

OVERVIEW OF COFFEE PRODUCTION IN NEPAL

Why Nepal's Coffee?



INTRODUCTION

Nepal's mid-hills produce unique, high-quality Arabica coffee known for its rich and organic cultivation. This research report by S.M.S. examine the distinct characteristics, current production levels, and potential for expanding Nepalese coffee in the global market.

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Overview of coffee production in Nepal

Coffee production in Nepal is a growing industry with a unique story, Nepal has a potential to become a significant producer of superior coffee. A favorable climate for coffee production created by a suitable climate expanding domestic demand and growing regions. Shows a promising environment for coffee production. This study investigates the feasibility of coffee production in Nepal by analyzing variables such as the best growing areas, the amount of production at the moment along with potential challenges and possibilities.

Why Can Nepal's Coffee Be Special?

Nepal's Coffee can be special due to a combination of unique factors related to its geography, climate and cultivation practices. Here are some reasons Why:

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 Coffee growing regions of Nepal mid-hills are characterized by warm days and cold nights, which provides perfect conditions for coffee cultivation, with moderate temperatures, abundant rainfall and well-drained soils contributes to the slow maturation of coffee beans. This slow growth process allows the beans to develop complex flavor.
3. **Grown at high altitude:** S.M.S. Coffee is grown in the Himalayan foothills, at elevations ranging from 1100 to 1800 meters above sea level. This high - altitude environment, combined with the unique terroir, imparts a distinctive flavor profile to the beans, setting them apart from those grown at lower elevations.
4. **Organic Farming practices:** Many farms in Nepal use organic and sustainable farming



methods, the emphasis on nature cultivation practices and minimal use of chemicals avoids harmful chemicals and pesticides 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:** Our commitment to quality begins with the selective handpicking of 100% of our fresh cherries. Only the perfectly ripe cherries are chosen for harvest. We then float these cherries on 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 our 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 Dolakha we took samples of coffee beans in rigorous lab testing, and our coffee achieved an impressive score of **83.5**, placing it well above the **80-points-in-100** thresholds for high-quality specialty coffee. This excellent score is a testament to the superior cultivation, meticulous processing, and unique flavor profile of our beans, distinguishing our coffee as a top-tier for discerning coffee enthusiasts.

Ref: himalayanarabica.com



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Cupping Results

Name: Gulmi | SMS | Lekali ANF

Judge: Nima Sherpa

Table:

Date: Jul 10, 2024

Sample # SMS Global	Aroma:	7.5	Flavor:	7.75	Acidity:	7.75	Body:	7.5	Uniformity:	10	Clean Cup:	10	Overall:	7.75	Total:	83.5
	Dry: 6.5 Break: 8.25		Aftertaste:	7.5	Intensity:	7.75	Level:	8.75	Balance:	7.75	Sweet:	10			Defects:	0
	Notes: citrus, slight floral, nutty, tomato, beetroot, blk tea, floral, black tea, bright, slight earthy,														Final:	83.5



Best Areas of Nepal for Quality Coffee

Here's an expanded and more detailed overview of the best coffee-growing regions in Nepal, highlighting their unique characteristics and contributions to the coffee industry:

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 (3900 to 5900 feet) above sea level.
- With average temperatures range from 15°C to 25°C (59°F to 77°F)
- Approximately 5000 active coffee farmers are Producing around 150 to 200 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. Arghakanchi:

- This region is gaining a strong reputation for coffee cultivation due to its suitable altitude and climate. The coffee from Arghakanchi is known for its rich aroma and full-bodied taste.
- Approximately 1,200 to 1,600 meters (3900 to 5200 feet) above sea level.
- With average temperatures range from 16°C to 24°C (61°F to 75°F)
- Approximately 3000 active coffee farmers are Producing around 100 to 150 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 (3300 to 4900 feet) above sea level.
- With average temperatures range from 18°C to 26°C (64°F to 79°F)
- Approximately 2500 active coffee farmers are Producing around 80 to 120 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 2000 meters (3900 to 6600 feet) above sea level.
- With average temperatures range from 15°C to 25°C (59°F to 77°F)
- Approximately 2000 active coffee farmers are Producing around 70 to 100 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. Or 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 (4300 to 5900 feet) above sea level.
- With average temperatures range from 16°C to 24°C (61°F to 75°F)
- Approximately 1800 active coffee farmers are Producing around 60 to 90 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 2000 meters (3900 to 6600 feet) above sea level.



