

How to respond to COVID-19 in the spices and herbs sector

At the time of writing, the first waves of COVID-19 are still spreading around the world. In some countries, the situation is slightly improving. Some of the strictest lockdown measures are being relaxed or lifted. Still, as long as no vaccine is available, future waves may occur. COVID-19 is changing production circumstances, logistics, buying practices and consumer preferences. This study presents a step-by-step plan to help you reduce the negative effect on your spices and herbs business and take advantage of new opportunities.

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The first 5 steps focus on immediate actions that you can take to ensure the survival of your company.

1. Take care of your staff

Your first concern is keeping your business operational. Fortunately, according to the Food and Agriculture Organisation of the United Nations (FAO), there is currently [no evidence that the new coronavirus causing COVID-19 can be transmitted by food](#). “The virus is transmitted primarily by people who are infected through coughing and sneezing droplets which are then picked up by another person.”

Firstly, you need to keep your staff safe and healthy by implementing good hygiene practices. This means social distancing, working in shifts and enabling health professionals to take employees’ temperatures if this is allowed in your country. If necessary, you should make sure your staff wears masks, gloves and other protective gear.

You may need to do more to help your staff keep your operations running. For example, in some cases, you may have to arrange affordable and safe transport to make sure that workers can come to your company. Or you may have to arrange methods and give instructions for online video calls.

Also, be aware that some of your staff may not be able to come to work because they have to take care of their relatives, or because they need to stay in isolation. Grandparents, who are the most vulnerable to COVID-19, may no longer be in a position to babysit your workers’ children. You could consider implementing measures in your workers’ communities, such as facilities and [instructions for washing hands](#). You may also want to make COVID-19 testing possible for your staff and possibly their communities.

Tips

Follow national regulations and measures to protect your staff from COVID-19. Also, have a look at [FAO’s COVID-19 guidance for food businesses](#).

Check whether you have to set up your warehouse or processing plant differently to make social distancing measures, for example, possible. You can use the American Occupational Safety and Health Administration’s [guidance on preparing workplaces for COVID-19](#).

If you are arranging COVID-19 testing, be aware that not all tests that are currently on the market are reliable. Some tests may miss patients that are infected. Or they could say they have the disease when they do not, getting in the way of disease control efforts. Ask your local health authorities for advice and see the [World Health Organisation \(WHO\)](#) website for the latest updates.

Ask your workers and other staff if anything is making it difficult for them to do their tasks as expected. This includes matters like their commute to work or their personal circumstances. Consider helping them overcome such problems. This can potentially be done with other companies in the area or local authorities.

Get inspired by the International Trade Centre's stories on [how other small businesses are coping with COVID-19](#).

2. Assess supply chain risks

Some companies have developed and introduced supply chain risk management as part of their overall Strategic Risk Management. These companies are better prepared to minimise the business impact of COVID-19. As part of your risk management, you should monitor to what extent farmers and suppliers of packaging materials will be able to continue their supplies.

Farmers might be having difficulties harvesting their produce because their employees are sick, or local and migrant labourers are unable to travel due to lockdown measures. Or maybe suppliers cannot bring their produce to the market as a result of travel restrictions. This is especially a problem for fresh products such as herbs. You may have to help them overcome bottlenecks, for example, by setting up sale points at borders of lockdown areas.

You should also include other actors in your risk assessment, such as logistics providers. Treat them as partners to secure capacity and work out different routes to get the products to the destination efficiently. Control bodies may also be important in the supply process. For example, in Indonesia, Vietnam and India, spices must be certified before they can be exported. During this crisis, however, inspectors may not be able to travel to your company, or they may be working with limited capacity. This may lead to longer waiting periods.

Do not forget banks, investors and buyers in your risk assessment. It is crucial to maintain enough cash flow to keep your business running and pay farmers. If you currently cannot ship your spices and herbs to Europe, you cannot invoice, so you do not get paid.

Finally, look at the role of authorities. Local and national policymakers' main concerns are to limit the number of people infected, make sure that the health care system does not collapse, and safeguard food security. They have to make quick decisions and may overlook business interests in this process.

