

Monopoly Tea Farms



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1.Introduction

The Ta'ang (Palaung) people are traditionally tea cultivators, however, they currently face economic hardship due to a decline in the tea market in 2011. Although the tea price was good and many tea traders bought tea during the *Shwe Pyi Oo* (first harvest), one week later the price of tea fell and just a few traders were buying tea. After that the tea market was very weak and tea production almost came to a halt.

The *Shwe Pyi Oo* tea season occurs over one month from the end of March to the end of April, and is an important time for the livelihoods of the Ta'ang people. The majority of Ta'ang people who produce tea live in Namhsam, Mantong, Namtu, Namkham, Kutkai, western Kyaukmae and Thipaw in Northern Shan State. Tea production is the main source of income for over (600,000) six hundred thousand Ta'ang people.

Because the main source of income of the Ta'ang people is in crisis and the monopoly of the regime, the local population is facing many related economic, social, educational and health problems.

The new Burma's military regime and other organizations have not addressed the crisis that the Ta'ang people are facing as a result of the decline of the tea industry. Therefore, the Ta'ang (Palaung) working group has produced this briefing paper about the problems that Ta'ang tea cultivators are facing. Our objective is to inform people and to help solve the problems that Ta'ang tea cultivators are facing in the Palaung area.

2)Problems affecting tea farmers

2.1) Decline in the price of tea

From the beginning of the tea-picking season in 2011, the price of dry tea in Namhsan Township was only 3500 kyat for one viss. During the water festival the price of tea dropped again, eventually falling to just 2500 kyat. The current price is only 2000 kyat/viss and there are less consumers buying dry tea. As a result, the factories have closed down because there are no employees due to low wages and the Ta'ang tea farmers are working in other sectors instead of producing tea. Last year the price of tea was 4000 or 5000 kyat for 1 viss.

During the period of *Shwe Pyi Oo* (first harvest), tea cost 3500 kyat per viss in Namkham, but after the water festival the price dropped to 1700 kyat/viss. The price of tea is currently only 1200 kyat/viss in Manton Township.



A stopped running tea industry

After the water festival, the price of green tea fell to just 800 kyat per viss. This was the case even in Namhsan township, the main producer of green tea in the Palaung area. Later, the price of green tea fell even

further and is currently worth just 150 kyat per viss. The instability of the price of tea has drastically affected those companies producing black tea, to the point where some black tea factories have closed.

2.2) Table: Tea price by township

No	Township	Kind of Tea	Before Water festival	After Water Festival	Current Situation
	Nam San	Pickled Tea	800	400-700	-
		Green Tea	800	150	150
		Black Tea	3500	2200-2500	2000-2100
		Sweet Tea	-	-	-
	Man Tong	Green Tea	200-250	100	100
		Black Tea	3000	1250-1500	1250-1500
		Sweet Tea	-	-	-
		Sweet Tea	-	-	-
	Nam Kham	Black Tea	3500	1500-2000	1500-2000
		Black Tea	-	1800-1850	1800-1850
	Kyauk Me	Black Tea	4000	2600-3000	2600-3000
		Sweet Tea	-	-	-
	Mandalay	Pickled Tea	-	800-1200	800-1200
		Black Tea	-	3000-3600	3000-3600
		Sweet Tea	-	-	-

2.3) *Table: Food commodity prices by township*

No	Township	Items	Good Price
1	Nam Kham	Rice (1 bag)	26000-30000
		Oil (1 viss)	3500
		Salt (1 viss)	500
		Garlic (1 viss)	1800
		Onion (1 viss)	2000
2	Nam San	Rice (1 bag)	2400 (Low Quality) 2500-2600 (High Quality)
		Oil (1 viss)	3600
		Salt (1 viss)	600
		Garlic (1 viss)	2000
		Onion (1 viss)	2200

2.4) *Tea trading and market problems*

The majority of tea produced in Ta'ang areas is usually sold to the tea factories in Namhsan, Namkham, Thipaw, Kyaukmae and Mandalay Townships. Most tea traders and factory owners are connected to the government, as are independent sellers. Therefore, only the traders who are working closely with the regime are able to control and influence the tea market, enjoying more benefits than other traders.

Every tea picking season, a black tea factory owned by Than Tun called *Palaung Htae Htar* and the *Flying Dragons* factory have gathered tea traders in Namhsan Township and decided the price of tea. Other small traders follow the price decided by these two factories. Small tea traders buy tea from tea farmers and then have to sell it to the factories of the *Tatmadaw* (Burmese Army) and *Flying Dragons*. Therefore, the tea industry in Namhsan Township is mainly controlled by these two tea factories.

The tea traders of central and lower Burma mainly control the tea market which is responsible for tea distribution in Kyaukmae, Thipaw, Namkham, Namhsan and Mandalay.



Handpicking the matured tea leaves

The tea traders are still selling the remaining tea from last year so that they do not have to introduce the tea from the 2011 crop into the market yet. Some traders are selling a blend of old tea and new tea, which is one of the root causes of the decline in tea sales and market value in 2011.

Before selling, the tea traders usually store the tea for least six months to one year but in 2011 the traders couldn't afford to do this. As a result of the world economic crisis, people are also facing a food security crisis. This has further reduced tea consumption as people need any money they have to buy basic food items. Because of this reduction of consumers in the tea market, traders are worried that they will lose their profits again if they invest in the tea industry.

Opportunities for international exports are scarce in the tea industry because of the government regime's tightly controlled economic policies and lack of economic strategy. Ta'ang tea producers therefore depend on consumers inside Burma, meaning that the Ta'ang people who rely on tea farms are facing many problems due to the long-term economic crisis in Burma.

