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Report Highlights:

Post forecasts Ethiopia's coffee production for MY 2026/27 at 12.10 million bags (60 kilograms each, green bean equivalent), based on improved yields under normal weather conditions. Exports for the same period are forecast at 7.13 million bags, supported by growing demand for Ethiopian Arabica beans. MY 2025/26 constitutes an exceptional period for Ethiopia's coffee export sector, as record-high fresh cherry prices and rising operating costs continue to place significant financial pressure on traders and exporters. China is rapidly emerging as one of the top coffee buyers, driven by its tariff-free market access.

PRODUCTION

Post forecasts Ethiopia's total coffee production for marketing year (MY) 2026/27 (October-September) at 12.1 million bags (60 kilograms per bag, green bean equivalent), reflecting a 4.7 percent increase compared to the previous season. Total harvested area is forecast at 800,000 hectares, up 1.3 percent from the estimated area for MY 2025/26. This growth is expected to be driven primarily by improved yields as well as modest expansion in cultivated area. The forecast assumes favorable weather conditions, particularly regular rainfall. In April 2026, farmers reported healthier flowering and more uniform cherry development across key producing regions. The southern regions, in particular, are expected to experience a positive year in the coffee production cycle after reporting a reduced harvest during the 2025/26 season.

Reports by the Ethiopian Coffee and Tea Authority (ECTA) show that 5.9 million farmers are engaged in coffee production across the country. Smallholder farmers dominate Ethiopia's coffee sector, accounting for 90 percent of total national production. These farmers typically cultivate coffee on small plots averaging less than half a hectare, often integrating coffee trees into mixed farming systems alongside food crops.

At the farm level, growing adoption of improved agronomic practices such as pruning and stumping of aging trees, along with increased use of recommended extension packages including composting and soil management techniques is supporting productivity gains. Farmers are also becoming more aware of the benefits of stumping old coffee trees and intercropping. In addition, the gradual uptake of improved seedlings that are both higher-yielding and more disease-resistant is beginning to contribute to enhanced productivity.

According to industry sources, nearly 70 percent of Ethiopia's coffee trees are old, with some estimated to be more than 100 years old. Following the launch of a national stumping campaign four years ago, ECTA reports that stumped trees have already begun producing yields. According to ECTA, 15 percent of the total coffee harvested area in MY 2025/26 is covered by stumped coffee trees. Oromia region recorded the highest stumping rate at 19 percent of total harvested area, followed by South Ethiopia region at 14 percent and Sidama at 13 percent. Studies in Sidama and South Ethiopia regions have demonstrated that stumped coffee trees can increase yields by up to threefold within four years after stumping.

Table 1: Ethiopia's Coffee Production Estimate and Forecast: MY 2024/25-2026/27

Description	2024/25 (Estimate)	2025/26 (Estimate)	2026/27 (Forecast)
Marketing Year Begins	Oct. 2024	Oct. 2025	Oct. 2026
Area Harvested (Hectares)	760,000	790,000	800,000
Production (million bags, 60 kilograms)	11.46	11.56	12.1
Yield (MT/HA)	0.9	0.9	0.91

Source: Post estimate and forecast

Ethiopia's coffee production is projected to continue to expand if favorable weather conditions exist, due to several structural improvements in the sector. The continued stumping campaigns and planting of new

seedlings will lead to revitalized smallholder coffee farms, while the expansion of coffee farms coupled with increased investments in farming and processing infrastructure is expected to enhance production capacity.

The introduction of improved coffee cultivars and continued adoption of enhanced agronomic practices including stumping will likely drive sustained yield improvements across both smallholder and commercial farms. However, several factors may constrain production growth, including persistently elevated production costs including labor and inputs. Coffee producers and wet mills in the Sidama region reported that labor costs for fresh cherry picking have doubled from five birr to ten birr per kilogram, although prices differ across areas. Exporters also noted that inland transportation costs to transport coffee from regional areas to processing facilities have increased significantly as fuel prices surged by more than 30 percent compared to the previous season. Additionally, weather-related shocks such as irregular rainfall patterns and drought remain significant concerns. These shocks may also exacerbate disease pressure, further affecting yields and quality.

Recent reports by the Ethiopian Agricultural Research Institute (EIAR) indicate that Ethiopia's national agricultural research systems are introducing improved hybrid coffee seedlings and increasingly using tissue culture techniques to multiply them. Researchers suggest that this approach scales up production more efficiently than traditional methods, delivering large numbers of healthy, uniform plants that maintain high-yield traits and can be quickly distributed to farmers. EIAR reports that over 50 improved varieties offering higher yields and stronger disease resistance have been distributed to coffee growers across the country. These improved hybrid varieties yield around 2.8 tons per hectare under better management conditions, compared with current national average yields of less than 1.0 ton per hectare. The researchers note that expanding adoption of these hybrid cultivars and tissue culture techniques is expected to meet the demands of large-scale coffee development.

Ethiopia Pushing for Mechanized and Commercial Farms

The Government of Ethiopia is interested in large-scale, modern coffee production and has allocated 100,000 hectares of land for private sector coffee development. This marks the first time the government has allocated large tracts of land exclusively for modern coffee production. This planned expansion, if materialized, represents a 70 percent increase in area compared to the country's current 143,000 hectares of commercial coffee farms, which are predominantly located in the Oromia and Southwestern Ethiopia regions.

Local officials describe the initiative as a strategic national project designed to transform Ethiopia's coffee sector from its current reliance on traditional smallholder farming into a hybrid model that combines established practices with large-scale, technology-driven production. Reports from May 2026 show that 110 private investors received new farmland for coffee cultivation. Planting on these new farms has not yet begun, and authorities are urging the investors to quickly start developing the farmlands, which are reportedly allocated in the Oromia and Southwest Ethiopia regions. This strategic shift aims to transform the coffee sector through mechanized and commercial plantation systems, citing Brazil as an example.

