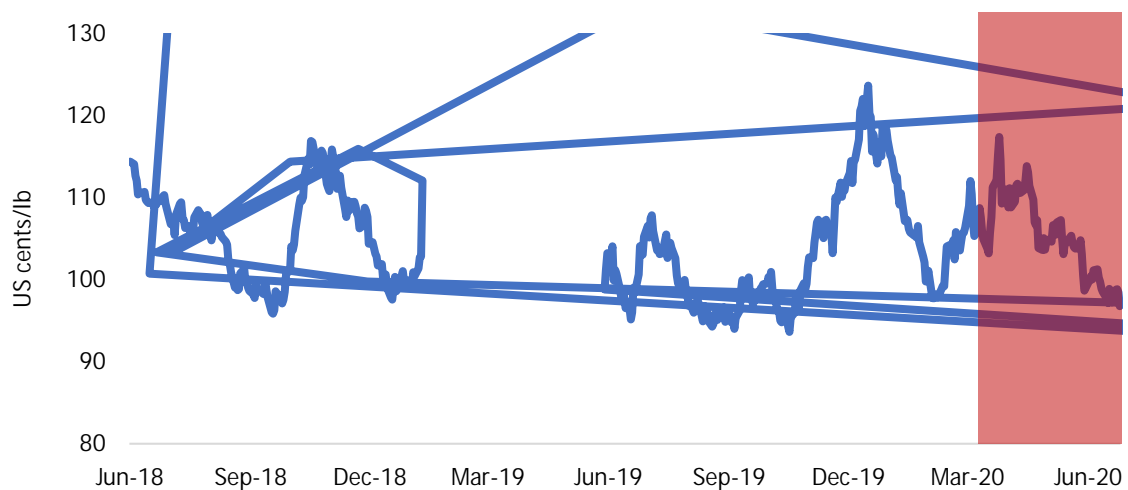


The novel corona virus represents an unprecedented joint supply and demand shock to the global coffee sector. Since March 2020, when covid-19 was declared a global pandemic by the World Health Organization (WHO), coffee prices have been highly volatile mainly as a result of supply chain disruptions (Figure 1). An initial spike was followed by a persistent decrease in price that may foreshadow the likely cooling of coffee demand as a result of the recession that is now affecting many coffee-importing countries. At the end of June, the ICO composite indicator fell below the 100 US-cents/lb mark. Hence, the covid-19 pandemic constitutes an enormous additional challenge to the global coffee sector that has experienced a prolonged period of low prices.

Against this background, the International Coffee Organization (ICO) launched a survey on the impacts of covid-19 on exporting Member countries. The objective was to (i) assess the short- and long-term impact of covid-19 on their coffee sectors from farm to export gate and (ii) to identify mitigation measures and additional resources required. The survey provides a snapshot of current perceptions of trends in coffee-exporting countries. The results and insights of the survey support ICO advocacy for and access to resources and funding to help mitigate the negative impact of covid-19 on the health, social and economic life of all those working in the coffee sector with special focus on exporting countries.



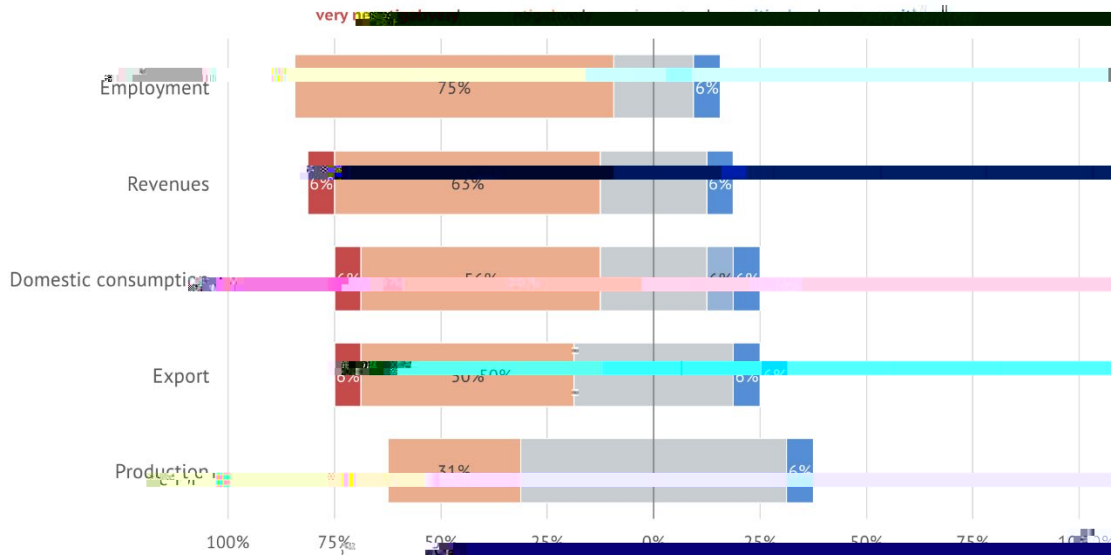
The survey was launched online on 20 May. By 1 June, 16 ICO exporting Member countries from Africa, Asia, Central America, Mexico & Caribbean, and South America had completed the survey (Table 1). Together, these countries represent 85% of the world coffee production. The questionnaire was completed by the official representatives to the ICO or organizations in Member countries reflecting the sentiment of exporting countries towards the impact of covid-19 at the time of the survey.

