

Tea in Malaysia

Overview and Outlook

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Tea Gardens in Cameron Highlands, Malaysia

Introduction

MALAYSIA is both a *tea producing country* and a deep bonded *tea consuming country*.

Located in the heart of Southeast Asia and Sunda Plate, with a total land area of approximately 330,000 Sq. Km. made up by the vast southern part of Peninsular Malaya and northern and western part of Borneo Island, Malaysia is surrounded by the Malacca Strait, South China Sea, Sulu Sea and Celebes Sea, gestured by a mild equatorial climate and 130-million-year-old Rainforest.

Malaysia consists of 13 states and 3 federal territories administrative division with a population of 33 million and GDP Per Capita reading at USD9,945 (2017, World Bank). Its colourful and peaceful socio-culture kaleidoscope by multi and complex ethnic backgrounds, multi languages and multi-religious, is phenomena.

Overview

As early as 15th Century AD, Chinese Admiral Cheng Ho, has already brought tea to Malaysia, during his seven voyages, to as far as Africa, Australia and South America. And out of his seven voyages, he stopped over in Malacca, Malaysia five times. Tea drinking cultures has since in the scene of the

strait's immigrants, the Baba-Nyonya people and other residents of Malacca and later in Penang and across the Malaya Peninsular and Borneo. There were also record of tea related artifacts dated back to 8th Century AD from the Bujang Valley archaeological sites located at the Northern part of Malaya Peninsular, which were believed to be brought in by the Buddhist Monks or Chinese Merchants from China on their ways to India and beyond.

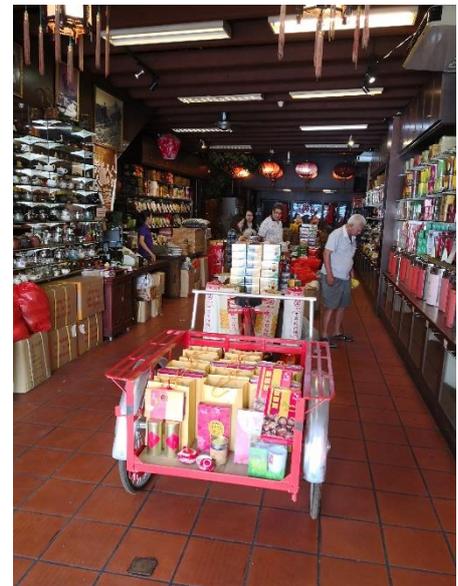
Black Tea has become the most popular tea in the world since The Age of Sail and so is in Malaysia. It is estimated that more than 80% of teas consumed in Malaysia today is black tea, while Chinese Teas and other teas score less than 20% of the total consumption. Traditionally, since the vast Chinese Emigration in 19th Century AD, the type of Chinese tea consumed by the Chinese in Malaya then was in accordance with their dialect groups: the Hakka consumed *Green Tea*, the Hokkien (Fujian) people consumed *Oolong Tea* and the Cantonese consumed *LiuPao Dark Tea*. Today, more adventurous Chinese Malaysian younger generations consume all types of Chinese teas, besides the preferable black tea in *Teh Tarik* style and the trendy Japanese tea, Korean Tea and Taiwanese Tea following the vogue swept in recent years.

Most of the tea grown in Malaysia are of the variety *Assamica*. There were evidences of scattered small-scale tea tree planting around Malaysia during the 19th to 20th Century AD period, but big scale tea plantation was documented at Cameron Highlands only from the 1930's. Malaysia used to have many tea estates: Blue Valley Tea Estate (Cameron); Gunung Emas Tea Plantations (Cameron); Guthrie Tea Estates (Selangor); Lenggong Tea (Perak); Mardi (Cameron); Mayang Tea (Sarawak); Ng Teong Kiat Tea Estate (Cameron); Johor Tea (Johor), but all these had ceased operation due to many reasons and labour force is the primary.

Current Domestic Production and Market Status

Today, Malaysia produces about 3.6 million kilograms of black tea annually from its remaining three major tea estates, Boh Plantations (Cameron Highlands), Bharat Tea Plantations (Cameron Highlands) and Sabah Tea (Mount Kinabalu). Export of tea from Malaysia is minimal.

Malaysia has a noticeable increase in tea consumption with the annual intake now at about 29 million kilograms (2017), against 18 million kilograms in 2007. Per capita consumption is steadily standing at approximately 910 grams. To make up the market demand, Malaysia imports from major tea producing countries like Indonesia, Vietnam, China, Sri Lanka, India, Papua New Guineas, Kenya, Malawi, Tanzania, Mozambique, Argentina, Ecuador, etc. The import duties for tea, from ASEAN and China, were reduced from 20% in 1997, to 0%, effective from 29th August 2008 and 1 Jan 2010 respectively, while tea from other countries are subjected to an import tariff of 5%.

