# “A New Chapter for Ceylon Tea”: The Sri Lankan Tea Industry Celebrates Major Gains by the Smallholder Sector despite Economic Challenges

On the International Tea Day, the local tea industry is celebrating impressive achievements by the smallholder sector despite facing an array of unprecedented challenges posed by the economic challenges and the currency collapse.

“It goes without saying that the local tea industry has faced many demanding issues, but on this year’s International Tea Day, we want to celebrate the resilience of our smallholder tea growers, who have overcome pandemic adversity to be back on track to reach high profitability levels,” says Niraj de Mel, the Chairman of the Sri Lanka Tea Board.

“The smallholder sector has already achieved so much in terms of sustainability in the past couple of decades that is worth celebrating. This is a new chapter in the story of Ceylon Tea,” he added.

In Sri Lanka, smallholder growers contribute a substantial 75 percent to the overall tea production, making the sector critical to the industry's success, and to the millions of families who depend on it for their livelihoods. Though smallholder tea growers have faced tremendous obstacles in the past decade, the sector is emerging with renewed vigour to reach production goals, particularly in the areas aligned with the Sustainable Development Goals (SDGs).

This year’s International Tea Day is set to focus on the smallholder tea growers specifically to support the sector through adversity. The Sri Lanka Tea Board has implemented a number of notable initiatives to safeguard smallholder tea producers in challenging times, many of which have already shown considerable gains, according to Chairman de Mel.

“One very important measure the Tea Board has been involved in is ensuring fair prices for smallholder growers that are on par with the big players, so they don’t miss out on opportunities and are protected,” he said. “While we are aiming to strengthen the smallholder business model, we’ve been quite impressed by what they have done in terms of SDGs that have improved livelihoods and reduced costs.”

Local tea plantations have taken leading measures in adopting SDGs that focus on enhancing workers' livelihoods and preserving the environment. For an industry once plagued by hardship, the approach has been transformative, with significant gains achieved in terms of social welfare, conservation, and even energy security.

In the verdant estates of the Elpitiya Plantations, the scenic routes going uphill to the tea factories are lined with solar panels. The plantation had installed the panels as part of a sustainability initiative, which is now generating phenomenal results that have helped the estates seamlessly navigate the energy crisis. The Elpitiya Plantation Group is now generating 141 percent renewable energy against consumption.

“We are proud to say that our total energy generation now exceeds our energy consumption,” said Ms. Thilini Edirisinghe, Deputy General Manager of Human Resources of Elpitiya Plantation. “A majority—and 85 percent—of our energy consumption is now from renewable sources. We can say our tea is green-energy produced.”

Numerous other tea plantations have also prioritised green energy generation, driven by both a push towards sustainability and as a practical solution to rising energy costs. The Mathugama Estates, nestled in the hills of Kalutara, now has four hydropower plants. Notably enough, the first-ever zero-liquid discharge plant in the country was built on a tea estate.

The Talawakelle Plantations, which is generating 138 percent energy against consumption, is planning to expand further as part of a broader drive towards environmental sustainability. The estate is currently heavily involved in a reforestation programme to improve the biodiversity of its commercial land.

“We started the reforestation program last year, and we have already planted 2,000 endemic plants on two hectares of land,” elaborated Mr. Krishna Ranagala, Manager of Sustainability and Quality Systems Development of Talawakelle Plantation. “In total, we have planted over 500,000 plants as part of our forestry management programme. Continuing to improve the ecological biodiversity of our estates is a key SDG initiative for us.”

The plantation industry is placing urgent emphasis on worker welfare, with nearly every estate actively engaging in a range of social programmes that provide assistance to field workers and their families. These social welfare initiatives proved to be a lifeline during the pandemic, particularly when many workers had limited access to daily meals due to quarantine restrictions. In an inspiring move, the Horana Plantations encouraged their workers to cultivate gardens, setting aside hectares of plantation land for employees to grow vegetables that served as a vital source of sustenance throughout the difficult times of the pandemic.

The Elpitiya Plantation initiated program to look after the social wellbeing of the plantation workers. “We also built a retirement home for our elderly employees, which is the first time any company in the country has built a retirement home for its own employees,” said Ms. Thilini Edirisinghe, Deputy General Manager of Human Resources of Elpitiya Plantation.

An increasing number of estate companies are actively engaged in promoting upward mobility for their workers. One notable example is the Kahawatta Plantation, which has launched a programme to build infrastructure for employees, including a school for the children of workers. Moreover, the company has spearheaded various initiatives aimed at empowering its workers to earn additional income, fostering a culture of financial stability and growth.

“We have leased out land for employees to cultivate their own food crops,” said Mr. Alex Samuel, Deputy General Manager of HR and Administration at Kahawatta Plantation. “We occasionally donate blocks of our rubber land for contract tapping, so that workers have opportunities to earn additional income,”

“We first implemented this policy in our Malwatte Valley Plantation in 1998, and since then, we have shared 178 million rupees with our workforce through this programme,” said Mr. Jaliya Wijekoon, General Manager of Estate Marketing and Special Projects of Malwatte Valley Plantation.

Plantation companies are undertaking unique, forward-thinking initiatives that are revolutionising the traditional dynamics of the estate sector and setting new standards for worker well-being, some of which are even getting noted by international development professionals. A youth empowerment program at the Hayleys Plantations, which offers an array of educational programmes to young workers and children of employees, was recently selected as a case study separately by the United Nations Global Compact initiative and the INSEAD School of Business in France.

Even small-scale initiatives undertaken by plantation companies have yielded excellent results in uplifting worker welfare. The Kelani Valley Plantation implemented a policy to reduce worker injuries, a goal originally set to be achieved by 2030. However, the estate has already witnessed a significant decrease in the number of injuries among its field workers.

Once called the “world’s finest tea,” the Sri Lankan plantation industry is on a radical journey to reclaim its title with revitalised focus on worker welfare and environmental sustainability. The concerted efforts of plantation companies, government bodies, and trade associations are creating a more equitable and prosperous future for the industry and its workforce. As the demand for premium tea continues to grow globally, Sri Lanka is poised to take its place as a leading producer of high-quality, socially responsible tea.

“What we want to highlight this year is that Ceylon Tea is not just a product that tastes great, but also a brand that values its workforce and prioritises environmental protection,” Chairman de Mel said. “When we celebrate the rich heritage of Ceylon Tea, we also want to highlight these great achievements that have had a major positive impact on the estate community and the country as a whole.”