In the current situation, there are many common issues. These include travel restrictions, lockdown areas, visa procedures for migrant workers and trade/tax policies. They also include decisions about which crucial economic sectors are exempt; for example, this should also include food packaging. Engaging with policymakers will help to build a more enabling business climate. It will also help with applying health and safety guidelines, ensuring their effectiveness.

Tips

Map your supply chain in detail. Where are your key actors and the potential bottlenecks throughout your supply chain? This includes farmers, and so on. Where are your suppliers' suppliers, and even their suppliers?

Monitor and measure your situation through close communication with suppliers. You should not try to force suppliers to meet contracts and other requirements. It is better to focus on collaboration and strong relationships with your most critical suppliers. Your long-term success depends on their success.

Create [scenario plans](#). Prepare your answers to a wide range of “what if...” questions now, so you have an action plan if they become a reality. For example, you may need to identify alternative suppliers and logistics providers and discuss scenarios and options with control bodies and financiers. Effective emergency responses require coordination and interaction with all crucial supply chain partners.

Look for cooperation with authorities to build a more enabling business climate. Contacting them may also help you with better access to finance, including for farmers’ organisations. For example, funding mechanisms such as the [Global Agriculture and Food Security Program](#).

Check your contracts. How are they written? What are your legal obligations? For example, are there any financial implications if you are not able to deliver supply to your customers? Can you give your suppliers room to innovate?

3. Take care of farmers and their workers

A well-functioning spices and herbs supply chain starts with the farmers. It is in everybody’s interest to make sure the farmers can continue producing.

Spices and herbs farmers may be seriously affected by lockdown, regulatory measures and travel restrictions. These issues can cause rising transport and production costs and severe logistical bottlenecks, sometimes leading to the waste of fresh produce. They can also result in input ruptures, seed, fertiliser and crop protection agents and occasional drops in demand, for example, due to cancelled orders. It could also mean an uncertain cash flow and access to finance. In the initial period of the crisis, the price of Indian cardamom dropped by 50% and the price of Vietnamese pepper by about 10%.

COVID-19 is also a relatively big threat to the farmers’ health and food security. Staying at home is not an option for farmers. Also, they often have less access to protective equipment, testing facilities, health care, and so on. Many spices and herbs farmers are older than 60 and are thus relatively vulnerable to the virus.

Another issue is that crops such as chilli pepper and cumin are labour-intensive, especially in harvesting periods. They thus depend on seasonal workers, often migrants. COVID-19 may have an impact on these workers. They could run major health risks, for example, because their temporary living conditions do not meet strict hygienic standards and social distancing.

Travel restrictions may make it difficult for them to go to the fields as well. In some cases, transport to the fields has become very expensive. This is due to extra hygienic operations and fewer passenger per vehicle. For example, this is now the case for Syrian migrants working on Turkish cumin farms. This may put the upcoming cumin harvest at risk.

Tips

Make sure you know what farmers are producing your supply. Look at what kind of health, financial, logistical and other difficulties they and their possible workers are facing. To what extent could this be a threat to your operations. See [step 2](#).

Explore possibilities for cooperation with other supply chain partners to support farmers and avoid

supply chain disruptions. Supply chain partners could be both traders and customers, local authorities and non-governmental organisations (NGOs). A good example is the [Harvesting the Future](#) initiative. It originally aimed at improving labour and living conditions for Turkish hazelnut migrant workers. It was recently expanded to other Turkish commodities, such as cumin. Several companies, including large cumin processors, are now collaborating to solve, for example, the current transport challenges of migrant workers.

Consider educating farmers, farmworkers and their communities on topics such as hygienic practices and social distancing. You should also find out if you can help with access to protective materials and, if necessary, nutritious food. For example, a Tanzanian trader/processor of cloves, cinnamon and pepper is currently providing better handwashing facilities in local communities.

Think about how you can make sure farmers have enough financial means and cash flows so they can continue production. For example, maybe you could provide loans or pay them in advance for their produce. You could also help them in their negotiations with banks. This can be both with practical advice and by giving long-term contracts to increase banks' confidence. Banks may then be willing to give new loans, wave fees on loans or extend payment deadlines.