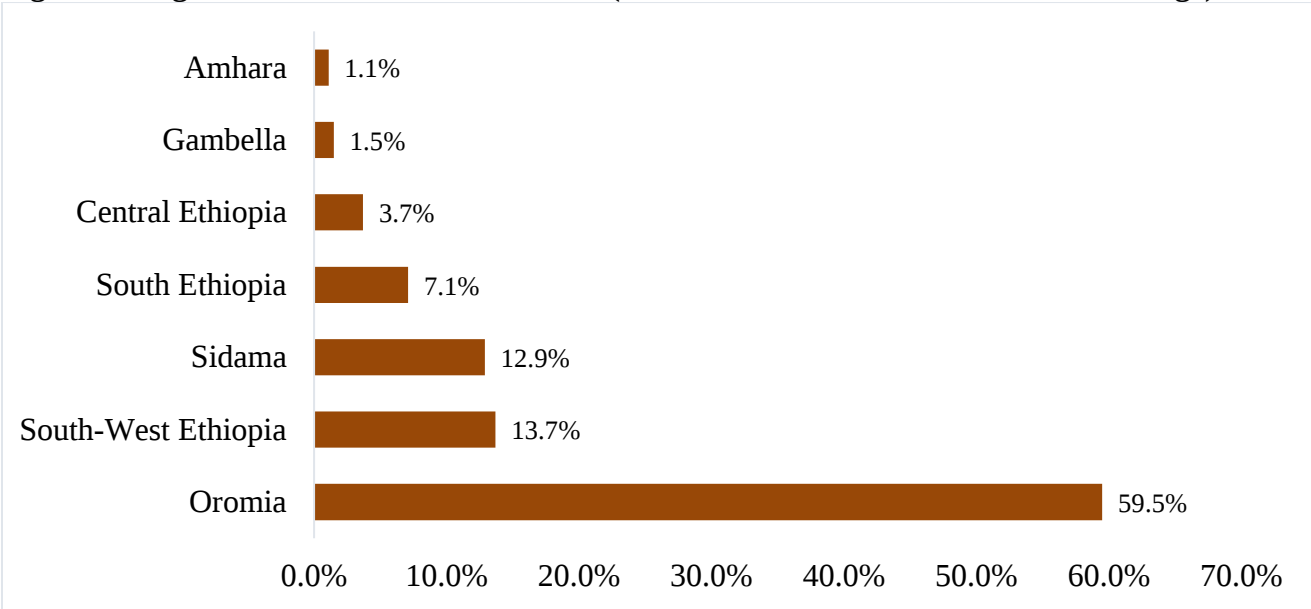
These new Ethiopian coffee farms will reportedly adopt mechanized land preparation, structured planting, improved varieties, modern machinery, smart irrigation systems, and intensive input to achieve higher yields and consistency. Industry experts anticipate that this modernization effort could enhance

yields and strengthen global competitiveness while operating alongside the dominant smallholder-based production system. The objective is to increase productivity and export volumes by adopting production methods comparable to those of leading coffee-exporting nations. Some stakeholders caution that mechanized coffee farming systems could face significant challenges, including substantial initial investment requirements and lead to difficulties maintaining Ethiopia's distinct coffee flavor profiles.

Coffee Production by Region

According to ECTA, over the last three years, the Oromia region has accounted for 59.5 percent of total coffee production, followed by South-West Ethiopia at 13.7 percent, Sidama at 12.9 percent, and South Ethiopia at 7.1 percent. These four regions together represent approximately 93 percent of national coffee output, demonstrating the geographic concentration of Ethiopia's coffee sector. Although coffee production has gradually expanded into non-traditional producing areas such as Amhara region in the north, their contribution to national output remains limited.

Figure 1: Regional Coffee Production Share (MY 2023/24–2025/26, Three-Year Average)



Source: Data from ECTA

Production Overview for MY 2025/26

Post revised the MY 2024/25 production estimate upward by 830,000 bags to 11.46 million bags. The change reflects the larger production increase in MY 2024/25 following the improved yields from the national tree rejuvenation initiative.

Estimated production for MY 2025/26 is unchanged at 11.56 million bags. Industry sources characterized MY 2025/26 as a generally strong but uneven production season across Ethiopia's coffee-growing regions. The season exhibited significant regional production variation, harvest delays, tightened supply of washed coffee, and record high red cherry prices.

In the southern coffee-growing belt including Sidama, Yirgacheffe, Guji, and West Arsi, farmers and traders reported lower yields due to a cyclical pattern of coffee production. A prominent coffee farmers'

union noted that the production shortfall this year in Sidama region was substantial after several consecutive years of strong harvests. Industry sources also reported that the late onset of rains disrupted flowering and extended cherry development, resulting in uneven ripening and harvest delays of up to three weeks. High-altitude zones were particularly affected, with reduced cherry density and slower picking cycles. However, crop quality was reportedly stronger than in previous seasons, alongside Ethiopia's growing focus on expanding production of specialty coffee beans. According to Sidama region ECTA, 97 percent of the coffee supplied from the region to the central market during the current marketing year is classified as Grade 1 and Grade 2, while only 2-3 percent falls under Grade 3.

In contrast, coffee-producing areas in western and southwestern regions including Jimma, Limmu, Kaffa, Benchmaji, and Sheka reportedly experienced stable to above-average production, more than offsetting the southern shortfall. Favorable rainfall distribution, better soil moisture conditions, and dry weather during peak harvest supported higher yields and improved quality. Increasing investments in washing stations and commercial farms further contributed to the yield increase.

Agronomic practices such as pruning, stumping old coffee trees, intercropping, and composting continue to improve and support productivity across producing regions. Industry sources also note that government-led initiatives under the Green Legacy program have contributed to the planting of billions of improved coffee seedlings, including high-yielding and disease-resistant hybrid varieties, though their full impact will likely materialize over the medium term.

Record Cherry Prices and Rising Production Costs Challenge the Sector

Producers and traders report that operational constraints continued to challenge the coffee sector throughout the 2025/26 harvest season. Farmers anticipated that the previous year's record-high coffee prices would maintain momentum, driving local cherry prices to unprecedented levels. During the start of MY 2025/26, cherry prices tripled in some areas and quadrupled in others compared to the previous season. Several farmer cooperatives in Yirgacheffe district reported that red cherry prices peaked at 220-250 Birr (\$1.42-\$1.62) per kilogram in December 2025, nearly four times higher than the previous season. This sharp price hike, combined with rising production costs including labor expenses, created significant challenges for wet mills. A privately owned wet mill in the same district reported that daily labor costs doubled. These factors, coupled with cash flow limitations, restricted the capacity of wet mills and buyers to procure fresh cherries at volume during critical harvest periods. Industry experts described that the constrained access to fresh cherries for washing stations led to lower washed coffee output and intensified competition for available cherry supply among exporters, farmer cooperatives, and domestic traders.

