



Research and Analysis report-

NEPALI SPECIALTY COFFEE

Introduction, detailed information about Nepali Specialty Coffee,
& Potential for production growth and Global demand.

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Preface of the report

This report, prepared by **S.M.S. Global Pvt. Ltd.**, explores detailed information about Nepali Specialty Coffee. It provides a comprehensive overview of Nepali Specialty Coffee's origins, unique characteristics, production process, current production, potential opportunities, and market potential. emphasizing its role as a high-value agricultural product.

Key Findings Include:

- A brief overview of Nepali Specialty Coffee, its history, and its growing reputation in the specialty coffee market.
- Detailed information on Nepali specialty coffee, origins and development, unique characteristics, production and processing, and certification on organic, fair trade, and other certifications that provide the information every Coffee enthusiast wants to know.
- Production areas and the total number of farmers involved in farming, suitable areas for Specialty Coffee production in Nepal, current production, and potential for expansion.
- Nepal's growing Coffee culture and analysis of global demand for Nepali Specialty Coffee, why Nepali Specialty Coffee is a high-value product in the international Specialty Coffee market, focusing on ethical production, organic methods, high altitude, and sustainability.
- The uniqueness of Nepalese Specialty Coffee and the differentiation between Nepali Specialty Coffee and other commercial Coffee.
- Competitive positioning of Nepalese Coffee.

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Introduction

In 1938, a legendary figure named Hira Giri is said to have brought some coffee seeds from the Sindu Province of Myanmar (then Burma) and planted them until the government of Nepal imported coffee seeds from India in 1968. After twenty years, Coffee farming was further advanced as the Nepal Coffee Company (NeCCo) was established in 1983 and the “Coffee Development Center” was set up under the Department of Agriculture in Aapchaur, Gulmi, in 1984. With the government’s technical and financial support, people started cultivating coffee. Over the 80 years since coffee was first introduced in Gulmi one of Nepal’s districts in Lumbini Province—it has emerged as a significant and promising cash crop throughout the hilly regions of the country. Currently, coffee cultivation spans 44 districts out of 77 in Nepal, involving about 31,000 households in coffee production. The primary coffee grown in Nepal is Arabica, largely cultivated in areas at altitudes of 800 to 1800 meters above sea level. Nepalese coffee is known for its unique floral and nutty flavor, bright acidity, medium body, and pleasant aftertaste. The most common varieties of coffee produced in Nepal are Bourbon, Pacamara, Typica, Caturra, and Casimir. Recently, Nepal is currently producing over 700 metric tons of premium specialty coffee annually, with its biggest markets being Germany, Japan, the USA, South Korea, and the Netherlands.

2. Findings

2.1 History of Coffee Production in Nepal

The history of coffee in Nepal goes back to 1938 when a Hermit who went by the name Hira Giri brought coffee to Nepal from Myanmar. He planted those coffee seeds for the first time in Nepal at a place called Aapchaur in Gulmi. Seeing the coffee plant grow, the beautiful flower bloom, and then later evolve into coffee cherries, other farmers were inclined to grow coffee themselves. And being the kind of person he was, Hira Giri distributed the cherries among them for free. This is how farmers in and around Gulmi started cultivating coffee. The Coffee that was produced was either consumed locally, or a small amount of it was sent abroad through India. Neither the farmers nor the coffee that was produced in Nepal was given much importance in the Global market due to its small production volume.

The history of coffee in Nepal dates back to 1938 when a hermit named Hira Giri brought coffee seeds from Myanmar to Nepal. He planted those seeds for the first time in a place called Aapchaur in Gulmi. As the coffee plants grew, blossomed, and later produced cherries, other farmers were inspired to grow coffee as well. Hira Giri generously distributed the cherries among them for free, which encouraged coffee cultivation in and around Gulmi. The coffee that was produced was either consumed locally or sent abroad through India. However, neither the farmers nor the coffee produced in Nepal received much attention in the global market due to its small production volume.

While Hira Giri is credited with bringing coffee to Nepal, significant recognition also goes to Gurkha soldiers stationed in various parts of the world and workers from Nepal who worked at coffee farms in South India. These individuals intermittently brought Arabica coffee beans to

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Nepal for consumption and cultivation. As a result, Nepali coffee farms acquired Arabica coffee beans. Currently, Arabica is the dominant coffee species grown in Nepal, and the quality of the Arabica coffee produced here is highly regarded in the international market.

In the 1990s, another coffee species known as Caturra was introduced. This variety was brought from Papua New Guinea and planted in Nuwakot.

Despite being grown in Nepal for a long time, coffee only began to receive the recognition it deserved in 1983. This was also when coffee production in Nepal was regulated, establishing an organized system for production and distribution. The establishment of the Nepal Coffee Company in Manigram, located in the Rupandehi district, allowed farmers to reach a larger customer base, including international buyers.

The introduction of Arabica coffee beans and their cultivation occurred well before the 1980s, and coffee production and export had been ongoing for some time before the regulatory framework was implemented. This framework played a significant role in giving Nepali coffee the reputation it rightly deserves today. At present, Arabica coffee produced in Nepal is considered among the highest-quality coffee beans in the world. Since buyers typically consider both the brand and the origin of the coffee, Nepali coffee, which is often not packaged conventionally, is highly regarded. Buyers assess the quality of the coffee based solely on its characteristics.

