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Report Highlights:

Ethiopia's coffee production for marketing year 2025/26 is projected to reach 11.6 million 60-kg bags, supported by favorable weather, increased productivity from rejuvenated aging trees, and the use of improved inputs such as high-yielding seedlings. Export volumes are forecast to rise to 7.8 million bags, driven by strong global prices and policy reforms that expanded direct access for producers and exporters to international markets. Recent macroeconomic reforms, including the adoption of a market-based foreign exchange rate system, are enhancing export competitiveness and raising farmer incomes. Guided by the 15-year Comprehensive Coffee Development Strategy, Ethiopia aims to become the world's second-largest coffee producer and exporter by advancing sustainability, boosting competitiveness, and diversifying markets.

PRODUCTION

Ethiopia’s annual coffee production for Marketing Year (MY) 2025/26 is projected to reach approximately 11.6 million 60-kilogram bags, equivalent to 694,000 metric tons (MT), representing a 9 percent increase over the previous year’s revised estimate. This growth is driven by a combination of favorable weather conditions, limited incidence of coffee plant diseases, better price returns, and a range of national initiatives and policy reforms that have enhanced productivity and expanded cultivation.

Post revised production estimates for MY 2023/24 and MY 2024/25 and adjusted upward to 9.13 million bags and 10.63 million bags, respectively. These revisions reflect the positive impact of key national programs such as coffee stumping, expanding access to improved seedlings, better agronomic practices, and enabling policy environments, which have supported both yield improvements and expansion of area harvested.

Table 1: Ethiopia’s Coffee Production: MY 2023/24-2025/26

Description	2023/24 (Estimate)	2024/25 (Estimate)	2025/26 (Forecast)
Marketing Year Begins	Oct. 2023	Oct. 2024	Oct. 2025
Area Harvested (Hectares)	730,000	760,000	790,000
Production (million bags, 60-kg)	9.130	10.630	11.560
Yield (MT/HA)	0.75	0.84	0.88

Source: Post estimate and forecast

One of the most influential drivers of increased coffee production in Ethiopia is the national campaign to rejuvenate aging coffee trees, implemented over the past four years. To combat declining productivity from older trees, coffee farmers have increasingly adopted a sustainable practice known as stumping—cutting back aging trees to stimulate new, vigorous growth. According to the Ethiopian Coffee and Tea Authority (ECTA), the campaign is now delivering tangible improvements in both yield and coffee quality. Studies show that stumped coffee trees can produce two to three times higher yields within three years. Survey results from development partners such as TechnoServe—which implements a USDA-funded Food for Progress Regrow Yirga coffee project in the Gedeo Zone of the South Ethiopia Region—also report significant yield increases because of stumping and improved agronomic practices. TechnoServe’s findings and field observations by Post verified that the adoption of stumping and improved agronomic practices in these coffee project areas has led to a threefold increase in coffee yields within three years.

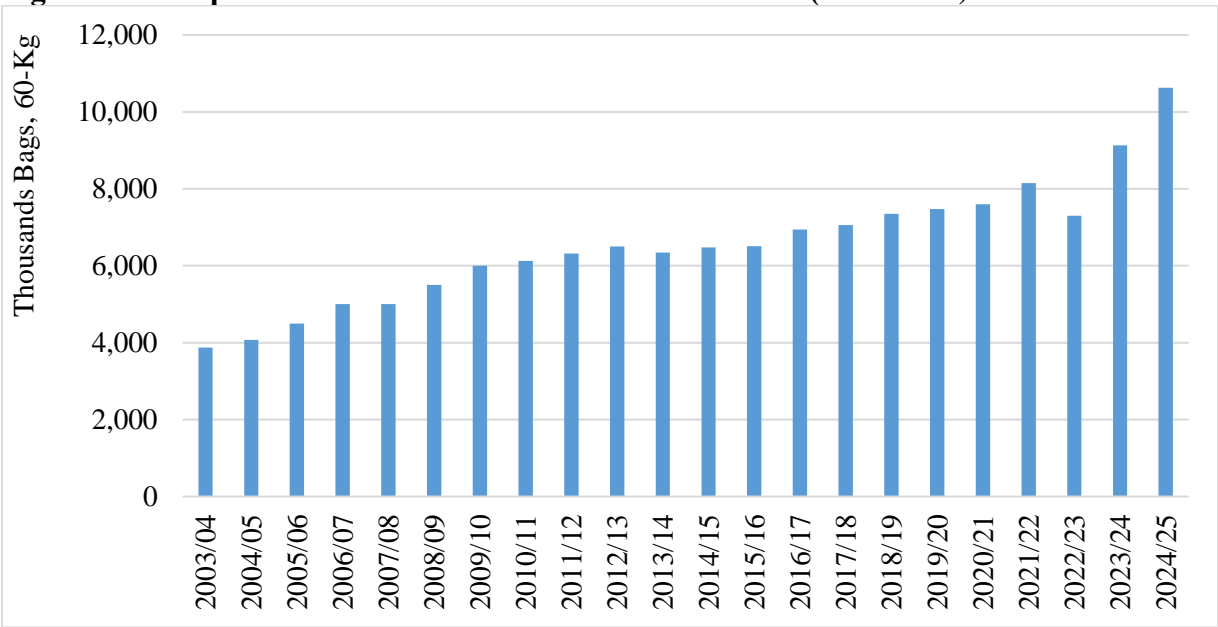
ECTA report indicates that more than 450,000 hectares of land have been rejuvenated and replanted with improved, higher-yielding coffee varieties. These rejuvenated coffee trees and improved varieties began bearing fruit in MY 2024/25, contributing to enhanced yields and bean quality. In addition, farmers are increasingly utilizing improved seedlings, better agronomic practices, and benefiting from institutional and technical support provided by ECTA, national research institutions, and development partners. As a result, national average yields are expected to rise from 0.75 MT to around 0.90 MT per hectare.