Help to prevent fresh produce from building up at farms due to travel restrictions. This will lead to food loss and loss of farmer income. In some cases, it may help to set up collection centres closer to the farmers or to increase the capacity of such centres.

4. Deepen relationships with customers

Now, more than ever, it is important to appreciate your existing customers and deepen your relationship with them. Maintaining flexibility in customer support and services in these difficult times is crucial. How effectively you respond to current issues will be remembered by your customers when the world goes back to normal again. Think about how the coronavirus crisis could affect their business. Make it your task to figure out how to re-position your products and services to be helpful and address the specific pain points that your customers may currently face.

If you have a good relationship with customers, they will be more understanding if you have supply chain disruptions. Some clients may then also be more likely to support your cash flow, for example, through advance payments or shorter payment periods.

Tips

Identify your main customers. Pro-actively update them on potential bottlenecks in delivering your product, including possible delays. For this, you need to make an inventory of your stocks, future supplies and obligations to deliver. Know what you have, what you can get and where it is. Honesty is key to building trust.

You could issue a weekly newsletter with updates on any COVID-19-related measures in your country that may influence supplies. Describe what you are doing to prevent or reduce supply chain disruption. You can also include your Corporate Social Responsibility (CSR) activities to keep workers healthy and to support farmers or migrant workers. Knowing that you care will strengthen future relationships.

Connect with your clients by being authentic, relatable, vulnerable and compassionate. Empathise with how the crisis affects them personally. At the same time, be honest by giving them the hard facts of the current situation./ Do this in detail and with a calm, composed, polite and authoritative tone and manner.

Due to limited international air traffic, it may currently be challenging for courier services to deliver international trade documents to your customers, such as Bills of Lading. Delayed deliveries may lead to higher costs for your customers. This is because shipping companies, for example, charge demurrage fees on containers. Discuss if it is possible to issue express/seaway bills that can be sent by email or to arrange telex releases of shipments.

In some countries, the authorities have issued exemptions on export regulations for some spice products. For example, the Indian Spices Board has temporarily exempted mandatory pre-shipment sampling, testing and stuffing for export of certain spices. Still, make sure that your products meet all the quality and food safety requirements of your customers. At a minimum, you must meet the [European Spice Association quality minima](#).

Negotiate long term contracts with your customers, as they want to be certain of future supply. Such contracts may also be in your interest. They could, for example, increase confidence among banks or investors and thus your ability to get loans.

5. Stay informed and be prepared

Up-to-date, accurate information about the pandemic, both international, national and regional, is crucial for creating action plans and delivering solutions. Firstly, this concerns COVID-19 policies, regulations and related implications for your business. You should get this information from the authorities in your country as well as your export destinations. Secondly, this applies to initiatives of other companies in your region and NGOs, for example, to jointly solve logistical challenges or support farmers.

This is also the time to develop future strategies. Be prepared for potential next waves of COVID-19 contaminations, as well as for the post-coronavirus period. You may now want to re-evaluate your operations, platforms and processes and do some long-term planning. See steps 6-10.

Tips

Look at the International Trade Centre's map and database of [COVID-19 Temporary Trade Measures](#). Export restrictions or reduced tariffs for food imports in some countries can be either a threat or an opportunity for your business. The database also provides a lot of information about regulations in the areas of hygienic products and protective equipment.

Subscribe to a digital alert system to stay updated on global changes. Read Tridge's [Covid-19 Market Report: Impact of the Coronavirus on Global Agricultural Trade](#). This report covers eight geographical regions. It focuses on border restrictions, logistical situations and regulations that influence the export/import of certain products. It also discusses the effect on the export/import and domestic markets per region.

Understand and expect the systemic changes being driven by COVID-19, as well as the events and opportunities that will change entire systems, including your business system. Focus first on the forces of change that have high levels of certainty and predictability on your markets and value propositions. These can be economical, regulatory and digital changes, as well as changes in consumer behaviour or competitive reaction. Also, look at small or micro-level changes. These often have a relatively large impact on complex systems.

