

**DETERMINANTS OF VALUE ADDED CEYLON TEA EXPORTATION
TO RUSSIAN MARKET**

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by
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ABSTRACT

Value addition in agriculture implies the changes made to primary agricultural products that increase the product's value. At present, about 40% of the total quantity of tea exports from Sri Lanka is in value added form. Russia is the number one market of Ceylon tea for several years. Ceylon value added tea price in Russia is fluctuating over time by causing instability in its position as one of the major markets of value added Ceylon tea export. Therefore, the attempt of this study is to identify the determinants of value added Ceylon tea exportation to Russia. The specific objective was to study the current status of the exporting firms. The sample of this study is the total number of tea exporting companies which export value added to Russia. Data was gathered using a structured questionnaire and interviewing with exporters. The data was analysed using multiple linear regression to achieve the objective of the study. According to the results, skilled labourers, market experience, new market approaches, influence of bilateral agreement and influence of exchange rate significantly affect the value added Ceylon tea exportation to Russia. Finally, this study suggests for the exporters can increase the value added Ceylon tea export volume to Russia by having more skilled labourers and by adopting new market approaches.

Keywords: Russian Tea market, value added Ceylon tea, exportation