Global market dynamics are also significantly influencing Ethiopia’s coffee production growth. The record-high global coffee prices in MY 2024/25 is expected to incentivize Ethiopian farmers to expand coffee cultivation. Farmers in regional states such as Oromia, South Ethiopia, and Sidama are transitioning from *khat*¹ production and reducing eucalyptus tree planting in favor of more profitable coffee farming. Ethiopia’s shift from a fixed to a market-based exchange rate system has further boosted the competitiveness of its coffee exports, improving earnings for both producers and exporters.

Additionally, recent coffee sector policy reforms, allowing farmers with two hectares or more to directly export their produce, have shortened the value chain and enabled farmers to capture a larger share of export value, further driving production. According to ECTA, the share of export price received by Ethiopian coffee farmers has doubled over the past five years, increasing from 40% to 80%, due to reforms that facilitate direct market access and reduce reliance on intermediaries.

Overall, several key factors have contributed to the increase in coffee production. These include the rejuvenation of aging coffee trees, the expansion of both private and government-run nurseries, the development and adoption of climate-resilient coffee varieties, improved access to high-quality seedlings, and better price incentives for producers. Collectively, these developments have strengthened the coffee sector, leading to enhanced production and yields. The coffee sector continues to face challenges such as low productivity, price volatility, changing regulatory frameworks, and inadequate infrastructure, and limited access to finance.

Figure 1: Ethiopian’s Annual Coffee Production Estimates (2004-2025)