Washed Coffee Supply Tightens as Natural Coffee Production Expands

Record high fresh cherry prices in MY 2025/26 triggered a notable shift in coffee processing practices across producing regions. Following strong prices in MY 2024/25, several farmers reportedly opted to process coffee at home rather than sell red cherries to washing stations, capturing higher returns by drying and selling natural coffee themselves. During post-harvest field visits to southern regions, traders and wet mill operators confirmed to Post this trend toward home-based natural coffee processing. Industry contacts in western and southwestern coffee-producing regions reported similar shifts. Simultaneously, wet mills became less inclined to purchase fresh cherries during the main harvest due to price increases and elevated working capital requirements. Farmers retaining cherries and wet mills reducing purchases significantly decreased the volume of red cherries reaching washing stations, leading

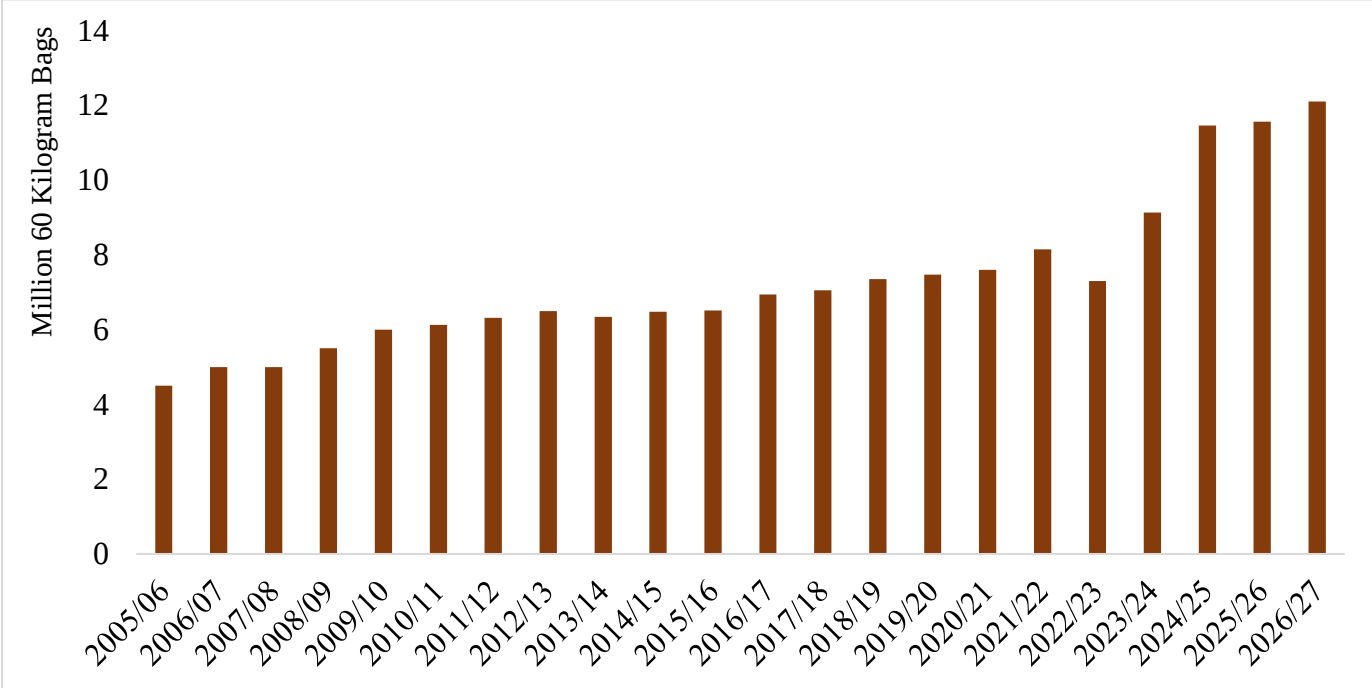
to tighter availability of washed coffee during MY 2025/26, alongside a growing share of natural processed coffee beans.

Ethiopia's Coffee Production Trends

Ethiopia's total coffee production has shown sustained growth over the past two decades, expanding from 4.5 million bags in MY 2005/06 to a forecast of 12.1 million bags in MY 2026/27. Production increased gradually from MY 2005/06 through MY 2014/15, averaging approximately 5.8 million bags annually, constrained by limited investment in productivity improvements and traditional farming practices. Growth accelerated notably from MY 2015/16 to MY 2021/22, rising from 6.5 million to 8.2 million bags, coinciding with increased government focus on the coffee sector and gradual adoption of improved agronomic practices. The most recent period shows pronounced expansion, with production surging to 11.6 million bags in MY 2025/26, driven by area expansion, improved yields, and increased investment in farming and processing operations.

The long-term upward trend has been supported by several structural factors: geographic expansion into areas with suitable agro-climatic conditions; government initiatives promoting improved seedling planting; growing adoption of yield-enhancing practices among smallholder farmers; and policy reforms and increasing private sector investment in processing infrastructure and commercial plantations. Industry analysts project that Ethiopia will sustain production growth, particularly as investments in improved cultivars, processing modernization, and large-scale plantation development mature. However, industry sources caution that maintaining this momentum will require addressing persistent challenges including weather shocks, input cost pressures, logistics constraints, global price volatility, and informal domestic trade that periodically affect production stability and farmer incentives.

Figure 2: Ethiopian’s Annual Coffee Production Estimates (MY 2005/06-2026/27)



Source: USDA and Post Estimate

Local Industry Optimistic about Ethiopia's Long-Term Production Potential

Ethiopia's coffee industry is optimistic about the country's long-term coffee production potential, citing a recent climate suitability study by Rabobank. According to the Rabobank [study](#) published in March 2026, Ethiopia's suitable arabica-growing areas could expand from approximately 39 percent currently to around 50 percent by 2050, with highly suitable zones potentially tripling. This contrasts sharply with projections for other major coffee-producing countries. Brazil's suitable areas are expected to decline from 81 percent to 62 percent, Colombia from 56 percent to 45 percent, and Honduras from 53 percent to 12 percent. Industry analysts view this divergence as positioning Ethiopia among the few origins where both production area and long-term supply capacity could expand, even as traditional arabica producers could face mounting climatic pressures and yield risks.

Ethiopia Advances EUDR Compliance Amid Implementation Challenges

Industry sources report that Ethiopia is making progress toward compliance with the EU Regulation on Deforestation-free Products ([EUDR](#)), which is supposed to take effect on December 30, 2026 for large businesses, and on June 30, 2027 for smaller enterprises. ECTA is working closely with international development partners and private sector stakeholders to operationalize a national traceability platform aligned with EUDR requirements. ECTA reports that progress has been made in building the system and uploading geolocation data, and hundreds of thousands of smallholder plots have already been mapped and registered. Farmers' cooperatives, exporters, and development partners are actively supporting farmer-level data collection, training, and system integration to accelerate nationwide coverage. Industry experts say that Ethiopia's traditional shade-grown coffee agroforestry production systems may provide an advantage under the EUDR, as they are generally associated with low deforestation risk and biodiversity-friendly farming practices. Despite this progress, industry experts highlight that there are challenges in complying with the EUDR due to Ethiopia's fragmented smallholder production system, which complicates the collection of geolocation and compliance data from millions of farms. Limited digital infrastructure and the remoteness of many producing areas further hinder effective traceability and data management. Additionally, the multi-layered supply chain with multiple intermediaries between farmers and exporters complicates full farm-to-export traceability. Low awareness among coffee farmers and high compliance costs present additional challenges to EUDR compliance efforts.