Think about building up your buffer stocks to increase your flexibility. You may need these, for example, if there are more waves of COVID-19 or if farmers cannot harvest or bring their produce to the market. You may also need them if the economy recovers fast. Stocks may then become a more important selection criterion for customers. While COVID-19 is still here, many European food processors and retailers are more concerned about a continuous supply than the price of herbs and

spices.

Do not reduce your staff and operations too much. Economic recovery may come faster than expected, and you want to be in the best position to capitalise on a possible rebound in demand. This also requires a reboot of your marketing/sales operations. Do not expect your clients to automatically come back to you. Many of them may also have used this period to re-evaluate their choices. Invest in rebuilding their awareness and interest so they will consider you when they are ready to place new orders.

After these immediate actions, we now turn to the more strategic longer-term steps for the post-COVID-19 period.

6. Improve your sustainability

The COVID-19 crisis will reinforce the current trend sustainable supply chain trend for spices and herbs. To many, the situation makes it clear that we are all global citizens, connected and dependant on each other. Many European consumers, policymakers and business leaders were already questioning global food systems before COVID-19. The pandemic has sped up this shift, as the world slows down and has time to reflect.

Consumers care more and more about social and environmental challenges related to local and international food production. They value the people who produce their food and want to hear what they have to say. Vegan and vegetarian cooking, in which many spices are used, is on the rise especially. This consumer segment is relatively critical about food-related sustainability issues. Sustainability will become more import in the coming decade.

The crisis also emphasised the vulnerability of agricultural supply chains, and our dependence on farmers and their workers. It is in the best interest of all spices and herbs supply chain actors that farmers continue farming. They must be able to make an income they can live off and have decent and safe working conditions. Their human rights must be respected, and their physical environment preserved.

In Europe, several forces are moving towards more sustainable agricultural supply chains. For example, in the Netherlands, the Royal Dutch Spice Association entered into an [Agreement on International Responsible Business Conduct](#). The Dutch government, Dutch retailers, Dutch food processing industries, NGOs and Trade Unions were parties in the agreement. They aim to address negative social and environmental impacts in agricultural supply chains.

Companies are expected to map such issues in their supply chains up to farmer level and act on them if necessary. There are specific projects in the areas of banning child labour, adequate living wage and climate adaptation as well. Besides these voluntary initiatives, European policymakers are implementing legislation to make international supply chains more sustainable. The legislation looks at, for example, child and forced labour.

Tips

Look at whether there are issues with environmental damage, poverty, working and living conditions of farmers and workers within your supply chains. If so, develop and put in place plans to reduce this. Consider increasing your power through collaboration. This could be with competitors or other local companies, customers, local authorities or NGOs and trade unions. For good examples, see the [Nedspice-Farmers Partnership Programme](#), [OLAM's sustainability initiatives](#) and the [SpiceUp](#) project from Verstegen Spices & Sauces.

Promote crop diversification among farmers you are sourcing from. This means they can harvest different crops to eat or sell throughout the year. For smallholder farmers, relying on a single buyer or income channel is often a risk. Combined with high crop vulnerability to pests and diseases, it can leave them with no alternative way to make money if things go wrong. Diversification, including forestry, can make it easier to adapt to climate change and improve soil quality and productivity. See [step 10](#).

Talk to your customers and discuss how they want to deal with sustainability. If your clients supply major consumer brands or retailers/consumers, they will be more interested in sustainable supply chains. These clients have relatively high risks to their reputation.

Become a member of the [Sustainable Spices Initiative](#). This international organisation stimulates sustainability in the spices sector. It is involved in several specific projects you may want to join or learn from.

In following the Agreement on International Responsible Business Conduct, spice companies have to develop and put in place a due diligence management system. This is used to systematically and structurally address and reduce sustainability risks in supply chains. The Dutch Spice Association has developed a [Due Diligence Toolkit for Responsible Business Conduct](#). This toolkit includes a module on child labour and is also relevant and applicable for suppliers in developing countries.

7. Diversify supply and intensify farmer relationships

The COVID-19 crisis has taught us that we should not be too dependent on a limited number of suppliers. This applies to both your customers, see also [step 9](#), and your operations. Right now, it is the COVID-19 outbreak causing disruptions. However, in the future, it may be crop pests and diseases, climate change or farmers converting to other crops or stopping farming. Diversifying your suppliers is an important element of your risk management strategy. It is a good idea to have a secondary source outside your primary sourcing region.

