

Summary notes of Coffee Webinar

Panel Discussion on Nepalese Coffee Supply Chain Situation Analysis Amidst COVID-19 Pandemic

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Organized by : ICCO Cooperation

Moderated by: Bidyanath Bhurtel, Country Representative, ICCO Cooperation, Nepal Country Office

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Brief: The Webinar was organized to identify and understand the current coffee supply chain, national and international trade situation of coffee during lockdown and discuss probable market solutions to revive the coffee supply chain post covid-19. The discussion was centered around the challenges facing the actors in the coffee value chain, adaptation measures that the panelists are taking currently to cope with the economic fallout, and future opportunities in the post covid scenario.

Main discussion points:

- Present scenario of the coffee farming, business, domestic and international export, supply chain
- Challenges, mitigation plan, adaptation mechanism of shock and stress (COVID-19 & Lockdown)
- New ideas and opportunities in the sector after lockdown

Panelists:

Santosh Pokharel, General Secretary, Nepal Coffee Producers Association

Kumud Singh – Proprietor of Kathmandu Coffee and Domestic coffee supplier

Nima Sherpa - Proprietor of Lekali and International exporter, quality controller

Ashish Adhikari - CEO, Redmud Coffee

Vidur Ghimire (PhD)- National Consultant, ITC

Summary notes of main challenges for actors in the coffee value chain during the lockdown pandemic:

- Coffee sector reeling from an unusually cold winter and resultant losses pre Covid-19. This situation directly impacted the quantity, quality of coffee and resulted in the price depreciation of the product.
- The lockdown has further impacted downstream farmers with challenges in harvesting, processing, storing etc.
- Traders unable to maintain inventory and export, but in regular contact with, coordinating and updating the situation to buyers. Price and quality might be an important consideration as a dependent variable during this year.
- Most supply side actors are also trying to adapt to the post covid-19 scenario. Challenges remain in staying afloat.
- Domestic coffee is supplied to hotels, cafés and restaurants: all businesses which are currently closed and will not operate as usual until a permanent solution is found to COVID-19, resulting in potential redundancies in the sector.

- If the situation returns to normal in the first quarter of next period, it might be possible for these businesses to survive.

Recommendations:

- Relax the lockdown modality to allow cafes/restaurants to operate in 25 % occupancy(as per WHO guidelines), under certain conditions to ensure safety of staff and consumers.
- Coffee farmers suffered losses due to black frost last winter. Lockdown further compounding their grief. Necessary to motivate farmers and SMEs during this time and promote coffee-farming as an attractive livelihood option.
- Businesses should 'pivot' - such as through selling on online platforms, providing home delivery of coffee beans etc.
- Coffee prices should not increase at this moment and producers should be proactive in communicating with their buyers.
- For immediate relief, (cash/kind) support to the farmers and SMEs, insurance schemes etc. are appropriate.
- Medium and longer term plans should focus on the production through different models (might be a public-private partnership), introduction of climate adaptive varieties, market chain development and quality controls in the coffee sector.

Opportunities post Covid-19:

- Farmers should focus on the soil preparation for the quantity and quality production of coffee in the future, proper knowledge for harvesting and processing including storage another main priority.
- As per the IMF and WTO forecast trade is more suffering than the financial crisis. ITO strategy shows that if world GDP decreases by 1% then coffee demand will decrease by 0.95%(1 %GDP ↓ = 96 thousand MT decreased). However, top coffee consuming countries in Europe (German, Switzerland, Netherland) might not be affected by the resultant loss in income, if we can maintain the quality and fulfil the demand in time.
- The past 9-month data shows that our export is about 5 hundred lakhs and import is almost the same. This trend shows that the import ratio is increasing more than exports. If we can increase production and maintain the quality of coffee, then the demand for Nepali coffee exists in both domestic and international markets.
- An opportunity to start working closely with the government in immediate and long-term planning, research development, variety development and promotion of coffee production, marketing and export.
- Coordinate with the government and concerned agencies to work rapidly on the following agenda for promoting coffee farming with better quantity and quality production:
 - The scientific study of soil and identification of the right type of coffee species for our geography
 - Crop insurance
 - Government-subsidies for coffee producers
 - Loan and financial provisions to farmers, SMEs and traders