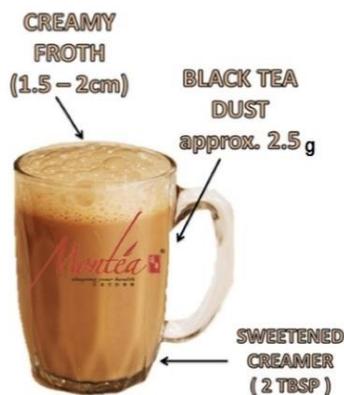


Tea Shop in Kuala Lumpur

Outlook:

Advances in consumption with perspectives of future market development

Malaysia has a deep bond with tea. Anytime is Tea Time in Malaysia. Breakfast, morning tea break, lunch, afternoon tea break, dinner, supper, literally all the time. Tea is available every corner, from the cheapest “mamak” (Indian Muslim) stalls to high end outlets and even 24 hours’ tea stalls throughout Malaysia.



A Typical Glass of Teh Tarik



Drinking tea while watch live telecast at Mamak Store

All Malaysians love *Teh Tarik* (Pulled Tea). The preparation of Teh Tarik has evolved to a “performing art”, with the tea master preparing it along the rhythmic of music, and even to the extent of choreographed stunt for showcasing the tea culture. As such, the Tea Trade Association of Malaysia, a non-government, non-profit business association established in 1956, organised the *PIALA TTAM-Battle of Teh Tarik* 2014, 2015 and 2018 with the objective to promote Teh Tarik as a



Piala TTAM 2018-Battle of Teh Tarik

favourite national drink and to reinforce Malaysia’s unique Teh Tarik cultural heritage. Tea Trade Association of Malaysia also organised the *Malaysia International Tea & Coffee Expo* 2014 and 2017 in Kuala Lumpur, Malaysia.

English styled afternoon tea has long been popular in Malaysia since the British-Malaya Era, and it is still a popular trend today, even though in variant, with hotels and cafeteria still widely serving it. But the focus and introduction on ‘tea’ itself has very much weakened. With the emerging tea pairing trend, just like the wine pairing, it is time we enhance the perception of tea serving and revive the sophisticated tea consuming way, add in the health consciousness factors in the black tea market in Malaysia.

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Liu Pao Tea

Out of all the tea varieties, *Chinese teas* are consumed relatively minimal amongst Malaysian. To announce a 15% of population consuming Chinese Tea could be an overstatement. Nonetheless, the common and popular types of Chinese teas consumed in Malaysia are Jasmine Tea, Pu'er dark tea, Liu Pao dark Tea, Oolong tea (Ti Kuan Yin, Hsui Hsien, etc). As such, there is plenty of room and potential to improve on this and recent developments on Chinese tea in the echo of China's *Belt and Road Initiatives* over the last few years are encouraging. We see leading tea company in China investing into modern tea houses

and tea bars in its major cities alongside western countries like the UK, the USA, Australia, etc, presenting all tea varieties from all over the world, even on par the rate and wave coffee rivals sweeping the world non-alcohol drink market. This new trend is gaining popularity in Malaysia too. It is undoubtedly a good move in turning the consumer from comparatively higher caffeine of coffee, sweetened cocoa, sweetened malt drinks and chocolate drinks, to tea.

A few established brands of *Japanese teas* are readily available in supermarkets, Japanese grocery stores across Malaysia. Sencha, Genmaicha and Matcha are the few popular types. Japanese teas are mostly consumed in Japanese restaurants. There is huge potential to increase the consumption of Japanese teas in Malaysia. Promotion of other types Japanese teas like Gyokuro, Hojicha, Bancha, Iribancha, Kukicha, etc are required. We also see *Korean Tea* drinking in Malaysia, but it is still niche. *New Variants* like stevia tea, fruit infusion tea, plant infusion tea, herbal infusion tea is becoming popular in Malaysia with the general acknowledgement of it helps to boost immune system and to reduce cholesterol and blood pressure. In other word, the rising health-consciousness amongst Malaysian consumers is driving them to learn more about the variety of teas and its health benefits, and of course to drink more tea. *Ready-To-Drink* (RTD) tea consumption recorded double digit growth in recent years in Malaysia, with the green tea based RTD leading the performance. This is also mostly driven by the rising demand for healthy, low sugar beverages of the younger generations and the rising health- consciousness consumer group.



KWF Tea shop in Kuala Lumpur

Conclusions

Demand for tea in Malaysia will continue to grow, as consumers learned more about the healthy facts of drinking tea. There has been noticeable increase, in consumption with the annual intake now at about 29 million kilograms in 2017, against 18 million kilograms in 2007, with the current per capita consumption standing at 910 grams, ranking 14th in the world.



Stevia Green Tea



Tea tour

The favourable climatic condition of Malaysia may be ideal for tea plantation but labour issue is not easy to overcome soon. Tea storing warehouse could be a good business consideration with the ideal geography and climate instead. Existing tea manufacturers in Malaysia will continue to launch new variants to encourage consumers to drink more tea. Domestic Ready-To-Drink tea market is also performing well as it is a healthier alternative to other soft drinks categories.

Malaysia Tea Market has certainly become prosperous over the decades with tea tourism, tea fairs, tea expo taking place all year round. It is time to consider the advancement in aspects like quality and branding consciousness, and even the trendy market.



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