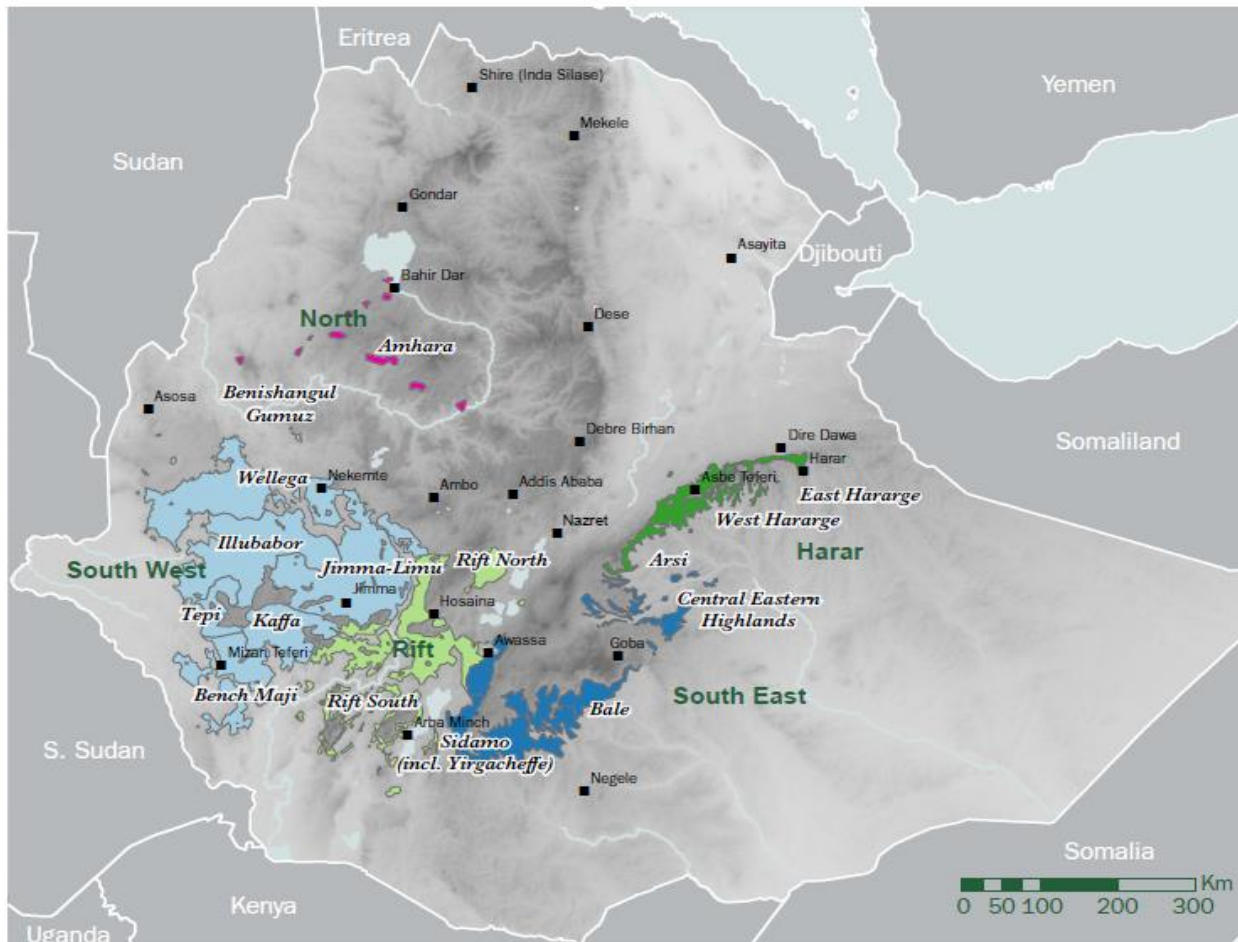
Source: USDA and Post Estimate

Ethiopian coffee is grown across a variety of agro-ecological zones, each offering distinct flavor profiles influenced by differences in climate, altitude, and traditional processing techniques. According to ECTA

¹ Khat is a leafy plant widely grown and chewed for its mild stimulant effects, often used in social gatherings and traditional practices. It is a major cash crop in some regions of Ethiopia, often competing with coffee for land and resources due to its higher short-term profitability.

data for 2024/25, the Oromia region contributes the largest share of Ethiopia's coffee production, accounting for approximately 59% of the total output. This is followed by the Sidama and South-West Ethiopia regions, each contributing around 13%, and the South Ethiopia region at 8%. The remaining production comes from Central Ethiopia (4%) and other regions (3%). These coffee-growing areas benefit from ideal conditions, including nutrient-rich soil, elevations between 1,500 and over 2,200 meters, and favorable rainfall patterns. Together, these attributes have enabled Ethiopia as one of the leading producers of high-quality, specialty coffees that continue to enjoy strong international demand.

Figure 2: The Main Coffee Growing Areas of Ethiopia



Source: Kew Royal Botanic Gardens, 2017

Ethiopia is a major player in the global coffee industry, with coffee serving as a cornerstone of its economy, accounting for roughly one-third of the country's total export earnings. In MY 2023/24 (Sep-Oct), Ethiopia achieved a historic milestone by earning over \$1.7 billion from coffee exports. The coffee sector supports approximately 15 million people including smallholder farmers and other market players involved in various stages of the coffee value chain. Ethiopia holds a unique and prominent position in the international coffee market as the fifth-largest coffee producer globally, after Brazil, Vietnam, Colombia, and Indonesia. Ethiopia is also the third-largest producer and exporter of Arabica coffee, behind Brazil and Colombia.

CONSUMPTION

For MY 2025/26, Post forecasts Ethiopia's domestic coffee consumption at 3.7 million 60-kilograms bags, driven by a combination of strong cultural preferences, increasing urbanization, and expansion in coffee shops.

Ethiopia has one of the highest domestic coffee consumption rates among coffee-producing countries, with nearly half of its annual production consumed locally. Per capita consumption is estimated at around 2.3 kilograms per year, significantly higher than most coffee-exporting nations. This strong domestic demand is deeply rooted in Ethiopia's cultural and social fabric, where coffee plays a central role in daily life and traditional ceremonies. In recent years, domestic consumption has continued to grow steadily, driven by rapid urbanization, the expansion of coffee shops, and increasing youth interest in coffee beverages. As a result, the domestic market often competes with the export market, particularly for high-quality beans, creating an upward pressure on local prices. This unique dynamic underscores the importance of both markets for Ethiopia's coffee sector. Looking ahead, domestic consumption is expected to continue growing in tandem with economic growth and lifestyle changes, reinforcing Ethiopia's dual identity as both a major exporter and consumer of coffee.