2.5) The problem of tea farmers and workers

Tea production is a heavy burden on the Palaung People. In order to get the tea leaf to bloom more, farmers have to clean up the grass which grew on the farm before the tea harvest period. Moreover,



farmers have to pick all the tea leaves on time, otherwise the tea will become mature, and this produces a lower quality tea, which in turn leads to a drop in the value of the tea and can delay when the tea comes into bloom the following season.

Therefore, to avoid losing good quality tea, the farmers need a strong group of tea pickers to pick the tea leaves when the tea is in bloom. Usually, the tea pickers come from places in central Burma such as Monywa, Myingyan, Mandalay, Pakokku, Myine, Kyaukse, as well as other places in the Palaung area such as Kuitkai and Namtu townships. In order to get the tea pickers, tea farmers had to have enough money to pay the tea pickers' wages in advance. If the farmers did not have extra money, they would pawn their gold or lend money from other people.

In the second week of March 2011, fighting began between the Shan State Army and Burmese military troops. The fighting affected the tea farmers because most of the tea pickers left the Palaung area, and tea farmers had to flee the fighting. At the time farmers were facing these difficulties, most of the tea had ripened.

Last year, tea pickers were earning three thousand kyat per day, whereas this year they are earning one thousand five hundred per day. Even though the tea pickers earn less money, the price of commodities is still high. The farmers are finding it difficult to meet their families' daily needs. Most of the tea pickers have become less interested in tea production and look for other work, so the farmers are facing further difficulties because they cannot get enough workers.

3. Impacts

3.1) *Impact on tea business*

The tea farmers face difficulties such as a shortage of tea pickers, low price of tea, lower yields, losing their investments in tea and so on. Due to a decline in the value of tea and fewer workers, farmers could not pick the tea on time. This leads to a delay in when the tea will come into bloom next year.

During this period of lower value tea and a decline in tea sales, the tea leaf had ripened, so the farmers had to cut down the tea plants. Although some of the plants were dried, the effect of cutting down the tea plants is a lower yield of tea crops the following year. It will take the farmers at least 10 years to cultivate the tea farm to the point where it has the same capacity as previous years. As a result, some of the farmers got depressed and sold their farms.

Tea production has to follow a regular cycle. If it is neglected for one or two years, it takes at least three years in order to cultivate good quality tea leaves again. Therefore, if the tea farmers leave their farms now, the quality of tea will decline and the traditional tea of the Palaung people will slowly die out.



Matured Tea Leaf

3.2) *Impact on economic, social, educational and health issues*

Tea prices are very low; however, the price of commodities prices is still rising. When the tea prices are very low, tea farmers have to borrow rice from paddy farmers and repay their debts plus twice the interest the next year. In some areas the people cannot afford to eat rice and they have to mix rice with vegetables such as corn and pumpkin. In Namsan and Mantong, the people have to order expensive rice and pay for it with tea during tea picking time, but the paddy farmers specify how much tea is needed to repay the debt.

“In our village, we can not afford to eat pure rice. We have to mix it with some other crops. We have so many debts to pay back. If we borrow rice to eat from the paddy farmer, next year we will have to repay double. We are in trouble here—*villager, Mantong township.*

The tea crisis has affected the education of young people. Currently, education is very expensive. It costs at least eight hundred thousand kyat (800,000) to send a student to high school for one year, and one million kyat (1000, 000) per year for boarding school. Many parents can not afford to educate their children at government schools, so they send their children to study at monasteries in central Burma in Mandalay, Myinchan, Pakokku, Sagaing, Myinchan, as well as in southern Burma in Yangon and Mawlamyine.

‘Due to the economic crisis, I had difficulty paying for my daughter’s education, so I sent her to the convent to become a nun and study in central Burma. However, she faced difficulties because there were too many nuns and not enough support. The nuns had to spend most of their time travelling around the city collecting food from offerings rather than studying. She had to get help from the Ta’ang Culture and Literature Group to come back home. Many of them had come back home for the same reasons as her’ - *villager, Namsan Township.*

As a last resort, some of the parents had asked their children to leave school and work to contribute to the family income. The parents understand that education is important for the young people but they have no choice. Therefore, they have to ignore it and work to make ends meet.

People find it hard to solve health problems when the tea prices are very low. Many farmers have sold their farms to pay for their medical expenses.

4) Recommendations

It is essential to assist the Ta'ang people in the face of great economic crisis, especially those who mainly rely on tea production for their livelihood. Therefore, to help address the problems that Ta'ang people are facing, we have come up with the recommendations below.

4.1) To local Ta'ang people

- 1) To maintain traditional tea production in a sustainable way.
- 2) To collaborate in preventing the exploitation of the tea business.
- 3) To protect the tea business and solve the potential problems of the tea business together by creating a committee of tea farmers.

4.2) Ta'ang (Palaung) National Party

- 1) To help the Ta'ang people cope with the tea crisis that they are facing now.
- 2) To initiate and draft laws that can protect the tea business and tea farmers.

4.3) Burmese military government

- 1) To review its economic principles and policies.
- 2) To allow the tea market to be independent and stop the restriction and exploitation of the tea business.

4.4) International community

1) To support and help the Ta'ang people to address the economic crisis of the tea business that they are currently facing.

Ta'ang (Palaung) Working Group

Ta'ang Students and Youth Organization (TSYO)

Palaung Women Organization (PWO)

Palaung State Liberation Front (PSLF)



**Ta'ang (Palaung) Working Group
TSYO, PWO & PSLF**