- With average temperatures range from 14°C to 22°C (57°F to 72°F)
- Approximately 4000 active coffee farmers are Producing around 200 to 300 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. Por can fly to Biratnagar or Bhadrapur and then take a road trip to Illam.

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 range from 18°C to 26°C (64°F to 79°F)
- Approximately 1500 active coffee farmers are Producing around 50 to 80 metric tons of green coffee beans annually.
- About 600 kilometers (373 miles) in distance from Kathmandu. Which takes approximately 14 to 16 hours by bus or private vehicle. Or Fly Biratnagar and then take a road trip to Jhapa.

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 range from 15°C to 24°C (59°F to 75°F)
- Approximately 1200 active coffee farmers are Producing around 40 to 60 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, Rasawa 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 range from 10°C to 20°C (50°F to 68°F)
- Approximately 800 active coffee farmers are Producing around 20 to 30 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 the main region where our S.M.S Global Coffee is produced from fresh and very high in quality
- Approximately 1,500 to 2,000 meters (4,900 to 6,600 feet) above sea level.
- With average temperatures range from 12°C to 22°C (54°F to 72°F)
- Approximately 1,000 active coffee farmers are Producing around 30 to 50 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. The route passes through the Ramechhap region.

4. Sindhupalchok:

- Another district in the Central region gaining recognition for both quality and quantity of its coffee production. The coffee from Sindhupalchock 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 range from 15°C to 24°C (59°F to 75°F)
- Approximately 1,500 active coffee farmers are Producing around 50 to 70 metric tons of green coffee beans annually.
- About 80 kilometers (50 miles) in distance from Kathmandu. Which takes



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

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.

Ref: ([Espresso & Coffee guide](#)) ([Coffee Affection](#)) ([Rostty Coffee](#)) ([Coffee Nepal](#))

Coffee Production in Nepal

- **Current production:**

Nepal Currently produces about 1150 tons of coffee annually, which is sufficient to meet the domestic demand, with over 40% consumed locally. The coffee industry predominantly based on Arabica beans grown at altitudes between 1000 and 2000 meters, benefits from organic farming practices due to the remote locations of the farms. Despite the industry lacks effective marketing and branding strategies, limiting export potential with only few exporters, there is significant opportunity for growth. Investing in the market and branding can unlock substantial export potential, making the coffee business highly profitable for both farmers and exporters which will inspire farmers to grow more and mean time maintain the quality which will establish Nepal's presence in the global coffee market. Coffee farming is spread across 44 districts, with significant contribution from areas such as Kavrepalanchowk, Gulmi, Nuwakot, Sindhupalchowk, Kaski, and Palpa. Most of Nepal's coffee is grown organically by default due to the remote locations of the farms, which makes the use of chemical fertilizers and pesticides impartial.

- **Limited Coffee export and Potential for Expansion:**

sufficient for domestic demand, still coffee exports in Nepal are relatively low. The country exports about 30% of its coffee production, so there is high demand of organic Nepal's coffee with the right marketing it can fulfil the worldwide demand as with the primarily targeting markets in Germany, the USA, Japan,



Australia, Korea, and several European countries. The government has recognized the potential for expanding coffee production and has identified five districts, - Palpa, Arghakhanchi, Gulmi, Syangja, and Pyuthan - as a coffee “super- zone” under the prime minister Agriculture modernization project. This initiative aims to enhance production and capitalize on the growing international demand for high-quality organic coffee. With these strategies efforts, coffee production and export opportunities from Nepal are poised to become a highly favorable and lucrative business in the coming years.

These super zones aim to enhance coffee production through clustered farming and improved agricultural practices. Additionally, efforts are being made to gain international recognition for Nepali coffee through certification and quality standards. For instance, some Nepali coffee brands have received specialty certification from international bodies like Specialty Coffee Association of America.

The Geographical condition of Nepal, including its elevation, temperature and rainfall, are highly suitable for growing high-quality coffee. With appropriate technical support and improved processing and marketing strategies, Nepal has the potential to significantly itself as a key player in the global specialty coffee market.