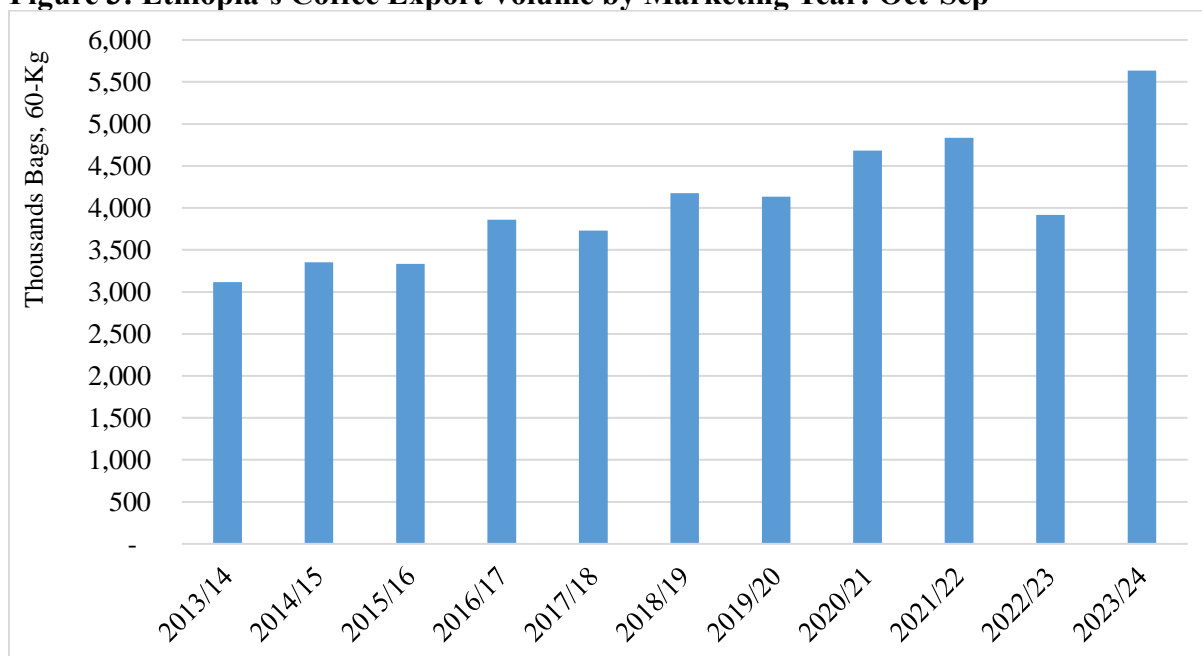
TRADE

In MY 2025/26, Ethiopia's coffee exports are forecast to reach a record-high volume of 7.8 million 60-kg bags, reflecting an 11.4% increase from the previous year. While this marks a deceleration from earlier growth, it signals continued expansion driven by sectoral reforms, improved productivity, and enhanced direct market access for producers and exporters.

Ethiopia's coffee exports are experiencing strong growth, with projections indicating a continued upward trend through the 2025/26 marketing year. In MY 2023/24, total exports reached 5.63 million 60-kg bags. For MY 2024/25, exports are projected to rise by 24.3% to 7 million bags. This estimate is based on strong performance during the first seven months of the current marketing year and assumes continued momentum during the upcoming peak export season and through the remainder of the year, up to September 2025.

Ethiopia's Coffee Export Trends

Ethiopia's coffee export performance over the past decade highlights a sector built on strong foundations, yet vulnerable to fluctuations in both market conditions and production levels. From 2013/14 to 2020/21, coffee exports experienced steady growth, supported by expanded cultivation, improved yields, and stable global demand. However, intermittent contractions in 2015/16, 2017/18, and notably in 2022/23 underscore the sector's sensitivity to external shocks such as climate variability, logistical disruptions, and price fluctuations. The sharp rebound in 2023/24, with a record export volume (5.63 million bags), signals a strong recovery, influenced by favorable weather conditions, policy reforms, and new markets. On the ground, this reflects renewed momentum in the sector, positioning Ethiopia to consolidate gains and expand its share in the global coffee market. Figure 3 below presents Ethiopia's coffee export trends.

Figure 3: Ethiopia’s Coffee Export Volume by Marketing Year: Oct-Sep

Source: Trade Data Monitor (TDM)

Green Bean vs. Roasted Coffee Exports

Ethiopia’s coffee exports over the past five years have shown notable fluctuations, with green bean coffee consistently dominating the sector. Total exports ranged from a low of 3.92 million bags in 2022/23 to a peak of 5.63 million bags in 2023/24. Despite this variability, green bean coffee has accounted for 99.5% of the total exports during last year, reflecting Ethiopia’s reliance on unprocessed coffee in international trade. A dip in exports in 2022/23 was followed by a strong recovery the following year, indicating resilience in the sector, supported by improved production and favorable market conditions.

While roasted coffee exports remain a small fraction (i.e., 0.5%) of total volumes, it has shown promising growth, particularly since 2023/24. Volumes tripled in that year to over 27,000 bags, and in the first seven months of 2024/25, exports have already reached 12,500 bags—nearly half of the previous year’s total. This trend suggests an increasing focus on value addition and diversification within the sector, stimulated by investments in processing infrastructure and targeted export promotion. Although still emerging, the growth in roasted coffee exports represents a positive shift toward enhancing Ethiopia’s value chain and capturing higher market returns.

Table 2: Ethiopia’s Green Bean and Roasted Coffee Export Trends and Growth

Marketing Year (Oct-Sep)	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25 (Oct-Apr)
Total Export Volume ('000 Bags, 60-Kg)	4,136	4,684	4,837	3,918	5,634	3,768
Green Bean coffee	4,129	4,677	4,826	3,910	5,607	3,755
Roasted coffee	6.34	7.64	10.33	8.53	27.38	12.50
Soluble coffee	0	0	0	0	0	0