Participating Countries

- | | |
|-------------|-----------|
| Brazil | Gabon |
| Cameroon | India |
| Colombia | Indonesia |
| Costa Rica | Mexico |
| El Salvador | |
| Ethiopia | |

The survey results suggest a largely negative impact of covid-19 on the national coffee sectors of exporting countries. The majority of respondents expect that employment, revenues², domestic consumption and export will be negatively affected by the covid-19 pandemic (Figure 3).

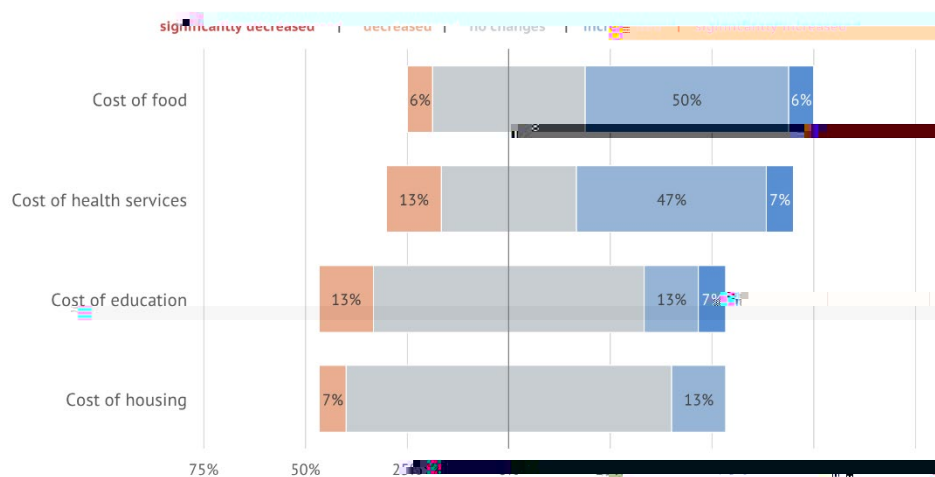
This is likely to be due to travel restrictions and social distancing measures that lead to higher cost of production, while impacting employment and revenues generated in the coffee sector. Domestic consumption is affected through reduced consumer income and social distancing measures. Exports are likely to be affected by disruptions in international trade and reduced global demand. The impact on coffee production at the time of the survey remains somewhat ambiguous, with almost two-thirds of the responding countries not being affected. The impacts on coffee production might become more visible in the second half of the year, when more countries enter the harvesting season or liquidity constraints at farm level may lead to reduced input use.



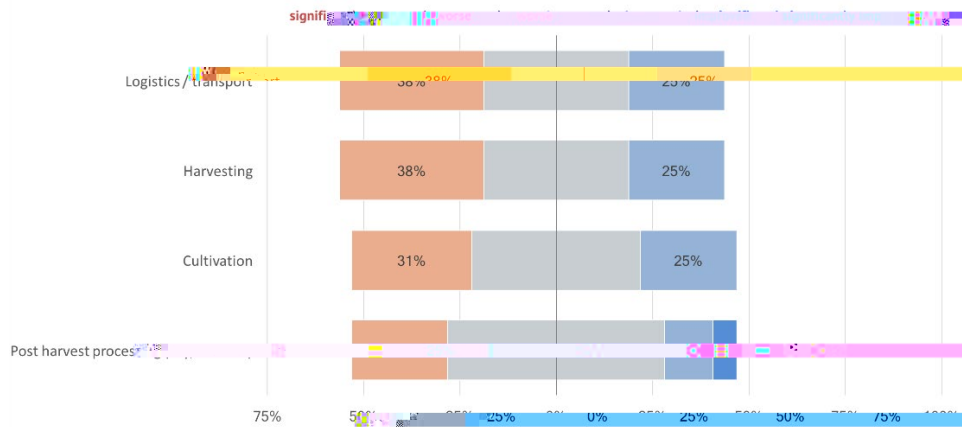
While assessing the impact of covid-19 on the living income gap among coffee producers in Member countries lies beyond the scope of this survey, the living income concept³ informed the formulation of questions. Accordingly, in this questionnaire module the questions were grouped around household revenues (from coffee and other sources) and expenditures (food, non-food items and services).