Coffee Supply to Japan:

Japan is known for high consumption of specialty coffee, presenting a significant opportunity for Nepali coffee exporters. While precise data on the quantity of Nepali coffee exported to Japan is limited, it is clear that Japan is one of the key markets for Nepal’s Coffee. The growing popularity of Nepali coffee, there are only a few brands registered in the EU and other markets, including Japan, indicates the potential for increased market share. Fiscal year 2022/23, Japan along with Germany, Switzerland, Australia, and Italy, contributed to 91.5% of Nepal's total coffee export earnings. Sou: (Far sight Nepal) (Kathmandu post) (Nepal database)



The focus on quality and branding can help Nepal tap into the lucrative Japanese market more effectively. With initiatives aimed at improving production techniques, processing and marketing Nepal has the potential to enhance its coffee exports to Japan and other international markets.

Coffee production Season:

The coffee harvest in Nepal typically occurs from November to February. This timing aligns with the end of the monsoon season and the beginning of the dry season. The coffee cherries are ripe and ready for picking when the weather is cooler and drier, which helps in the preservation and processing of the beans.

Coffee Cultivation Cycle:

1. **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.
2. **Fruit Development:** After flowering, coffee cherries develop over several months. By late summer to early autumn (August to October), the cherries begin to mature.
3. **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.
4. **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.

Ideal Regions for Coffee production:

The ideal region for coffee production depends upon various factors, mostly its combination of altitude, climate, soil quality, and environmental conditions that suit the specific needs of coffee plants. In Nepal, the mid-hills between 1500 to 2000 meters above sea level offer an exemplary environment for high- quality Arabica coffee production. This report explores the factors that make this altitude range ideal for growing premium coffee.

Altitude:

Optimal range for coffee production thrives at altitudes between 1500 - 2000 meters (approximately 4900- 7200 feet above sea level offer the most suitable conditions for high-quality Arabica coffee production.

At this altitude, the cooler temperature slows the maturation of coffee cherries, allowing for a longer development period. This extended maturation enhances the complexity and richness of coffee's flavor profile.

Climate:

In this altitude temperature typically ranges between 15°-24° C(59-75°F), an annual rainfall of 1000- 15000 mm is generally sufficient. This cooler temperature is ideal for Arabica coffee which prefers cooler conditions compared to other coffee varieties. And combination with the well- defined dry season supports healthy coffee plant growth and facilitates proper cherry harvesting and processing.

Soil Quality:

The mid-hills of Nepal often have volcanic or well-draining soils which are crucial for healthy for coffee plants. With good drainage is essential to avoid issues such as root rot and ensure that



the coffee plants receive the right balance of moisture, necessary nutrients and prevent waterlogging, reducing the risk of root diseases.

Environmental Condition:

The mid-hills often feature natural shade from surrounding trees, the altitude and natural condition which helps to protect coffee plants from harsh sunlight and temperature extremes. This natural canopy can also aid in maintaining optimal moisture level in the soil which contributes to healthier plants and better-quality beans. And complex flavor profiles. Arabica coffee from these regions is known for its distinctive taste notes, which can include fruity, floral and nutty charismatics.

Types of Coffee Produced in Nepal:

Nepal's coffee industry, while still developing, has established a niche for itself by focusing on specific types of coffee beans. The country primarily cultivates various strains of Arabica coffee, with minimal production of Robusta.

Arabica has these two variants which are found in Nepal, Typica and Laurina (known as Bourbon Pointu).

1. **Typica:** Typica is one of the oldest and most traditional arabica coffee varieties. Often features a sweet, fruity and slightly acidic taste with a smooth, rich body. Its flavor can include notes of caramel chocolate, and nuts.
2. **Laurina:** Laurina is also known as bourbon Pointu, is a rare and unique Arabica Variety. Noted for its mild acidity and complex flavor profile. It often has floral and fruity notes with smooth, velvety texture.

Robusta:

Robusta coffee production in Nepal is minimal compared to Arabica. Robusta coffee is known for its stronger, more bitter flavor and higher caffeine content. It generally



thrives in lower altitudes and warmer climates, which are less common in Nepal's primary coffee-growing regions. Due to the country's emphasis on high-quality Arabica varieties and the climate conditions suited for Arabica cultivation, Robusta production remains limited. But still there may be opportunities for its cultivation in lower altitude areas or in controlled environments.