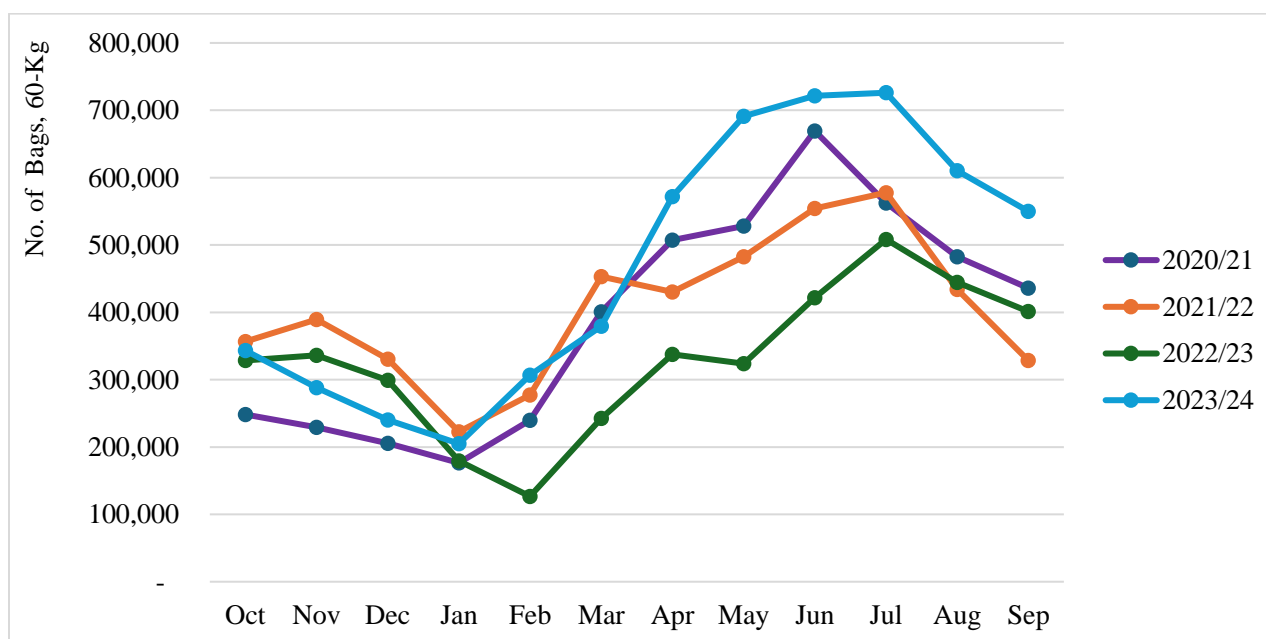
	2019/20	2020/21	2021/22	2022/23	2023/24	5-Year Average
% Share of green bean coffee export	99.8	99.8	99.8	99.8	99.5	99.8
% Share of roasted coffee export	0.2	0.2	0.2	0.2	0.5	0.2
% Growth Rate: Green bean coffee exports	-	13.3	3.2	-19.0	43.4	10.2
% Growth Rate: Roasted coffee exports	-	20.5	35.2	-17.4	221.0	64.8

Source: TDM data and Post computation

Seasonal Pattern of Ethiopian Coffee Exports

Ethiopia's coffee export volumes display a clear seasonal pattern, with exports peaking between April and July and slowing down from October to January. The peak period aligns with the post-harvest cycle, where processed coffee becomes ready for shipment, consistently yielding high monthly volumes—often exceeding 500,000 bags—with June and July standing out as the strongest months, particularly July 2023/24, which recorded over 726,000 bags. In contrast, the slack period from October to January reflects the pre- and mid-harvest phase, with lower volumes as fresh coffee is still being picked and processed. February and March serve as transitional months, marking the ramp-up to the peak season. This recurring cycle underscores the close link between Ethiopia's coffee export flow and its harvest cycle, as well as the timing of international demand and logistics capacity. Figure 4 below illustrates the seasonal pattern of Ethiopian coffee exports.

Figure 4: Seasonality of Ethiopian Coffee Exports by Marketing Year (Oct-Sep)