Stricter EU Organic Certification for Smallholder Coffee Producers

The EU's updated organic regulation ([Regulation 2018/848](#)) became fully binding for non-EU exporters on January 1, 2025, ending the previous equivalence system and requiring full compliance with EU standards. Industry sources report that this regulatory shift significantly impacts Ethiopian coffee producers, particularly smallholder farmers operating under group certification systems. The most substantial operational change is the significant increase in inspection intensity. The minimum annual on-site inspection sampling rate has risen from approximately 2 percent to 5 percent of farmers, while at least 2 percent must now undergo residue sampling. The regulation further tightens requirements by capping group certifications at roughly 2,000 smallholders, mandating annual audits for all certified operators, requiring full-farm organic compliance, and demanding enhanced traceability through digital systems, with only EU-recognized control bodies authorized to issue certification. According to industry contacts, these stricter requirements including higher sampling rates are causing longer field inspection times, rising compliance costs, and increasing administrative burdens, making EU organic certification increasingly difficult for Ethiopian smallholder coffee farmers to maintain. Consequently, major coffee-

producing cooperative unions reportedly reduced the number of organic certified cooperatives during the current marketing year.

CONSUMPTION

Post forecasts total domestic coffee consumption for MY 2026/27 at 5.0 million bags (60 kilograms each). Post revised the MY 2025/26 domestic consumption estimate upward from 3.70 million bags to 4.50 million bags. The revision is based on current market dynamics where falling global coffee prices are anticipated to redirect more supply domestically even as local prices remain higher than international prices. The burgeoning demand in both rural and urban centers, as well as the increasingly emerging coffee culture among youth, is driving domestic consumption.

Ethiopia's coffee trade operates under a dual market system regulated by ECTA, which separates export grade coffee from coffee that can be consumed domestically. Export quality coffee must meet strict grading and quality standards based on approved parameters, including moisture content, defect levels, and cup quality. Coffee that does not meet export standards due to quality defects or processing issues is diverted to the domestic market, where traders face less stringent export compliance requirements but must still follow domestic licensing and regulations. ECTA maintains strict controls to prevent export quality coffee from being illegally redirected into informal domestic channels, requiring all traders, processors, cooperatives, and exporters to register transactions and maintain documentation on sourcing and quality classification.

Despite persistent inflationary pressures and continued currency depreciation, which have pushed local retail coffee bean prices more than 90 percent above previous years, domestic consumption continues to expand. This expansion is driven by Ethiopia's deeply rooted coffee culture, rapid urbanization, population growth, and rising demand from younger consumers increasingly frequenting cafes and informal coffee outlets.

Domestic consumption represents one of the most distinctive features of Ethiopia's coffee economy. Coffee is central to daily life, anchored in the traditional "buna" ceremony practiced across rural and urban communities. This ritual involving roasting, grinding, and brewing coffee in a "jebena" (traditional clay pot) reinforces social bonds and sustains high household consumption. Ethiopia ranks among the largest coffee-consuming countries globally within the group of major producers. Per capita consumption is estimated at around 2.0 kilograms per year.

The domestic market is undergoing significant transformation driven by urbanization and evolving consumer preferences. In Addis Ababa and other major cities, a vibrant cafe culture is expanding rapidly, with growth in western-style coffee shops, local specialty cafes, and small-scale roasting businesses. Additionally, modern trends such as barista training and cupping centers, as well as barista and coffee roasting competitions, are flourishing and expected to further drive coffee culture in urban areas. This modern segment complements a large informal market of street vendors serving traditional "jebena buna," which remains widely accessible across income groups. The coexistence of traditional ceremonies and modern retail channels creates a dual market structure supporting both high consumption volumes and quality upgrading.

From a market perspective, Ethiopia's domestic consumption acts as both a stabilizing force and a competitive factor relative to exports. Strong domestic demand provides price support during periods of weak global prices while potentially reducing export volumes. In the years ahead, domestic consumption is expected to expand steadily, supported by cafe development, improvements in roasting and value addition, and sustained cultural attachment to coffee. This positions Ethiopia uniquely among coffee producers, with domestic consumption serving as an alternate market and playing an active role in driving the sector's development.

TRADE

Post forecasts Ethiopia's total coffee exports for MY 2026/27 at 7.13 million bags (60 kilograms each), a 2.4 percent increase over the revised MY 2025/26 estimate. The forecast reflects steady gains in production driven by gradual yield improvements, better farm management, and ongoing rehabilitation of aging tree stock across key producing zones. The forecast also considers an increased volume of export shipments of MY 2025/26 coffee crop projected to carry over, as many farmers and suppliers have reportedly held stocks in anticipation of price increases in the international market.

Export availability is likely to improve as supply chain investments continue, including expanded private sector participation in washing stations, dry mills, and logistics, alongside regulatory efforts to channel a greater share of production into formal export markets rather than informal domestic trade. At the same time, the global market environment remains relatively soft, with Arabica prices under pressure due to ample supplies from major producers such as Brazil and Colombia. While demand for Ethiopia's specialty and single-origin coffees remains strong in premium segments in Europe and the United States, buyers in some markets such as parts of Asia have become more price-sensitive.