² No significant difference was recorded between expected impact on revenues of Arabica and Robusta production.

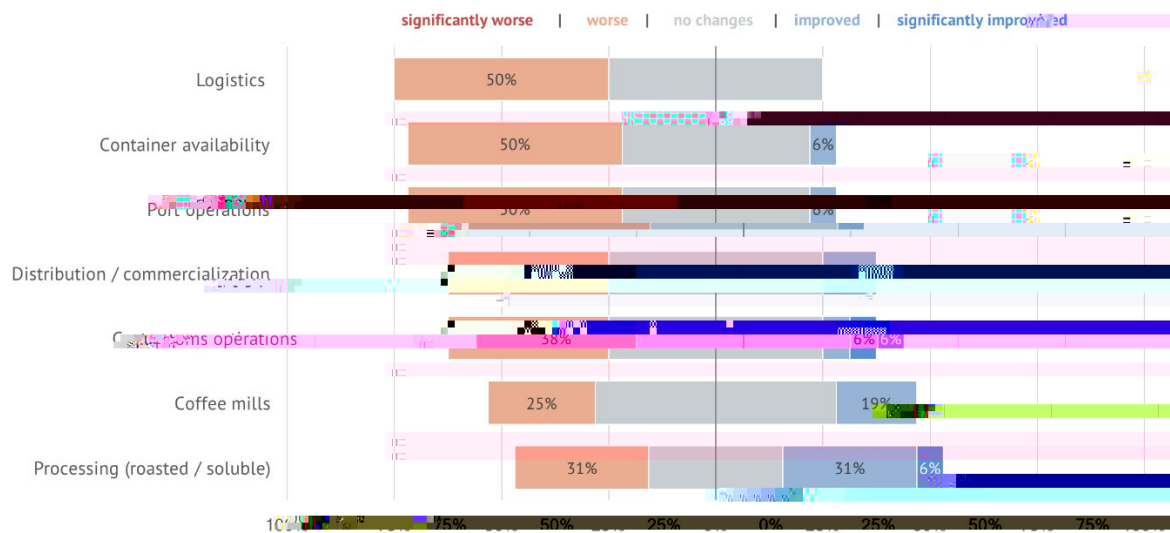
³ Living income is the net annual income required for a household in a particular place to afford a decent standard of living for all members of that household. The living income gap represents the difference between an individual's current income and the living income ([The Living Income Community of Practice](#)).



The responding countries' expectations on the covid-19 impact on coffee farm operations are mostly balanced between negative and positive impacts (Figure 6). A larger share of the respondents expects the impact on logistics and harvest to be negative (38%) rather than positive (25%). Both processes are more likely to be affected by social distancing measures and travel restrictions. However, a quarter of the countries expects the situation to improve in the next six months. The results for cultivation and post-harvest processing show that the majority of countries do not expect changes. These findings could demonstrate a moderate optimism on a quick post-covid-19 recovery in the coming month, or could also be an artefact of the differences between countries in terms of the stage of the epidemic and their position within the crop cycle. Hence, continuous monitoring over the coming months will be required in order to identify the actual impact of covid-19 on farm operations in individual countries.