The crisis also emphasises the importance of knowing the farmers who are producing your spices or herbs and having a good relationship with them. This will make it easier to find solutions together in a crisis, and farmers may be more likely to serve you if there are shortages. If you just focus on the lowest price, their loyalty may be limited. European customers will also appreciate it if you know your farmers. This is crucial for managing food safety and sustainability. It also helps with storytelling about the products. See [step 8](#).

Tips

Explore possibilities to expand your supplier base. Also, consider the sustainability performance of farmers and their willingness to improve it.

Strengthen the relationship with farmers you are buying from. Enter into partnerships, share goals, ideas, costs and benefits. For example, pay fair prices, offer favourable payment conditions or loans and give long-term contracts.

You can also offer technical and other kinds of help to introduce crop diversification and improve productivity, post-harvest operations and possibilities to bring their produce to the market. There are often technical solutions to increase productivity and reduce crop loss. But smallholder farmers generally cannot afford them. Together with local authorities, competitors, donors and possibly international clients, you could help by investing in such technology. This could help reduce poverty among farmers.

Make your entire supply chain transparent. For example, [Verstegen uses blockchain technology to trace the supply chain of Indonesian nutmeg](#) from tree to plate.

8. Look for added value

It will probably not be business as usual once the pandemic has passed. Market requirements, expectations and preferences may have changed. For more buyers, it may not be good enough anymore to just supply acceptable quality spices and herbs on time and for the lowest price. The crisis has shown the vulnerability of just-in-time concepts. In these, all parties try to keep buffer stocks as low as possible. Guaranteeing sufficient quantities may become a more important reason for buyers to give you preferred supplier status.

Besides maintaining good relationships with your clients and offering excellent service, you may want to add more value to your products. Some European spice companies expect that, as a result of the health crisis, there will be a stronger focus on food safety. This (includes [anti-adulteration](#) and sustainability issues related to the products. The COVID-19 pandemic has led to [surging demand for organic and sustainable foods](#).

Tips

If you have access to larger buffer stocks, clearly communicate this to your buyers.

Consider offering certified products to your customers. This mainly concerns food safety certified products. Explore what specific certification your clients would appreciate most and what you can offer. The most important food safety management systems in Europe are [BRC Global Standard](#), [IFS](#), [FSSC 22000](#) and [SQF](#). You can also consider certification for sustainable production, such as [organic](#), [Rainforest Alliance](#), [Fairtrade](#) or [FairWild](#).

Increase the traceability of your products up to the level of farmers. This is not only important for food security. It will also become a major sustainability requirement among European clients. For example, in the Netherlands, this is triggered by the [Agreement on International Responsible Business Conduct](#) and upcoming legislation on mandatory due diligence. See [step 6](#).

Use storytelling about who produced the food you supply, how you take care of farmers' welfare and how you protect the environment. More and more European consumers are interested in these topics. For good examples, check out stories from [Nedspice](#) and [Rainforest Alliance](#).

Use packaging materials made of environmentally-friendly materials. Explore the possibilities to reduce quantities of packaging materials and increase efficient transport with your clients.

9. Make marketing more effective

European buyers may start looking for new suppliers after the COVID-19 crisis. Some may be disappointed in the service levels and the communication of their existing suppliers. Some may want to increase or diversify their number of suppliers or origins as part of their new risk management. COVID-19 has shown it is risky to depend on a limited number of suppliers/origins. For you, as a supplier, this means you may want to intensify your marketing/sales activities and present yourself to possible new clients.

You may also want to diversify your commercial channels and spread your market and price risks. COVID-19 also showed the vulnerability of operating on export markets. In Europe, consumer interest in locally-produced products with a personal story is increasing fast. If such developments are also taking place in your country, for example, among the urban middle class, it may be interesting to explore possibilities to increase your sales on the domestic market.

