 2,000 million kilograms by 2025. According to the Sector Overview – Tea and Value-added Tea Sector report by the Ministry of Sri Lanka, the global tea market was valued at USD 66.74 billion in 2020, with a CAGR of 6.54% (Sector Overview – Tea, Value-added Tea, Beverages and Related Industries Sector, 2022). Based on this growth rate, the global tea market value is projected to reach USD 81.02 billion by 2025.

## Conclusion

Forecasting GSA prices using changepoint analysis and time series models is not just a statistical exercise, which also provides strategic insights that improve market transparency, operational stability, and global competitiveness of Sri Lanka's tea sector. Since MAPE for LG, HG, and WHG are 17%, 34% and 10% less than MAPE for ARIMA models, given 480% for HG and LG, and WHG 510% which implies the simple average method is more suitable to predict GSA in all elevations. Further, the Changepoint analysis gives better forecasting. Predicted GSA helps exporters and brokers align marketing, pricing strategies with forecasted prices, allows better resource planning (labour, plucking cycles, processing capacity) by anticipating high and low-price periods, and government and plantation companies can design subsidy programs, justify fertiliser and fuel support and promote value-added initiatives.

Tea production in Sri Lanka declined from 2018 to 2022, causing a loss of market share to more stable producers. The 2021 ban on chemical fertilisers severely disrupted yields and farmer incomes. Though it reversed quickly, the damage was already done. Tea is a major export for Sri Lanka, but wage fluctuations affect profitability, and the industry's heavy dependence on manual labour, unlike more mechanised producers like Kenya and India, increases production costs and lowers global competitiveness. Countries like Kenya benefit from lower labour costs and larger, more efficient estates, further disadvantaging Sri Lankan tea in global markets. Moreover, Global tea consumption is projected to reach 6,300 million kilograms in 2025, with a CAGR of 1.14% from 2019 to 2022. Additionally, based on a CAGR of 1.01% from 2018 to 2021, global tea exports are anticipated to reach 2,000 million kilograms by 2025.

While agricultural recovery began in late 2022, the tea industry still faced high production costs due to increased prices for inputs and utilities. Despite this, auction prices at the Colombo Tea Auction reached record highs, showing price resilience; therefore, Sri Lanka's tea industry remains vital and resilient. To sustain global presence, the sector must adopt sustainable practices, diversify products and markets, and promote value-added exports. Strategic improvements are needed for better production planning, expanded product lines, improved harvesting schedules, and stronger sales networks. Research and innovation are key to long-term competitiveness in the global tea industry. Post-COVID, global demand has increased for teas with health benefits. Green, fruit, and herbal teas have gained popularity due to their immune-boosting and calming properties, presenting new growth opportunities for Sri Lankan tea producers. As a world-renowned tea-producing country, it is imperative for Sri Lanka to rethink its strategies and find innovative ways to meet global demand.

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