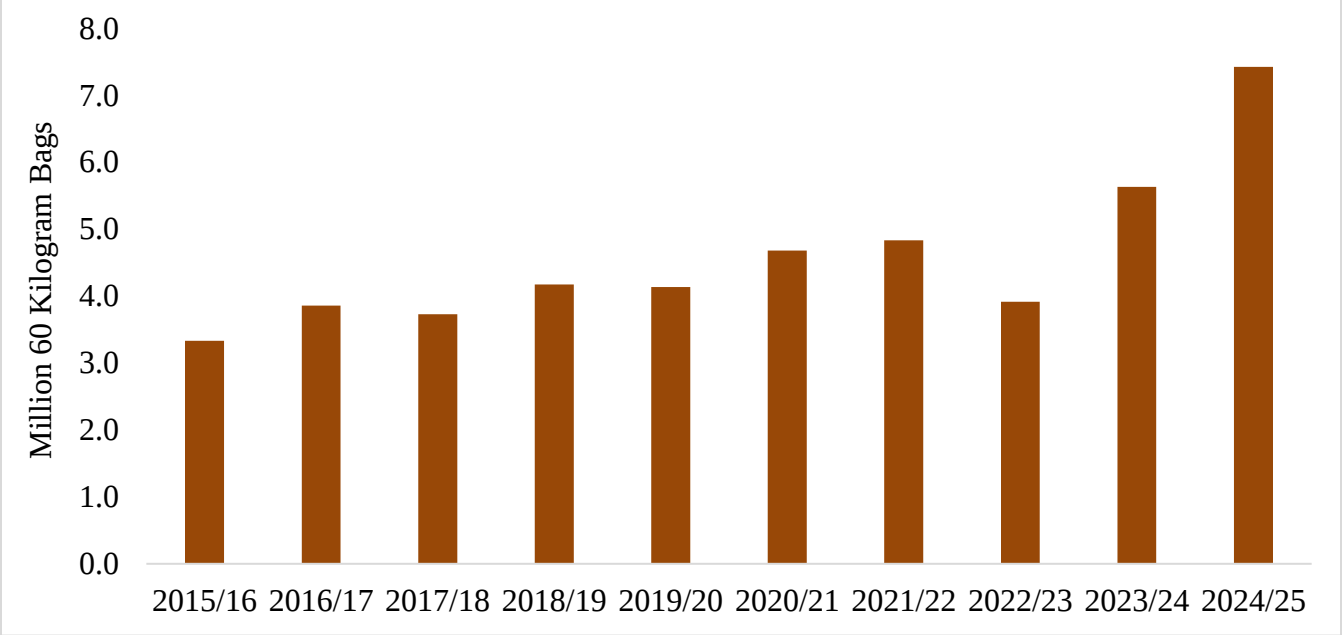
Post has revised MY 2025/26 export estimates downward to 6.97 million bags from the earlier projection of 7.80 million bags. This adjustment reflects prevailing market conditions where record high Ethiopian cherry prices and lower international prices have reduced export incentives and encouraged a wait and see strategy among Ethiopian producers, traders, and exporters. Industry contacts mentioned that many washing stations, farmer cooperative unions, and exporters slashed purchases of fresh cherries due to the price hike during the harvest period. Additionally, exporters stated that operational costs per container have increased by 60 percent this year compared to last year, further impacting exports. Contacts noted that they believe there are high coffee stocks at the farm and warehouse level as exporters wait to see if they can make profitable deals later in the season.

Total coffee exports during the first half of MY 2025/26 (October to April) reached 3.28 million bags, 13 percent below the same period last year. April 2026 exports, however, totaled 702,718 bags, the second highest April volume in the past five years. This occurred despite declining global prices, as authorities continued to push exporters and traders to release stocks and speed up shipments.

Export flows in the current marketing year have been further slowed by tighter liquidity conditions, rising financing costs, and logistics disruptions. Several exporters report that ongoing logistics challenges are constraining coffee shipments to global markets. The Middle East conflict and the disruption and closure of the Strait of Hormuz is affecting coffee shipments. Exporters noted that this disruption led to fuel shortages, reduced vessel calls at the Port of Djibouti, empty container shortages, and increasingly irregular shipping schedules, all of which are delaying coffee export movements.

Industry contacts are particularly concerned that the severe fuel shortage in Ethiopia is impacting the movement of export coffee consignments from regional areas to central processing facilities in Addis Ababa. Furthermore, the limited availability of containers is affecting their export contracts and delaying delivery times.

Figure 3: Ethiopia’s Coffee Export Volume by Marketing Year (October-September)



Source: Trade Data Monitor, LLC

Export Market Dynamics

Ethiopia's coffee sector is a major source of foreign exchange earnings, generating nearly \$2.5 billion annually or one-third of the total export revenue. The sector is central to national income, rural employment, and export revenue generation. The coffee sector supports the livelihoods of millions of smallholder farmers, traders, processors, and exporters across the value chain.

Coffee trade reforms over the past five years have introduced a vertical integration model across the supply chain through linkages among producers, processors, exporters, and international buyers. This model allows coffee firms to manage activities from production and washing to grading, packaging, and exports.

Industry analysts note that Ethiopia's shift from a fixed to a market-based exchange rate system since July 2024 has enhanced the country's price competitiveness in global markets, particularly for coffee exports. The currency adjustment has made Ethiopian coffee more attractive to international buyers, boosting export earnings and drawing renewed interest from foreign markets.

As coffee is one of the main sources of foreign exchange revenue, some coffee exporters allegedly disrupt the market by prioritizing short-term foreign exchange generation over sustainable trade practices. Exporters reportedly sell coffee at minimal margins or even at a loss to secure immediate foreign currency earnings, contributing to market distortions, price undercutting, and increased

instability within Ethiopia's coffee export sector. The current market dynamics lower the ability to make a profit off these practices and more established exporters expect that these types of operators will exit the business during the current and following marketing years, with established exporters continuing to supply high-quality coffee through their long-standing relationships with international buyers.

Ethiopian Coffee Export Composition: Green Bean vs. Roasted

Ethiopia's coffee exports remain overwhelmingly dominated by green bean coffee, which has consistently accounted for 99.7 percent of total export volumes over the past five years. Green bean exports have shown strong overall growth, rising from 4.68 million bags in MY 2020/21 to 7.10 million bags forecast for MY 2026/27, representing an average annual growth rate of 9.3 percent. Growth has been volatile, with a sharp contraction of 19.0 percent in MY 2022/23 followed by robust recovery of 43.4 percent in MY 2023/24 and 32.2 percent in MY 2024/25.

Roasted coffee exports, while marginal in absolute terms, have exhibited significant volatility and represent an emerging but still nascent segment. Despite this volatility, roasted coffee exports have averaged a 51.2 percent annual growth rate over the five-year period, suggesting potential for value-added export development. However, roasted coffee's share remains minimal at just 0.3 percent of total exports on average, with no soluble coffee exports recorded during this period. Ethiopia's export profile continues to reflect its role as a supplier of high-quality green arabica beans to international roasters and specialty markets.