Tips

Look at current products and the requirements of new prospects you want to target. Try to offer something innovative or extra to distinguish yourself. Look at the recommendations in [step 8](#). Make yourself known using online marketing techniques. Do not just present yourself at international fairs. For more information on this, see our [tips for finding buyers](#).

Be aware that customers may especially be interested if you can offer a herb or spice from a new origin. This will be new from their perspective. For example, turmeric from Ethiopia and ginger from Myanmar are thought of as new. Please note that the specific botanical/sensory characteristics of a certain spice may vary per production region. Buyers cannot always use spices from another region. Buyers using spices in mixtures may be less critical of the production region.

Present yourself as a partner to your international customers and act like one. Offering incredible service is very important for building loyalty in a competitive industry where cost differences are generally small. Become an essential partner that buyers will want to work with. Offer excellent communication and attention to detail. Your products will speak for themselves, so avoid discussions about flaws, failures and recalls.

Explore opportunities to develop or strengthen a brand for the domestic market and to set up e-commerce channels for it. [Burlap & Barrel](#) is a good example.

Discuss if national spice boards can give more marketing support, as they are often mainly focused on production. You could do this with competitors. National spice boards could help with building a national brand and/ generating more science-based evidence of the [health benefits of spices](#), the importance of spices for smallholder farmers and the positive contribution of agroforestry spices to the reduction of climate change and the preservation of biodiversity.

10. Prepare for other major supply chain disruptions: climate change

Unfortunately, new disasters causing major risks to spices and herbs supply chains may also occur after the COVID-19 crisis. You should be aware of the various potential impacts of climate change. For example, in the past few years, cyclones have had a devastating impact on nutmeg plantations in Grenada and vanilla plantation in Madagascar.

It is not just exceptional events that are having huge consequences for herb and spice cultivation. Different [abiotic factors](#) directly or indirectly influence different physiological growth stages and final reproductive or vegetative yield of spice crops. Factors like temperature especially, rainfall, day length, sunshine hours and wind have an effect.

High temperatures cause spike shedding in black pepper. Prolonged dry seasons may cause reduced pollination and abortion of cardamom flowers. And drought and violent winds are harmful to vanilla plant growth. Sudden temperature falls during the early vegetative stage causes onions to bolt. High rainfall and humidity invite pests like aphids and diseases like powdery mildew to most of the seed spices. More unpredictable weather also influences post-harvest practices. For example, drying in the open air becomes riskier.

Tips

Include possible consequences of climate change in your risk management. Being better prepared than the competition might even lead to new opportunities when the next disruption comes around.

Discuss what is already happening and how the microclimate in production regions is expected to change in the years to come. Do this with farmers, agronomists and policymakers in your country. Also, Look at the [FAO country profiles](#). Based on this information, evaluate how these changes may impact your future business. Develop plans to deal with this, possibly in collaboration with competitors, supply chain partners, local authorities and NGOs.

Consider helping spices and herbs farmers to improve their crop management. This could include water conservation, irrigation, organic management, mulching, planting of shade trees and situation-specific cropping systems. In general, you can help establish integrated, climate-smart production systems. These consist of a combination of cash crops and food crops.

Consider stimulating spice production in an agroforestry setting. Such production systems are not so vulnerable to climate change. They also provide farmers with a more diversified source of income and may help preserve biodiversity. They could be an excellent buffer between natural ecosystems and forms of land use with little room for biodiversity. Spices such as cassia/cinnamon, nutmeg and cloves can provide the trees in such systems. Other spices, such as pepper, grow well in their shade.


Be inspired by initiatives to make spice production more climate-flexible and biodiversity-friendly. Good examples are [white pepper production in Indonesia](#), [vanilla farming in Madagascar](#), [black pepper, cinnamon and vanilla farming in Tanzania](#) and [nutmeg production in Grenada](#). Join such initiatives or start similar projects, and explore what the [Sustainable Spices Initiative](#) can do.

Communicate your efforts in the area of climate-smart production or agroforestry with your European clients. This may give your products a clear added value. See also [step 8](#) . Many of your clients and European consumers love to hear about these feel-good stories!


This study has been carried out on behalf of CBI by [Victor de Lange of CREM](#).

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