2.2 Production and Consumption

Nepal's Specialty coffee production and consumption have been increasing in recent years. The area and production of coffee in Nepal have increased by 11% annually over the last 14 years. In the 2022/2023 harvest season, Nepal produced 702.5 tons of coffee; the major growing areas are in central regions. Among the 44 districts producing coffee in Nepal. The Nepal Tea and Coffee Development Board reported that, in Kavrepalanchowk (292 ha) 43 tons have been produced, the most amount of coffee, followed by Nuwakot producing 37.2 tons of coffee plantation (242 ha).

2.3 Coffee Production for Fiscal Year 2022/2023

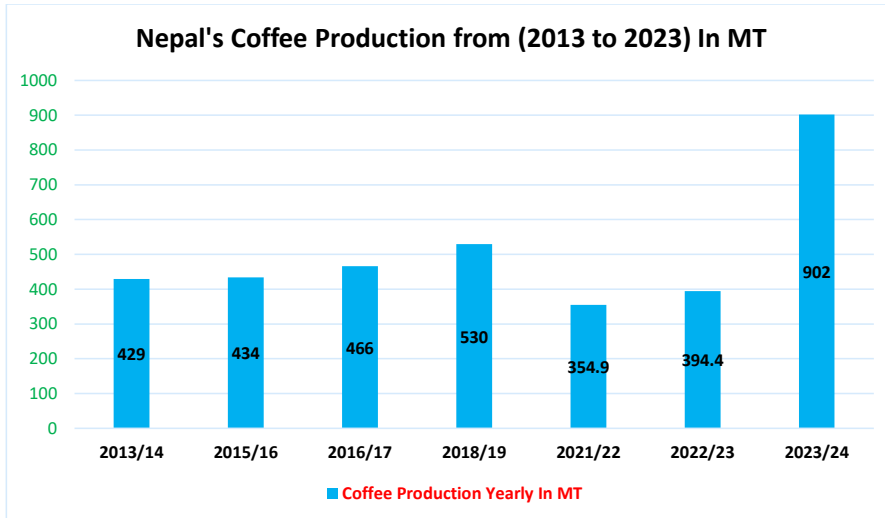
Table - Coffee Area, production and Yield by Districts, Fiscal Year 2022/23

S. N	Fiscal Year 2021/22	District	Small Farmers (No.)	Plantation (ha)	Production (MT)	Remark
1	2022/2023	Arghakharchi	1705	136.5	16.4	
2	2022/2023	Baglung	865	58	4.8	
3	2022/2023	Bhojpur	188	20	1.4	
4	2022/2023	Chitwan	30	8.4	1.1	
5	2022/2023	Dailekh	3030	3	0	
6	2022/2023	Dhading	305	110	18	
7	2022/2023	Dhankuta	535	299.5	15.2	
8	2022/2023	Dolakha	150	40.7	4.2	
9	2022/2023	Doti	10	2.3	0	
10	2022/2023	Eastern Rukum	12	2	0.5	

11	2022/2023	Gorkha	935	127	15	
12	2022/2023	Gulmi	1965	272	15	
13	2022/2023	Ilam	2017	257	18	
14	2022/2023	Jajarkot	75	8.5	2	
15	2022/2023	Kailali	5	2	0	
16	2022/2023	Kaski	43.5	197	19.3	
17	2022/2023	Kavrepalanchowk	3150	292	43	
18	2022/2023	Khotang	255	37.7	1.4	
19	2022/2023	Lalitpur	1125	117.5	21	
20	2022/2023	Lamjung	1327	119	10.5	
21	2022/2023	Makawanpur	395	31	2.3	
22	2022/2023	Morang	67	20.25	1.4	
23	2022/2023	Myagdi	154	25	2.5	
24	2022/2023	Nawalpur	108	17.5	1	
25	2022/2023	Nuwakot	1142	242	37.2	
26	2022/2023	Okhaldhunga	23	5.5	1.8	
27	2022/2023	Palpa	2325	130	18	
28	2022/2023	Panchthar	130	117.5	5.5	
29	2022/2023	Parbat	1840	139	13.1	
30	2022/2023	Pyuthan	175	39.5	8	
31	2022/2023	Ramechhap	67	11	1.5	
32	2022/2023	Rasuwa	85	58	3.4	
33	2022/2023	Rolpa	20	2	0.5	
34	2022/2023	Salyan	30	4.4	0.1	
35	2022/2023	Sankhuwasabha	100	31.5	4.6	
36	2022/2023	Sindhuli	116	14	1.6	
37	2022/2023	Sindhupalchowk	1916	99	32	
38	2022/2023	Solukhumbu	34	20	2.9	
39	2022/2023	Surkhet	55	11.5	0.1	
40	2022/2023	Syangja	2785	354	18	
41	2022/2023	Tanahu	576	47	6	
42	2022/2023	Taplejung	73	72.5	6.3	
43	2022/23	Terhrathum	92	40.9	3	
44	2022/23	Udayapur	92	15.5	1.7	
	Total	-	31389	3658.65	394.4	

Nepal's Coffee is organic and fair trade and is considered a Specialty Coffee in the International Coffee market. With the increasing demand for Specialty coffee, Nepal has been increasing its production in recent years.

2.4 Coffee Production in Nepal for the Last 10 Years:



Ref: Ministry of Agriculture & Livestock Development, /National Tea and Coffee Development Board

2.5 Coffee Producing Regions in Nepal,

In Nepal, Specialty Coffee is growing in 44 districts across Nepal, with the majority of production in the central and western development regions.

Here are the key Coffee-growing regions of Nepal.