Suitable Altitude range for coffee:

In Nepal, coffee cultivation spans a broad altitude range, but specific altitude zones are particularly conducive to producing high-quality coffee. General cultivation range is between 800 to 2000 meters but coffee can be grown in between 800 to 1000 at this lower altitude, but the quality and flavor profile may not be as pronounced as those from higher altitudes in this range conditions are often warmer, which can lead to faster maturation and less complex flavors. 1000 to 1800 meters, this altitude is considered optimal for high-quality Arabica coffee production in Nepal. The cooler temperature and slower maturation process enhance the flavor complexity and aromatic qualities of the coffee. This range provides a balance of ideal climate conditions, including stable temperature and sufficient rainfall. While coffee can still be cultivated at 1800 to 2200 meters but at this high altitude the process can be slower and yield might be lower. However, cooler temperature can contribute to unique flavor profiles.

Additional Consideration:

Infrastructure and processing:

Limited infrastructure and processing facilities can hinder production efficiency. Inadequate roads and transportation networks make it difficult to get fresh coffee cherries to processing stations quickly, affecting the quality of the final product. A lack of modern processing facilities can result in inconsistent quality. so, Improving Infrastructure, expanding access to advanced processing technologies and investing on improvement of wet mills, drying beds and storage facilities can enhance production efficiency and quality.

Marketing and Branding:



Developing a strong brand identity is crucial for standing out in the competitive global market. Highlighting the unique characteristics of Nepali coffee, such as its high-altitude origin and distinct flavor profiles, can attract specialty coffee buyers.

Specialty Market: focusing on specialty coffee markets can increase profitability. specialty coffee commands higher prices and is often sought after by discerning consumers willing to pay a premium for unique and high-quality beans.

Certification: Obtaining certification such as organic, fair trade, or single-organic can add value and appeal to ethically conscious consumers.

Promotion: Effective marketing strategies, including participation in international coffee fairs, direct trade relationship with roasters, and leveraging digital platforms, can enhance visibility and sales.

Photo Section:

Why Nepal's Coffee?

In the Heart of Himalaya mid – hills of Nepal 130 kilometers (81 miles) far from Kathmandu at Dolakha, we have discovered the S.M.S coffee which is grown at the perfect altitude and most suitable climate needed for growing very high-quality coffee, fully organic farming not any harmful no any harmful chemicals were used, selective handpicking and hand shortened of only fresh cherries which will maintain the quality of our coffee with its unique and real flavor profile. Getting impressive scoring in Lab testing usually having score above 80 points considered as high-quality coffee and our coffee score 83.5 which is another reason describe quality of our coffee so if you are a coffee enthusiasm this coffee is must try coffee.



Conclusion

Nepal's coffee industry has the potential to thrive, because of its unique geographical and climate advantages. Grown up in mind- hills of Nepal with the perfect altitude that required for high quality coffee. And because of its fully organic farming, selective hand-picking, and hand sorting which means only the fresh cherries are choose for the harvest. These are the main reasons Nepal's Coffee has the high-quality and flavor profiles. Which makes Nepal's Coffee very popular in domestic, and because of its uniqueness now becoming high in demand worldwide as well. But there are very less exporters or Coffee suppliers in Nepal which means they are unable Fulfill the global demand of Nepal's Coffee and Farmers have to depend more in domestic market. While there is already high demand of Nepal's coffee and fresh production as well by addressing the challenges and capitalizing on opportunities, we completed this research and after having lab test, we found very high-quality Coffee beans in the Heart of Himalaya at Dolakha.

Coping score 80 or below then 80 are normal coffees and above 80 score in coping test are the specialty coffees and we have discovered Specialty Arabica coffee in the heart of Himalaya at Dolakha. Having coping score 83.5 which makes it Specialty coffee. And minimal uses of machines, Remote areas like Nepal while producing this coffee mostly used manpower which often becomes more time consuming and marginally high in price in comparison of the other countries but those are the few reasons Nepal's Arabica Coffee is Considered as a Specialty coffee. And we believe, S.M.S. Global's this found of Specialty Arabica Coffee will definitely support Japan's and Global Demand of specialty coffee. Which will also motivate Local Framers to expand their farming and at the meantime keep maintaining the quality as well. So that, Nepal's fresh and high-quality coffee can be exported worldwide and coffee enthusiast can enjoy Specialty Arabica Coffee from Nepal. And we believe Nepal can establish itself as a producer of premium, specialty-grade coffee appealing to discerning consumers in the Markets like Japan and beyond.