Table 2: Ethiopia’s Green Bean and Roasted Coffee Exports

Marketing Year (Oct-Sep)	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26 (Oct-Apr)
Total Exports (‘000 Bags, 60 Kilograms)	4,684	4,837	3,918	5,634	7,430	3,281
Green bean coffee exports	4,677	4,826	3,910	5,607	7,412	3,275
Roasted coffee exports	7.64	10.33	8.53	27.38	18.10	5.91
Soluble coffee exports	0	0	0	0	0	0

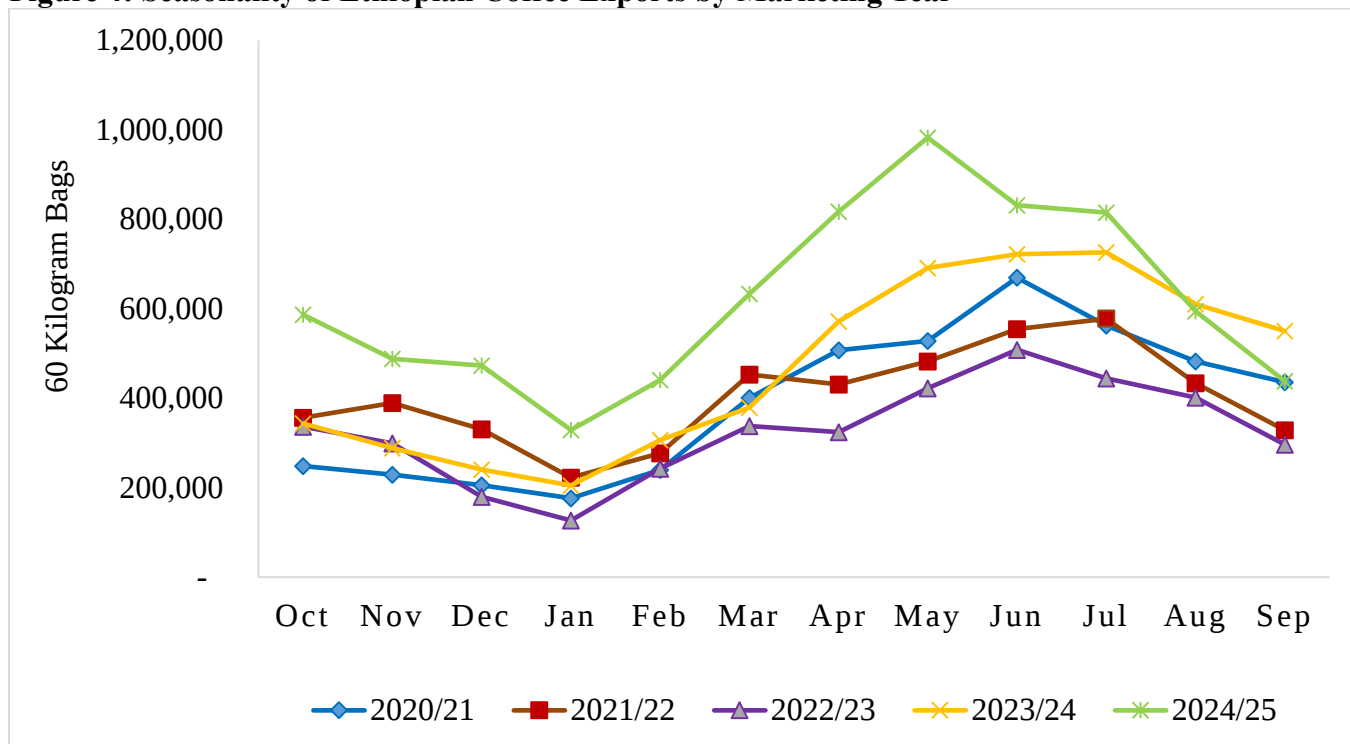
Source: Trade Data Monitor, LLC

Ethiopian Coffee Export Seasonality Trends

Ethiopian coffee exports display a seasonal pattern, with volumes typically building from a low point in the first four months of the marketing year (October–January) to peak levels during April–July. Based on five-year averages (MY 2020/21-2024/25), the weakest export months are December (5 percent of annual volume) and January (4 percent). This trend reflects the post-harvest processing and limited export availability following the main harvest period of October to December. Export activity accelerates significantly from April onward, with May, June, and July consistently representing the strongest months, averaging 12 percent, 13 percent, and 12 percent of annual export volumes respectively. This mid-year surge aligns with the completion of processing and quality certification for the main crop, as well as favorable shipping windows before the onset of the rainy season.

The export seasonality pattern has remained relatively consistent across the past five marketing years, though MY 2024/25 demonstrates notably higher absolute volumes across all months while maintaining similar proportional distribution. In MY 2024/25, Ethiopia achieved record monthly export volumes, with May reaching an unprecedented 982,757 bags, the highest single-month performance over the past five years. Other exceptional months included June (831,550 bags), July (815,280 bags), and April (817,251 bags), all substantially exceeding historical averages. Generally, March and April serve as transition periods, with monthly exports averaging 8 percent of annual volume in March and 10 percent in April. September marks the end of the marketing year with declining activity (averaging 8 percent), as most exporters clear remaining stocks before the new harvest cycle begins in October.

Figure 4: Seasonality of Ethiopian Coffee Exports by Marketing Year



Source: Trade Data Monitor, LLC

Ethiopian Coffee Exports by Destination

Ethiopia's coffee exports in MY 2024/25 reached 7.43 million bags valued at \$2.89 billion, representing a 31.9 percent increase in volume and a 69.4 percent increase in value compared to MY 2023/24. The top ten destination markets accounted for 75.6 percent of total exports. Saudi Arabia and Germany maintained their positions as the largest markets collectively accounting for nearly one-third of total export volumes at 15.9 percent and 15.2 percent respectively. These markets are followed by China (9.0 percent), Belgium (8.8 percent), and the United States (8.3 percent).

The most dramatic expansion compared with the previous year occurred in China, where exports surged 264.1 percent to 670,000 bags valued at \$274 million, reflecting growing demand for Ethiopian coffee in one of the world's fastest-growing coffee markets. Other markets showing strong growth included the

United Arab Emirates (up 131.3 percent), Russia (up 108.5 percent), and the United States (up 55.1 percent).