Western Regions: Gulmi, Arghakanchi, Syangja, Kaski, Palpa.

Eastern Region: Ilam, Jhapa.

Central Region: Nuwakot, Rasuwa, Dolakha, Sindhupalanchowk, Kavrepalanchowk

Western Region:

1. Gulmi:

- Known for its rich soil and favorable climate, Gulmi is a prominent coffee-growing district. It produces high-quality Arabica beans recognized for their smooth and balanced flavor profiles.
- Approximately 1,200 to 1,800 meters (39,00 to 59,00 feet) above sea level.
- With average temperatures ranging from 15°C to 25°C (59°F to 77°F)
- Approximately 1965 active coffee farmers are producing around 30 to 40 metric tons of green coffee beans annually.
- About 280 kilometers (174 miles) in distance from Kathmandu. Which

takes approximately 8 to 10 hours by bus or private vehicle.

2. Arghakharchi:

- This region is gaining a strong reputation for coffee cultivation due to its suitable altitude and climate. The coffee from Arghakharchi is known for its rich aroma and full-bodied taste.
- Approximately 1,200 to 1,600 meters (39,00 to 52,00 feet) above sea level.
- With average temperatures ranging from 16°C to 24°C (61°F to 75°F)
- Approximately 1705 active coffee farmers are producing around 15 to 20 metric tons of green coffee beans annually.
- About 230 kilometers (143 miles) in distance from Kathmandu. Which takes approximately 6 to 8 hours by bus or private vehicle.

3. Syangja:

- Coffee production in Nepal, Syangja is a key district in the Western region. The coffee here is known for its unique fruity and floral notes, making it a favorite among specialty coffee enthusiasts.
- Approximately 1,000 to 1,500 meters (3,300 to 4,900 feet) above sea level.
- With average temperatures ranging from 18°C to 26°C (64°F to 79°F)
- Approximately 2785 active coffee farmers are producing around 20 to 30 metric tons of green coffee beans annually.
- About 200 kilometers (124 miles) in distance from Kathmandu. Which takes approximately 6 to 8 hours by bus or private vehicle.

4. Kaski:

- Kaski Offers a diverse range of coffee flavors influenced by its varying altitude and microclimates, Kaski's coffee often features high, bright acidity and complex flavor profiles.
- Approximately 1,200 to 2,000 meters (3,900 to 6,600 feet) above sea level.
- With average temperatures ranging from 15°C to 25°C (59°F to 77°F)
- Approximately 4305 active coffee farmers are producing around 20 to 30 metric tons of green coffee beans per year.
- About 200 kilometers (124 miles) in distance from Kathmandu, which takes approximately 6 to 8 hours by bus or private vehicle. We can also fly to Pokhara and take a road trip to Kaski which will be shortened.

5. Palpa:

- Known for its distinct varieties, Palpa produces coffee with a unique combination of citrus and spice notes. The coffee here is known for its aromatic qualities and smooth finish.
- Approximately 1,300 to 1,800 meters (4,300 to 5,900 feet) above sea level.
- With average temperatures ranging from 16°C to 24°C (61°F to 75°F).
- Approximately 2325 active coffee farmers are producing around 20 to 30 metric tons of green coffee beans annually.

- About 260 kilometers (162 miles) in distance from Kathmandu. Which takes approximately 8 to 10 hours by bus or private vehicle.

Eastern Region

1. Ilam:

- Traditionally known for its tea plantations, Ilam is now gaining recognition for its high-quality Arabica coffee. This region's coffee is often described as having a clean and crisp flavor with hints of berry and citrus.
- Approximately 1,200 to 2,000 meters (3,900 to 6,600 feet) above sea level.
- With average temperatures ranging from 14°C to 22°C (57°F to 72°F).
- Approximately 2017 active coffee farmers are producing around 20 to 30 metric tons of green coffee beans each year.
- About 500 kilometers (310 miles) in distance from Kathmandu. Which takes approximately 12 to 14 hours by bus or private vehicle. Or you can fly to Biratnagar or Bhadrapur and then take a road trip to Ilam.

2. Jhapa:

- Another emerging region in the Eastern Hill, Jhapa's coffee is gaining popularity for its smooth texture and balanced flavor. The beans from this region are appreciated for their mild acidity and pleasant aftertaste.
- Approximately 1,000 to 1,400 meters (3,300 to 4,600 feet) above sea level.
- With average temperatures ranging from 18°C to 26°C (64°F to 79°F)
- Approximately 1500 active coffee farmers are producing around 5 to 10 metric tons of green coffee beans annually.
- About 500 kilometers (373 miles) in distance from Kathmandu. Which takes approximately 10 to 12 hours by bus or private vehicle. We can also fly to Chandragadhi Airport, Bhadrapur, Jhapa, which takes around 45 minutes.

Central Region

1. Nuwakot:

- Coffee from Nuwakot is recognized for its constant quality and rich flavor. Coffee from here is often characterized by its nutty and chocolatey undertones, making it a popular choice for coffee lovers.
- Approximately 1,200 to 1,800 meters (3,900 to 5,900 feet) above sea level.
- With average temperatures ranging from 15°C to 24°C (59°F to 75°F)
- Approximately 1142 active coffee farmers are producing around 40 to 50 metric tons of green coffee beans annually.
- About 80 kilometers (50 miles) in distance from Kathmandu. Travel by

private vehicle or bus, which takes approximately 2 to 3 hours. The journey is relatively short and direct from Kathmandu to Nuwakot.

