

News

FOOD & BEVERAGES

Dubai firm to produce tea in Ethiopia

June 2009

An Ethiopian firm has signed a joint venture deal with a Dubai company to develop a tea plantation.

“The joint venture agreement to develop tea on 5,000 hectares of land in Illubabor, at a cost of nearly \$300 million, was signed between East Africa Agri-business and Dubai World Trading Company,” said Ethiopian Agriculture and Rural Development Ministry senior agronomist Berhanu Tesfaye. “They plan to produce 421,348 kg of black tea annually within three years,” he said.

Ethiopia’s current annual tea production from three private estates is around 7,000 tonnes, according to the official. The country, Africa’s biggest coffee producer, expects to export over 1,300 tonnes of tea this year, for about \$2 million, according to government statistics. The remainder will be consumed locally. “Tea plantations in Ethiopia have failed to expand as expected due to a lack of investors with money and the patience to wait for three years to get returns,” Berhanu said.

“The country’s investment code is also inviting. But the initial investment for tea is high and the fact that it requires three years to mature has discouraged investors,” he elaborated. Ethiopia has identified up to 500,000 hectares suitable for tea production. Berhanu said two state-owned estates covering 2,109 hectares had been privatised in 2000 for \$27 million but there had been little or no expansion of the plantations since.

Tea growing was introduced in Ethiopia in the early 1900s, but the initiative failed because of a lack of official support in a nation of heavy coffee-drinkers.