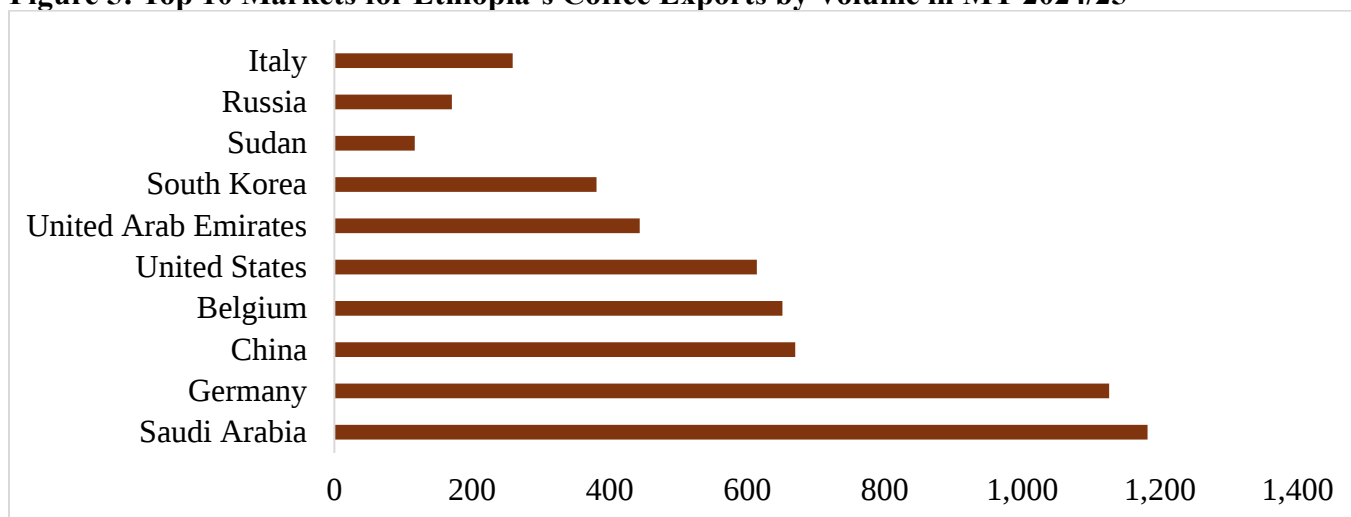
Traditional high-value export markets such as Germany, Belgium, and the United States maintained strong positions. While emerging destinations such as China and the United Arab Emirates demonstrated exceptional growth rates. In contrast, South Korea experienced a slight volume decline (1.8 percent) and a significant value contraction (28.9 percent). Traders describe the South Korean market as becoming more price-sensitive and switching to non-premium beans. Meanwhile, Sudan's imports fell sharply by 45.1 percent in volume and 25.0 percent in value due to the ongoing civil war in the country disrupting logistics and supply chains. The prominence of Saudi Arabia and Germany underscores the importance of both Middle Eastern and European markets for Ethiopian coffee, with Belgium and Germany serving as important re-export hubs within the European Union, while traders note that larger Saudi Arabian importers also re-export Ethiopian beans to other countries in the Middle East.

Table 3: Ethiopia's Coffee Export Volume and Value by Partner Country (MY 2023/24-2024/25) and First Half of MY 2025/26 (October-April)

S/ N	Partner Country	Volume (^{'000} Bags, 60 Kilograms)			Value (millions USD)			% Change 2023/24 to 2024/25	
		2023/24	2024/25	2025/26	2023/24	2024/25	2025/26	Volume	Value
1	Saudi Arabia	1,035	1,182	619	262	409	258	14.2	56.1
2	Germany	952	1,126	279	233	433	123	18.3	85.8
3	China	184	670	420	61	274	197	264.1	349.2
4	Belgium	539	651	258	158	263	115	20.8	66.5
5	United States	396	614	277	155	278	144	55.1	79.4
6	United Arab Emirates	192	444	206	56	161	90	131.3	187.5
7	South Korea	388	381	159	249	177	74	(1.8)	(28.9)
8	Italy	191	259	93	51	96	41	35.6	88.2
9	Russia	82	171	94	20	57	39	108.5	185.0
10	Sudan	213	117	104	40	30	38	(45.0)	(25.0)
	Sub-Total	4,172	5,615	2,509	1,285	2,178	1,119	34.6	69.5
	Others	1,462	1,815	772	423	716	360	39.9	69.3
	Total	5,634	7,430	3,281	1,708	2,894	1,479	31.9	69.4

Source: Trade Data Monitor, LLC

Figure 5: Top 10 Markets for Ethiopia's Coffee Exports by Volume in MY 2024/25

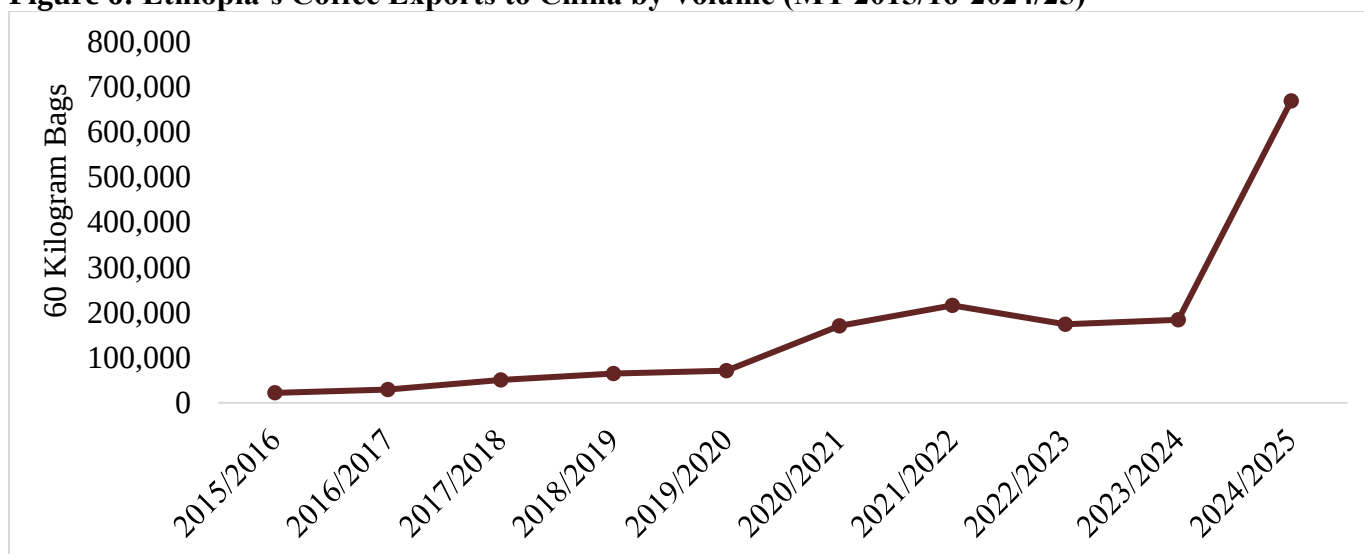


Source: Trade Data Monitor, LLC

China's Emergence as a Top Market for Ethiopian Coffee

China's rise as a leading buyer of Ethiopian coffee signals a broader shift in coffee demand patterns and Ethiopia's export diversification strategy. In MY 2024/25, Ethiopia exported around 670,000 bags to China, generating more than \$274 million in revenue. This positioned China as the third-largest destination for Ethiopian coffee, marking a sharp rise from a decade ago, when China ranked as the 17th largest coffee destination with exports of approximately 22,000 bags. The pace of this growth highlights how quickly China has moved from a marginal buyer to a major player in Ethiopia's coffee export portfolio.