2. Rasuwa:

- Located in the central hills, Rasuwa is becoming known for its high-altitude coffee plantations. The beans from this region offer a unique flavor profile with floral and fruity notes.
- Approximately 1,800 to 2,200 meters (5,900 to 7,200 feet) above sea level.
- With average temperatures ranging from 10°C to 20°C (50°F to 68°F)
- Approximately 85 active coffee farmers are producing around 5 metric tons of green coffee beans annually.
- About 120 kilometers (75 miles) in distance from Kathmandu. Which takes approximately 4 to 5 hours by bus or private vehicle. The route is directly passing through Dhunche.

3. Dolakha:

- Dolakha's coffee is distinguished by its bright acidity and complex flavors. The region's high altitude and cool climate contribute to the development of high-quality beans with a distinctive taste. And this is one of the main regions which is producing very high-quality beans.
- Approximately 1,500 to 2,000 meters (4,900 to 6,600 feet) above sea level.
- With average temperatures ranging from 12°C to 22°C (54°F to 72°F).
- Approximately 200 active coffee farmers are producing around 10 metric tons of green coffee beans annually.
- About 130 kilometers (81 miles) in distance from Kathmandu. Which takes approximately 5 to 6 hours by bus or private vehicle.

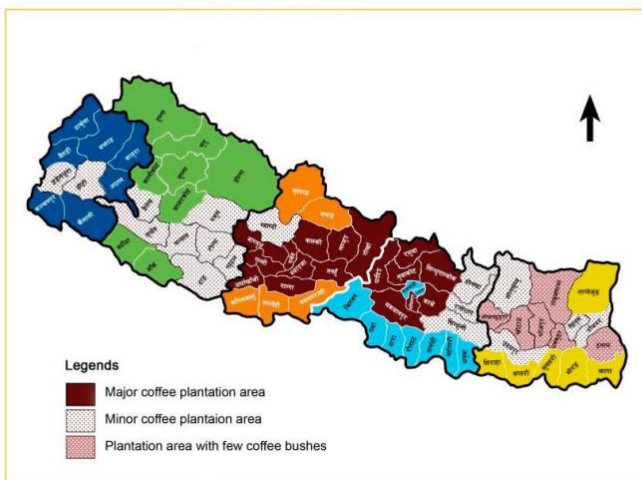
Sindhupalchowk:

- Another district in the Central region gaining recognition for both the quality and quantity of its coffee production. The coffee from Sindhupalchowk often features a smooth body with hints of chocolate and spice. The region is emerging as a significant coffee heartland in Nepal.
- Approximately 1,200 to 1,800 meters (3,900 to 5,900 feet) above sea level.
- With average temperatures ranging from 15°C to 24°C (59°F to 75°F)
- Approximately 1916 active coffee farmers are producing around 30 to 40 metric tons of green coffee beans annually.
- About 80 kilometers (50 miles) in distance from Kathmandu, which takes approximately 3 to 4 hours by bus or private vehicle.

5. Kavrepalanchowk:

- Kavrepalanchowk is a key contributor to Nepal's Coffee market, gaining global recognition for its quality beans.
- Average altitude from 800 to 2500 meters, which is very suitable for premium Arabica Coffee.
- Known for producing high-quality coffee. coffee from this region has unique flavor characteristics due to high altitude, and slow cherry maturation.
- Approximately 60 km from Kathmandu, this region has fertile, nutrient-rich soil with 15°C to 25°C temperature, which is perfect for Arabica Coffee 3150 active farmers are farming and producing the largest amount of coffee among other regions in the country around 50 to 60 metric tons of green beans.

Coffee Production Areas



These regions collectively contribute to Nepal's growing reputation as a producer of high-quality specialty coffee. The unique climatic conditions, high altitude, and dedicated farming practices in these areas result in coffee beans with exceptional flavor profiles, appealing to coffee connoisseurs worldwide.

2.6 Why Nepal's Coffee is Known for High-Quality Specialty Coffee in the International Market?

Nepal's Specialty Coffee Plantations are located in the high-altitude, often at elevations between 800 to 1800 meters above sea level. The combination of altitude, cool temperature, mountain-facing cultivation areas, breezes that pass through high mountain peaks, and distinct soil types contributes to the unique flavors found in Nepalese coffee beans.

Here are the main reasons that make Nepali coffee stand out from other coffee-producing regions and count as high-quality Specialty Coffee.

1. Geographical Location
2. Climate
3. Grown at High Altitude
4. Organic Farming Practice
5. Distinct Varietals
6. Selective handpicking and hand sorting of fresh cherries
7. Unique Flavor Profile
8. Lab Testing

1. **Geographical Location:** Nepal's diverse topography, with its high altitude and fertile valleys, provides an ideal environment for growing high-quality coffee. The elevation helps create a unique microclimate that is perfect for coffee cultivation.
2. **Climate:** The Specialty coffee-growing regions of Nepal's mid-hills are characterized by warm days and cold nights, which provide perfect conditions for coffee cultivation, with moderate temperatures, abundant rainfall, and well-drained soils contributing to the slow maturation of coffee beans. This slow growth process allows the beans to develop complex flavors.
3. **Grown at high altitude:** Nepalese Coffee is grown in the Himalayan foothills, at elevations **ranging from 800 to 1800 meters** above sea level. This high-altitude environment, combined with the unique terrain, imparts a distinctive flavor profile to the beans, setting them apart from those grown at lower elevations.
4. **Organic Farming Practices:** All the farms used to cultivate coffee in Nepal use organic and sustainable farming methods, with an emphasis on nature cultivation practices that result in coffee beans with distinct and pure flavors.
5. **Distinct Varietals:** Nepal is renowned for cultivating unique Arabica varietals such as Jumla and Palpa. These varieties thrive in Nepal's diverse microclimates and rich soils, resulting in beans with distinct and exceptional flavor profiles that reflect the country's unique terroir.
6. **Selective handpicking and hand sorting of fresh cherries:** Nepalese coffee farmers' commitment to quality begins with the selective handpicking of 100% of the fresh cherries. Only the perfectly ripe cherries are chosen for harvest. Then float these cherries in water