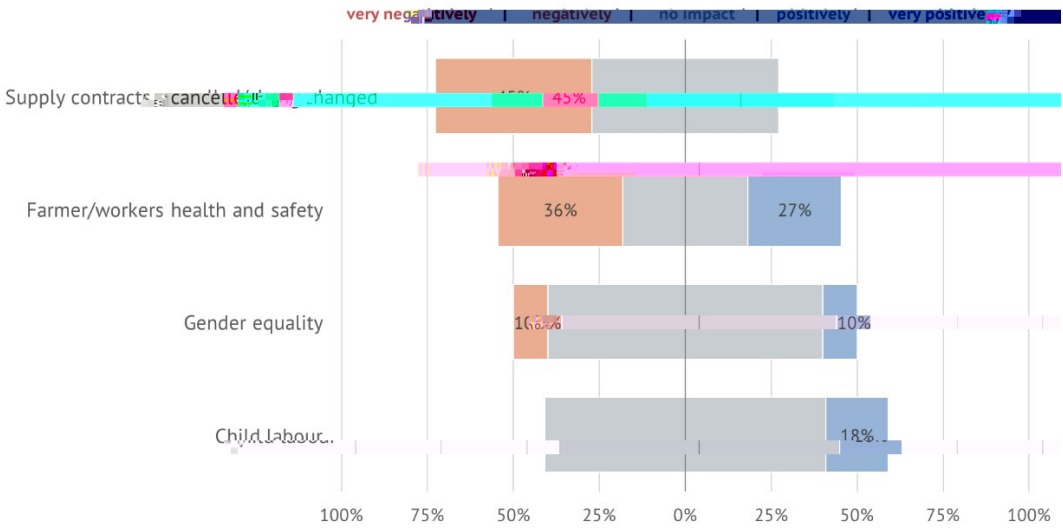


For downstream value chain operations responding countries expect a largely negative impact (Figure 7). Exporting countries are most concerned about the impact on internal logistics as well as on export infrastructure and processes, such as port operations, container availability, distribution and commercialization and customs operations. Coffee milling and processing on the other hand appear to be less affected or vulnerable with 19% and 37% of the respondents expecting an improvement over the next six months, respectively.



Beyond supply chain disruptions and reduced demand, the covid-19 pandemic could have profound long-term impacts on the sustainability of the global coffee value chain. As observed in Section 2, coffee-producing households are negatively impacted by covid-19. As income falls, the prevalence of poverty among coffee farmers most likely increases. Households struggling with uncertainty and diminishing income may reduce investments in sustainable production and climate resilience. Some may - out of necessity - revert to harmful coping measures, such as child labour, a phenomenon being detected in other agricultural sectors with higher prevalence of unethical labour practices.

The questionnaire module focusing on long-term effects did not reveal a clear trend across various socio-economic dimensions, except supply chain relationships (fulfilment of contracts) for which 45% of countries observed negative impacts (Figure 9). Notably, at the time of the survey 80% of countries did not register an impact of covid-19 on child labour and gender equality. However, continuous monitoring is required as research and evidence from other sectors suggests that child labour is on the rise as a result of increasing poverty and school closures due to the pandemic.⁶ Furthermore, rural women are likely to be more affected than men and gender inequalities seem to amplify as a consequence of covid-19.⁷



Along the environmental sustainability dimension, the responses on the impacts of covid-19 at the time of the survey also do not show a clear trend. At least half of the countries reported that the pandemic had no effect on good agricultural practices, environmental and land management or deforestation. Notably, close to one-third of countries reported that the prevalence of coffee leaf rust and other pest/diseases is likely going to increase. This could be attributed to a potential rise in the cost of inputs such as pesticides and fertilizers and a lack of technical assistance from extension services due to social distancing and lockdowns. Furthermore, farmers experiencing

⁶ ILO & UNICEF Report 2020 'Covid-19 and child labour: a time of crisis, a time to act'

⁷ FAO Report 2020 'Gendered impacts of covid-19 and equitable policy responses in agriculture, food security and nutrition'

income insecurity and lack of liquidity will invest less in additional inputs and maintenance of plantations. The impacts along these sustainability dimensions

Half of the respondent countries ranked labour shortages due to social distancing and lockdowns within the top-3 areas that need to be urgently addressed within the next year. Other measures required in the medium-term concern health and sanitation on farm, logistics and lack of extension services and productivity. Environmental damage has only been ranked in the top three areas once, suggesting that it has not been identified as a priority for most countries that participated in the survey. This is consistent with the notion that at the time of the survey social and environmental sustainability impact of covid-19 was unclear or deemed to be low (see Section III).



Country-wide risk management measures have been implemented across the globe in order to contain the spread of the novel corona virus and to save lives. However, these measures have significant negative implications for the world economy and the global coffee sector. The survey of ICO exporting Members reveals that countries experience a largely negative.5 (t)J(19.7-2.2 (ea)-1.e)-5.6 (