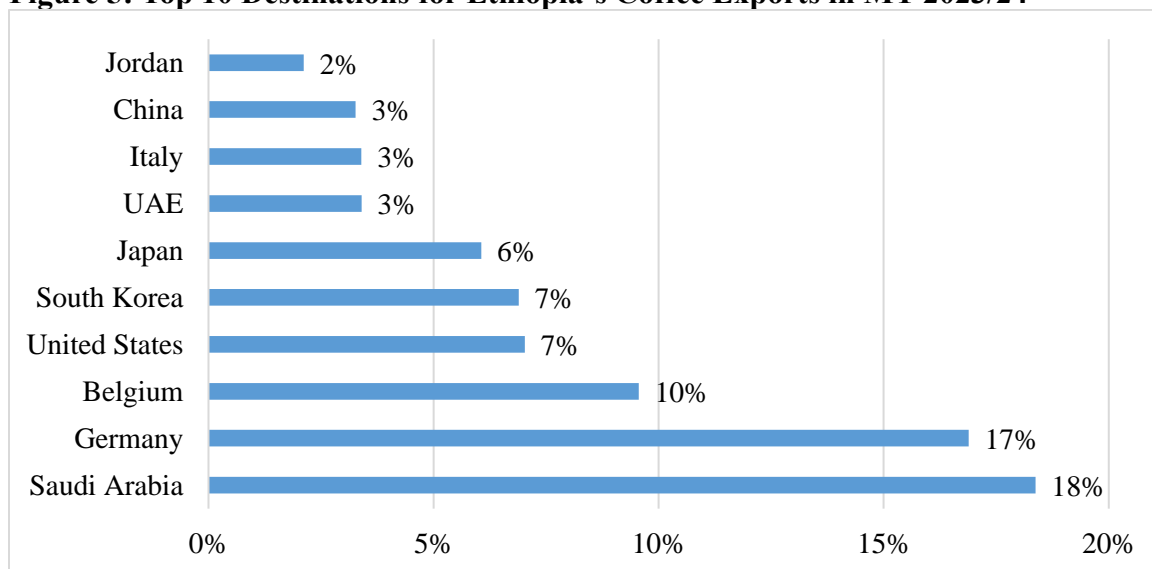
Source: TDM

Table 3: Ethiopia's Coffee Export Volume and Value by Partner Country

S/N	Partner Country	Volume ('000 Bags, 60-kg)		Value (millions USD)		% Change	
		2022/23	2023/24	2022/23	2023/24	Volume	Value
1	Saudi Arabia	904	1,035	243	262	14%	8%
2	Germany	471	952	134	233	102%	74%
3	Belgium	205	539	69	158	163%	129%
4	United States	353	396	148	155	12%	5%
5	South Korea	302	388	110	249	29%	126%
6	Japan	286	341	95	97	19%	2%
7	United Arab Emirates (UAE)	130	192	53	56	48%	5%
8	Italy	112	191	36	51	71%	41%
9	China	174	184	64	61	6%	-5%
10	Jordan	50	119	20	33	140%	65%
	Sub-Total	2,986	4,338	973	1,354	45%	39%
	Others	932	1,297	285	354	39%	24%
	Total	3,918	5,634	1,257	1,708	44%	36%

Source: TDM

In 2023/24, Ethiopia's coffee exports were heavily concentrated, with the top 10 destination countries accounting for 77% of total volume. Saudi Arabia led with 18.4%, followed by Germany (16.9%) and Belgium (9.6%), reflecting strong demand from the Middle East and Europe. The U.S. (7.0%), South Korea (6.9%), and Japan (6.1%) also represented significant high-value markets. Other notable destinations included the UAE, Italy, China, and Jordan, each with around 2–3% share. The remaining 23% was distributed across a wide range of smaller markets, highlighting both Ethiopia's global reach and the potential of additional markets.

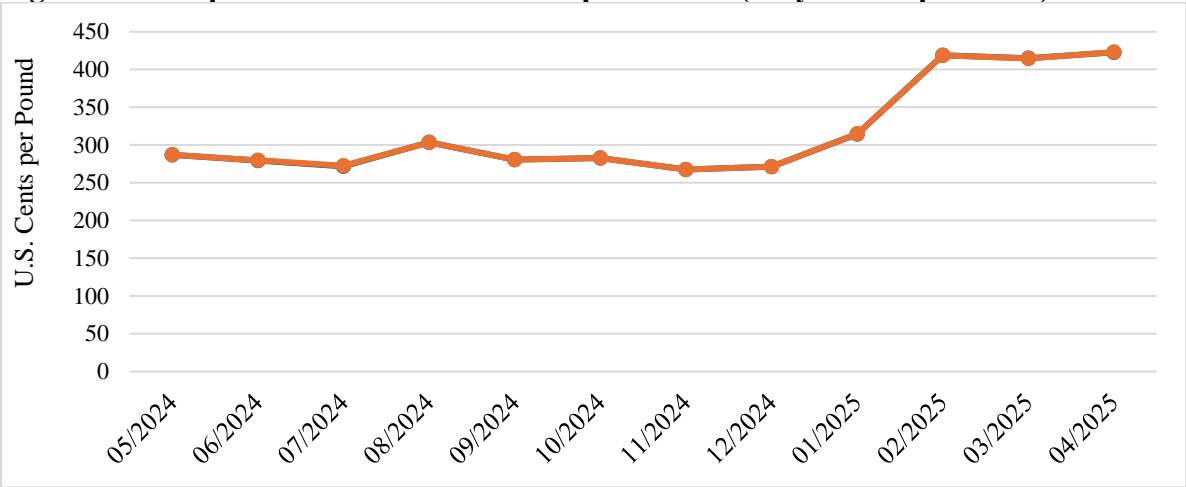
Figure 5: Top 10 Destinations for Ethiopia's Coffee Exports in MY 2023/24