to remove any defective ones. Following this, a thorough hand-sorting process ensures that only the best cherries proceed to pulping. While this meticulous method is more time-consuming and costly compared to conventional processes, it significantly enhances the overall quality and flavor profile of Nepalese coffee, resulting in an exceptional and unparalleled coffee experience.

7. **Unique flavor profile:** Nepal’s coffee is known for its unique and complex flavor profile, which is often classified as specialty coffee because of its unique flavor profile that can vary depending on the specific growing region and processing method and is produced in limited quantities. Specialty coffee is typically higher quality than regular coffee and is often sold at a premium price.
8. **Lab testing:** From the Himalayan foothills of Nepal. Nepalese coffee samples are regularly taken to the testing labs from different regions of Nepal, and they always achieve 80+ scores in cupping scores. Placing Nepalese coffee well above the 80-points-in-100 threshold for high-quality specialty coffee. This excellent score is a testament to the superior cultivation, meticulous processing, and unique floral profile of Nepalese coffee beans, distinguishing our coffee as a top-tier for discerning coffee enthusiasts.

2.7 Coffee Farming in Nepal

Nepal has around 31,340 coffee farmers engaged in coffee cultivation, spread across seven provinces. Coffee is grown on **3710 hectares** of land, producing 586 metric tons of green beans annually. Different reports, show that the mid-hill region of Nepal had 41 potential districts for coffee farming, with **1.1 million hectares** of land that could be used. The climate and soil conditions in the mid-hills are ideal for growing Arabica Coffee.

Nepal’s export volume is estimated to be **8,000 metric** tons per year. However, to reach this potential, Nepal would need to increase the amount of land used for coffee cultivation.

2.8 Table: Current Coffee Production Area & Potential Area of Nepal

Category	Area
Current Production Area	3710 HA
Potential production Area	1.1 Million HA

Nepal’s Specialty Coffee: Unlocking the Potential for Growth Empowerment

Nepal is currently cultivating **Specialty Coffee** on approximately **3,710 hectares** of land. However, with an immense **potential production area of 1.1 million hectares**, the country holds a remarkable opportunity to transform its coffee industry.

Expanding Coffee production will:

Empower farmers in remote regions by providing financial, emotional, and social independence.

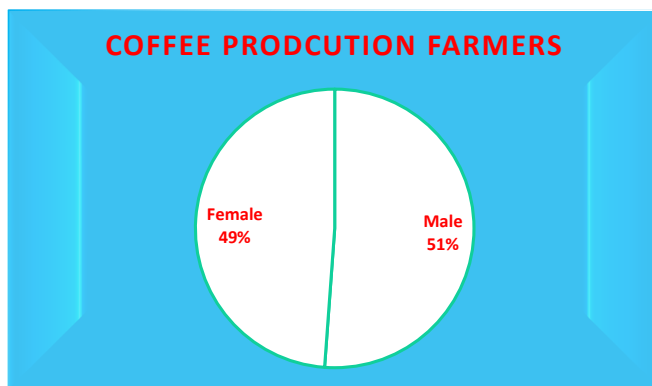
Uplift rural communities, improving their livelihoods and infrastructure.

Meet the **growing global demand** for high-quality Nepali Specialty Coffee.

By tapping into this potential, Nepal can establish itself as a **key global player** in the Specialty Coffee market while driving sustainable economic growth for its people.

Nepal's coffee farming has expanded to 44 districts, and 31,340 small farmers are involved in coffee farming. 48.84 % of women farmers are primarily involved in the production side of coffee farming, processing, and sorting berries.

Chart: Coffee Farmers Male & Female Involved in Coffee Farming.



Coffee Cultivation Cycle :

Flowering: Coffee plants in Nepal generally flower in March to April, following the end of the dry season. This period is crucial as it sets the stage for fruit development.

Fruit Development: After flowering, coffee cherries develop over several months. By late summer to early autumn (August to October), the cherries begin to mature.

Harvesting: As the cherries ripen, they are selectively harvested. Harvesting is often done manually, which allows pickers to select only the ripe cherries, ensuring higher quality.

Processing: After Harvesting, the cherries are processed. This usually involves:

- **Pulping:** Removing the outer skin of the cherries.
- **Fermentation:** Removing the mucilage from the beans through fermentation.
- **Drying:** The beans are dried to a specific moisture level.
- **Milling:** Removing the parchment layer and grading the beans.

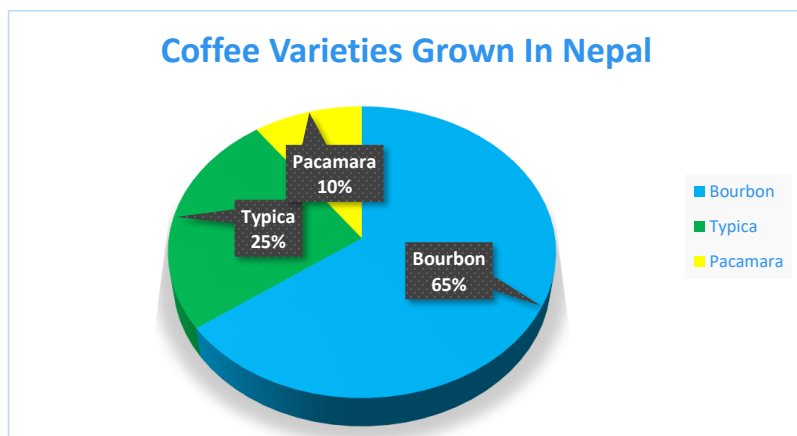
Post-Harvest Season:

- **Storage:** After processing, the beans are often stored in warehouses until they are ready to be roasted and packed.
- **Market Timing:** The timing of the harvest affects the availability of coffee in the market, with fresh harvest typically reaching consumers by late spring to early summer.

2.9 Coffee Market:

All Nepali Coffee is of Arabica Variety, a mix of Bourbon and Typica grown above 800 meters up to 1800 meters altitude from sea level with organic and eco-friendly practices by small farmers.

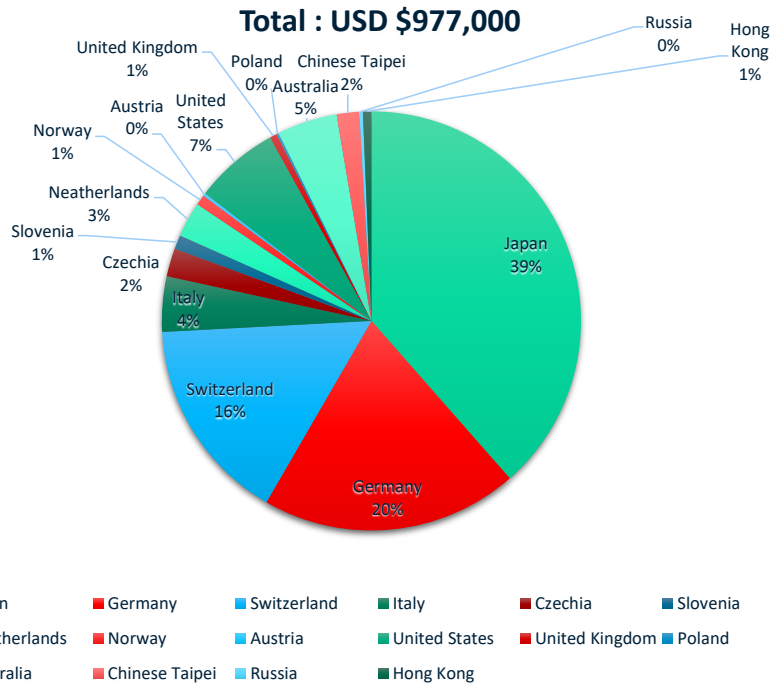
Chart: Arabica Variety, the mix of Bourbon, Typica, and Pacamara grown in Nepal.



Major Coffee Importing Countries from Nepal,

As per available data, in 2022, Nepal exported \$977,000 in Coffee, making it the 111th largest exporter of Coffee in the world. In the same year, coffee was the 102nd most exported item from Nepal. The main destinations of coffee exports from Nepal are Japan, USD 364,000; Germany, USD 188,000; Switzerland, USD 149,000; United States, USD 61,900; and Australia, USD 43,900. Nepal's fastest-growing export market for coffee. between 2021 and 2022 were Japan USD 186,000; the United States, USD 56,500; and the Netherlands, USD 23,000.

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3. Insights and Future Prospects for Nepali Specialty Coffee:

3.1 Competitive Positioning:

1. Strengths: Nepalese coffee is highly regarded for its floral, fruity, and chocolatey notes, cultivated in eco-friendly conditions.

2. Weaknesses: The awareness of Specialty coffee is still not up to the mark. The world should know the benefits of Nepalese Specialty coffee and how it can be differentiated from regular commercial coffee.

3. Opportunities: Increasing global demand for ethical and sustainable coffee provides an opportunity to open the door for Nepalese Specialty Coffee in the global arena.

4. Threats: A huge supply of low-grade, mass-produced cheap commercial coffee can hinder the market of Specialty Coffee.

Key Demand Drivers:

1. Health-conscious consumers seeking organic products.
2. Rising popularity of unique flavor profiles in premium markets like Japan, Germany, and the US.
3. Consumer interest in supporting small-scale farmers and ethical sourcing.

3.2 Coffee Types and Differences:

Arabica and Robusta are the two kinds of coffee beans used in commercial coffee production. The main difference between them is their taste and where they are grown. When they are grown. When it comes to their difference in caffeine level, Robusta beans contain twice the level of caffeine than Arabica beans.