Source: TDM

PRICES

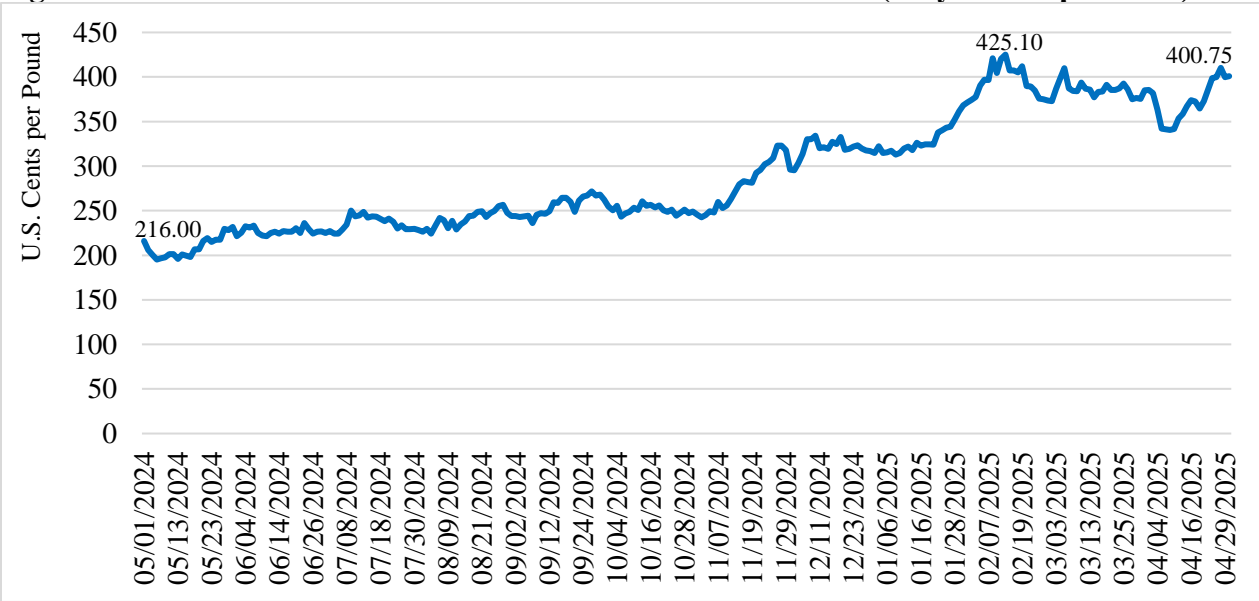
Export Price: The weighted average price (unit price) of Ethiopian green bean coffee exports, measured in U.S. cents per pound, displays notable volatility from May 2024 to April 2025, largely influenced by global supply contractions. Prices hovered around 270–280 cents per pound from May to November 2024, reflecting a relatively stable but modest market. However, starting December 2024, prices began a sharp upward trajectory, reaching a peak of 423 cents by April 2025. This surge corresponds with tightening global coffee supplies, which elevated demand for Ethiopia’s Arabica beans. The price spike underscores Ethiopia’s strategic advantage during periods of global shortage, as buyers seek reliable specialty origins to fill supply gaps.

Figure 6: Ethiopian Green Bean Coffee Export Prices (May 2024-April 2025)



Source: TDM

Figure 7: Price of Arabica Coffee “C” Futures at New York ICE (May 2024-April 2025)



Source: Intercontinental Exchange, Inc. ([ICE](#))

International Price: Between May 1, 2024, and April 30, 2025, Arabica Coffee “C” futures prices on the New York market rose sharply from 216.00 to 400.75 U.S. cents per pound, an increase of 85.6%. From August onward, prices began to climb steadily, with a sharp rally starting in December and peaking at 425.10 cents in mid-February 2025. This surge was largely driven by unfavorable weather conditions, mainly droughts in Brazil and Vietnam, which significantly reduced coffee supply from these key producing and exporting countries despite increase in global demand. As a result, global coffee prices hit record price levels not seen in nearly five decades.

STOCKS

Ethiopia’s coffee ending stocks for MY 2025/26 are projected at 140,000 bags, representing a 75% increase due to a carryover from the previous year. Coffee stocks are mainly held by exporters, farmer cooperative unions, and are also stored in the Ethiopian Commodity Exchange (ECX) operated warehouses, ready for domestic trade and export processing.

POLICY

The Ethiopian government's coffee sector policy aims to boost exports by supporting smallholder farmers, promoting market liberalization, encouraging direct exports, attracting foreign investment, enhancing competitiveness, and integrating more fully into the global market.

Comprehensive Coffee Development Strategy (2019–2033): Ethiopia’s coffee sector is guided by the [Comprehensive Coffee Development Strategy](#), a 15-year plan launched by ECTA. The strategy aims to boost coffee export earnings to over \$4 billion, increase farmer incomes more than five-fold, and create nearly three million jobs. It targets a production volume of 1.26 million metric tons, positioning Ethiopia as the world’s second-largest coffee exporter by 2033. The strategy focuses on six pillars: research, productivity, processing, market access, institutional frameworks, and sustainability, while aligning with international standards such as the [EU Regulation on Deforestation-free Products \(EUDR\)](#).

Minimum Export Pricing Policy: As of 2024, ECTA has reformed the export coffee pricing system to better reflect international market dynamics and ensure greater fairness for producers. Domestic coffee prices are often higher than those on global markets. This price disparity created incentives for traders to bypass formal channels and sell coffee locally through informal or illicit means. The recent reforms introduce a more market-driven pricing mechanism. Minimum export prices are now updated weekly based on the [New York Arabica Coffee Price \(C\)](#), Ethiopia's exchange rate, and other key market factors. This adjustment aims to create a more equitable pricing structure and reduce volatility in the coffee sector.

Direct Export Policy: Ethiopia's direct export policy has undergone significant reforms to liberalize the coffee sector and attract foreign investment. Notably, ECTA introduced a "vertical integration" model in 2021, allowing exporters to bypass ECX and purchase coffee directly from producers. This shift aimed to streamline the supply chain and increase efficiency. In addition, policy reform in 2019 allowed smallholder farmers who own at least two hectares of land to obtain export licenses and sell their coffee directly to international markets. This policy shift aimed at empowering farmers by reducing reliance on intermediaries and ECX, thereby enhancing exports and income through direct trade.

Trade Liberalization Policy: Ethiopia liberalized the coffee trade sector with [Directive No. 1001/2024](#), issued by the Ethiopian Investment Board in March 2024. This directive permits foreign investors to participate directly in the export of key commodities, including raw coffee. To qualify, foreign investors must have procured at least \$10 million worth of Ethiopian coffee over the past three consecutive years and commit to an annual export of \$10 million within the permit year. New entrants without prior procurement history are required to make a minimum investment of \$12.5 million in the coffee sector.

Export Coffee Contract Registration and Permit: The authority to register coffee export contracts and issue shipment permits was previously held exclusively by the National Bank of Ethiopia. However, effective May 1, 2025, the mandate for registering export coffee contracts has been transferred to ECTA, while the issuance of export permits can be processed by any commercial bank in Ethiopia. This reform is intended to streamline the export process, enhance efficiency, and improve service delivery across the coffee sector.

Minimum Required Capital for Coffee Exporters: ECTA has drafted a new directive to increase the minimum capital requirement for coffee exporters—from 1 million to 10 million birr for individual exporters, and from 1.5 million to 15 million birr for share companies and limited partnerships. Exporters will also be required to present one year of verified bank financial statements as part of their qualification process. The revision aims to strengthen oversight and reduce illegal trade in the sector, updating outdated regulations under the framework of national coffee trade and quality control laws.

Key Institutions in the Ethiopian Coffee Sector:

- Ministry of Agriculture ([MOA](#)): Supports coffee production through policy, extension services, and input distribution.
- Ethiopian Coffee and Tea Authority ([ECTA](#)): Regulates, promotes, and oversees coffee quality, marketing, and export standards.
- Ethiopian Institute of Agricultural Research ([EIAR](#)): Develops improved coffee varieties and conducts agronomic research.
- Ethiopian Commodity Exchange ([ECX](#)): Facilitates coffee trading and price discovery. Also, it standardizes coffee grading, provides market access for smallholders, and enables electronic trading.
- Ethiopian Commodity Exchange Authority ([ECEA](#)): Regulates and supervises the operations of ECX to ensure market integrity and compliance.
- The Ethiopian National Coffee Association ([ENCA](#)): ENCA, established in 2022 by five regional coffee supplier associations, women's groups, and growers' associations, is a non-profit organization dedicated to promoting Ethiopian coffee in the international market by enhancing productivity and quality standards.
- Ethiopian Coffee Association ([ECA](#)): ECA is a nonprofit, membership-based organization uniting coffee growers, roasters, and traders to promote Ethiopian coffee globally by enhancing quality, traceability, and sustainability, while serving as a liaison between the government and the coffee industry.

Table 4: Production, Supply, and Distribution (PSD)

Coffee, Green Market Year Begins Ethiopia	2023/2024		2024/2025		2025/2026	
	Oct 2023		Oct 2024		Oct 2025	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted (1000 HA)	600	740	0	770	0	800
Area Harvested (1000 HA)	590	730	0	760	0	790
Bearing Trees (MILLION TREES)	1460	1770	0	1845	0	1915
Non-Bearing Trees (MILLION TREES)	50	55	0	55	0	60
Total Tree Population (MILLION TREES)	1510	1825	0	1900	0	1975
Beginning Stocks (1000 60 KG BAGS)	50	50	40	50	0	80
Arabica Production (1000 60 KG BAGS)	8600	9130	8360	10630	0	11560
Robusta Production (1000 60 KG BAGS)	0	0	0	0	0	0
Other Production (1000 60 KG BAGS)	0	0	0	0	0	0
Total Production (1000 60 KG BAGS)	8600	9130	8360	10630	0	11560
Bean Imports (1000 60 KG BAGS)	0	0	0	0	0	0
Roast & Ground Imports (1000 60 KG BAGS)	0	0	0	0	0	0
Soluble Imports (1000 60 KG BAGS)	0	0	0	0	0	0
Total Imports (1000 60 KG BAGS)	0	0	0	0	0	0
Total Supply (1000 60 KG BAGS)	8650	9180	8400	10680	0	11640
Bean Exports (1000 60 KG BAGS)	5610	5605	5200	6970	0	7765
Rst-Grnd Exp. (1000 60 KG BAGS)	0	25	0	30	0	35
Soluble Exports (1000 60 KG BAGS)	0	0	0	0	0	0
Total Exports (1000 60 KG BAGS)	5610	5630	5200	7000	0	7800
Rst,Ground Dom. Consum (1000 60 KG BAGS)	3000	3500	3100	3600	0	3700
Soluble Dom. Cons. (1000 60 KG BAGS)	0	0	0	0	0	0
Domestic Consumption (1000 60 KG BAGS)	3000	3500	3100	3600	0	3700
Ending Stocks (1000 60 KG BAGS)	40	50	100	80	0	140
Total Distribution (1000 60 KG BAGS)	8650	9180	8400	10680	0	11640
(1000 HA) ,(MILLION TREES) ,(1000 60 KG BAGS)						
OFFICIAL DATA CAN BE ACCESSED AT: PSD Online Advanced Query						

Attachments:

No Attachments