Here is the main difference: Specialty Coffee is different from commercial coffee,

Aspect	Specialty Coffee	Commercial Coffee
Quality Standards	Scores 80+ points on the Specialty Coffee Association (SAC) scale, with minimal defects.	Lower quality with no formal grading, defects are common.
Beans Type	Primarily Arabica beans, known for their superior flavor and complexity	Often Robusta beans or lower-grade Arabica with a bitter, harsher taste.
Cultivation	Grown at high altitudes, optimal climates with rich soil and specific microclimates	Grown at lower altitudes with higher temperatures and less ideal conditions.
Harvesting	Hand-picked cherries selected for ripeness and quality.	Mechanically or bulk-harvested, often mixing ripe and unripe cherries.
Processing	Meticulous methods like washed, natural, or honey processing, emphasize flavor clarity.	Basic, bulk processing methods prioritize cost over quality.
Flavor Profile	Complex, diverse flavors like fruity, floral, nutty, or chocolaty. Each origin has unique notes.	Simple, uniform flavors that are often bitter, flat, or overly acidic.
Traceability	Fully traceable to the farm, region, altitude, and sometimes the farmer. Highlights origin uniqueness.	Limited or not traceability; beans are often blended from multiple farms and regions.
Roasting	Roasted in small batches to highlight the unique flavor profiles of the beans	Roasted in bulk for uniformity, often dark to mask defects.
Consumer Experience	Brewed using methods like pour-over, AeroPress, French press, or espresso to enhance flavor.	Used in instant coffee, drip machines, or vending machines, focusing on convenience.

Market Position	Sold in specialty coffee shops or high-end markets; often fetches premium prices.	Mass-produced for supermarkets, vending machines, and everyday household use.
Environmental	Often grown with a focus on sustainability, organic methods, and fair-trade practices.	May involve conventional farming with less regard for sustainability or ethical sourcing.
Price	Higher due to quality control, processing, and labor-intensive methods.	Lower price, targeting affordability and mass consumption.
Cultural Role	Represents an artisan product and a premium experience. Highlights craftsmanship and terroir.	Seen as a commodity primarily for utility and caffeine intake.

Note: Commercial Coffee prioritizes quantity, affordability, and convenience, targeting mass consumption worldwide.

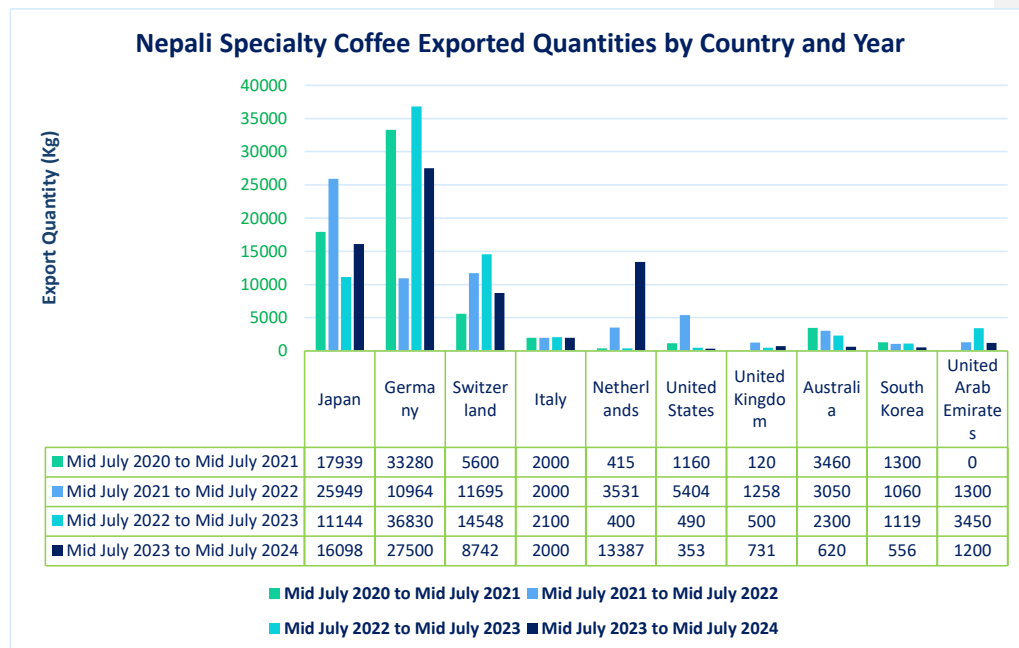
Specialty Coffee emphasizes quality, complexity, and sustainability, aiming for a premium market and enhanced consumer experience.

Among that, Nepali Specialty coffee stands out in the global specialty coffee market not only for its exceptional quality but also for its unique cultivation and processing environment. What sets apart are the Himalayan influences—both in the growing conditions and the post-harvest processing.

Nepal’s Specialty coffee is grown at high altitudes ranging from 800 to 1,800 meters above sea level. One of the unique aspects of Nepali Specialty Coffee cultivation is the fresh Himalayan breeze. Winds flowing directly from the snow-capped mountains cool the coffee farms, providing an optimal microclimate for coffee cherries to mature slowly. This slow maturation process allows the beans to develop complex and balanced flavors characteristic hallmark of Nepal’s Specialty Coffee.

Post-harvest, the coffee is washed with pure glacier-fed water from Himalayan streams, ensuring a clean and crisp taste free from impurities. The region’s nutrient-rich soil, fresh air, and pure water contribute to a unique terroir, producing coffee with fruity, floral notes, mild acidity, balanced sweetness, and a smooth body with hints of chocolate or nuts. Nepali farmers, using traditional and sustainable practices, hand-pick only the ripest cherries, reflecting their dedication to quality. This harmony of nature and careful human effort makes Nepali Specialty Coffee a pure and extraordinary product, sought after by coffee connoisseurs worldwide.

3.3 Nepali Specialty Coffee Export Quantities by Country and Year.



Source: Government of Nepal Ministry of Finance Department of Customs.

Chart 1:

Coffee Exported from Nepal between mid-July 2020 to mid-July 2021, quantity in kg.

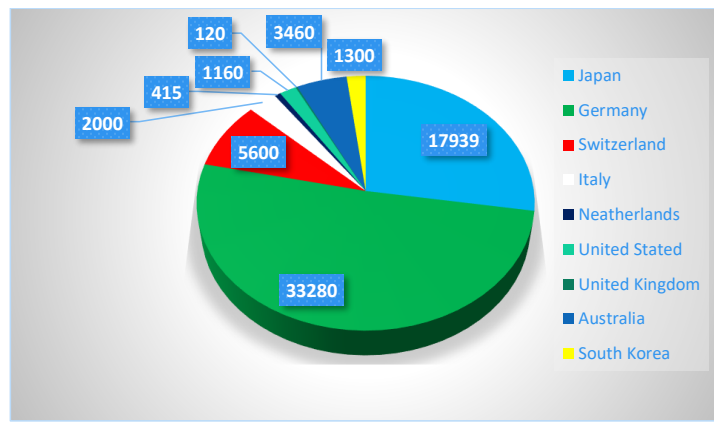


Chart 2:

Coffee Exported from Nepal between mid-July 2021 to mid-July 2022, quantity in kg.

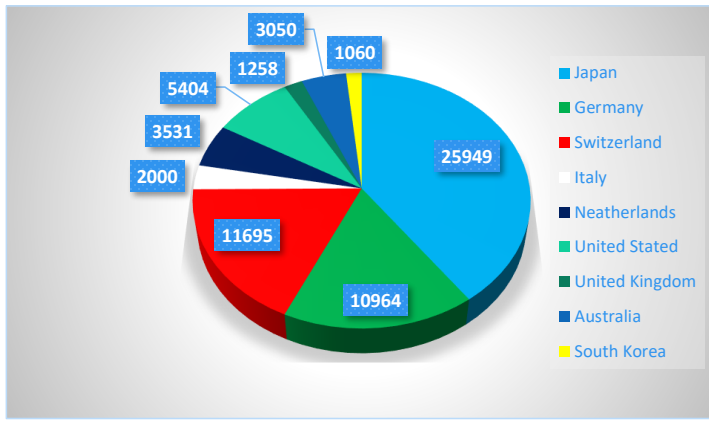


Chart 3:

Coffee Exported from Nepal between mid-July 2022 to mid-July 2023, quantity in kg.

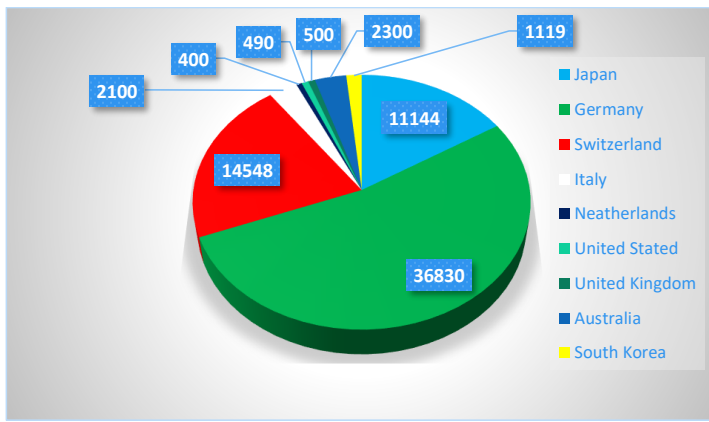
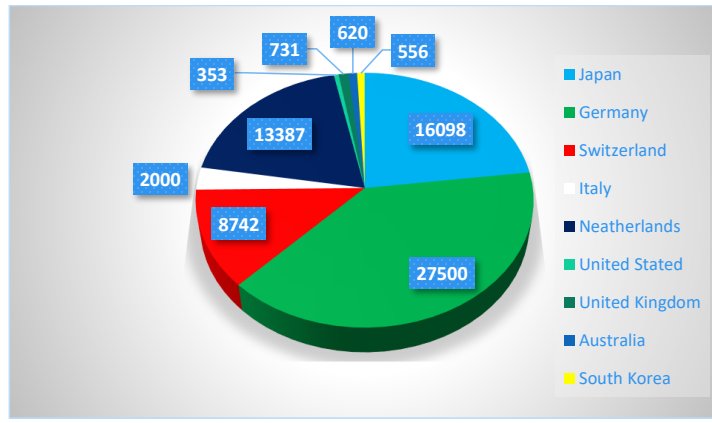


Chart 4:

Coffee Exported from Nepal between mid-July 2023 to mid-July 2024, quantity in kg.



The grouped bar chart displays Nepali Specialty Coffee export quantities by country over four years (2020-2024). Each group represents a country, with a bar showing annual export quantities. This allows for clear year-to-year comparisons within a country and across different countries. Notably, Germany and Japan are at the top of the list for importing Nepali Specialty Coffee, while other countries like the Netherlands have shown significant growth in recent years. This visualization highlights both consistency and trends in coffee exports.

Conclusion

Nepal’s specialty coffee industry has immense potential to thrive in the global market. By addressing infrastructure gaps, empowering farmers, and enhancing branding efforts, the country can establish itself as a key player in the specialty coffee segment. Collaborative efforts between stakeholders, government, and international partners are crucial to scaling production sustainably and meeting growing global demand.

S.M.S Global Pvt. Ltd. is uniquely positioned to lead these efforts, leveraging its expertise to promote Nepali coffee as a premium product in international markets.