Figure 6: Ethiopia's Coffee Exports to China by Volume (MY 2015/16-2024/25)



Source: Trade Data Monitor, LLC

China's rapid ascent stands in contrast to Ethiopia's traditionally stable and higher-value export markets such as the United States and Germany. While these premium markets continue to play a major role, China's growing coffee imports have been driven by targeted trade promotion, improved market access, and strengthening commercial linkages. Within the last five years, China has become one of the most dynamic and strategically important markets for Ethiopian coffee beans.

Underlying this shift is the rapid evolution of China's domestic coffee industry, with fast expansion among coffee chains and increased domestic consumption. According to a USDA [report](#), China's domestic coffee market was estimated at approximately \$42 billion in 2024, as coffee consumption rises rapidly among younger urban consumers. China's coffee consumption has increased sharply over the past decade and reached 6.3 million bags by the end of 2024. This growth is supported by the expansion of cafe chains, e-commerce delivery platforms, and growing demand for premium coffee products. The report further indicates that per capita coffee consumption in China remains relatively low at 22 cups annually—far below levels in more mature Asian coffee markets indicating substantial room for future expansion. The Chinese market is also experiencing a strong shift in consumer preferences from instant coffee toward freshly brewed and specialty coffee, increasing demand for imported high-quality coffee beans.

Large-scale chains such as Luckin Coffee operating over 26,000 stores and Cotti Coffee running around 15,000 outlets continue to scale aggressively. This expansion is shaping consumer habits and fueling demand for high-quality beans. Both coffee chains have reportedly direct supply chain integrations for sourcing various origins of Ethiopian beans.

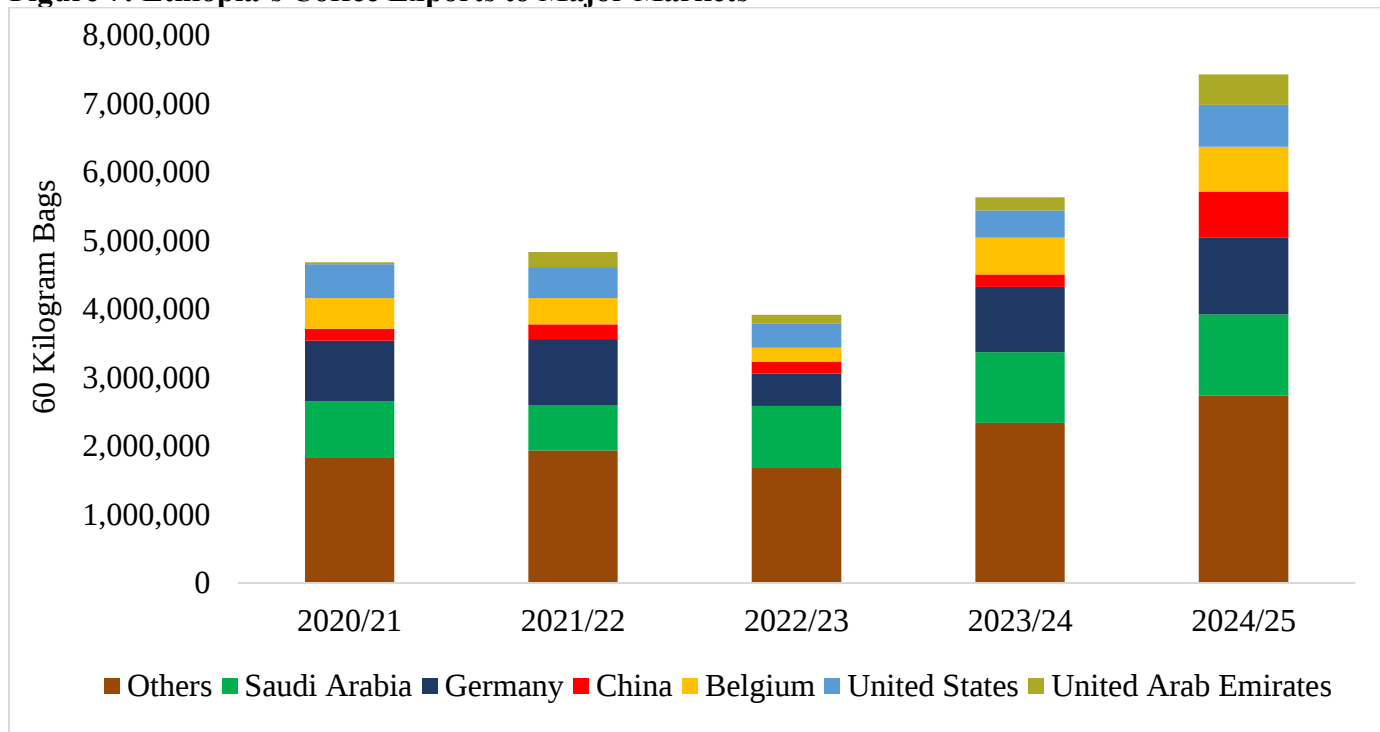
Chinese importers and trading firms are expanding their sourcing activities while actively promoting Ethiopian coffee through trade fairs, exhibitions, and bilateral business forums. In December 2025, the Ethiopia Coffee Trading Center was inaugurated in Hunan Province as part of the first China-Ethiopia Coffee Economic and Trade Cooperation Conference. The center was established to increase the visibility of Ethiopian coffee in China and strengthen direct commercial links between Ethiopian exporters and Chinese buyers. Industry contacts also report a noticeable increase in the number of Chinese coffee traders and sourcing companies operating in Ethiopia as coffee consumption continues to expand across China.

Beyond sourcing activities, Chinese firms are increasingly exploring investment opportunities within Ethiopia's coffee industry. Industry experts report that some Chinese companies have already begun establishing large-scale coffee export processing facilities in integrated agro-industrial parks located in Ethiopia's major coffee-growing regions. Other Chinese firms are planning to invest in the production of premium instant coffee powder for export markets, supporting Ethiopia's broader efforts to expand value-added coffee exports and strengthen its position in the global coffee industry.

At the same time, e-commerce and digital platforms are accelerating access to specialty coffee, allowing Ethiopian single-origin products to reach a wider consumer base. Within this expanding ecosystem, Ethiopia's coffee exports to China have grown exponentially over the past decade. Chinese buyers are directly sourcing Ethiopian coffee beans, showing strong preference for their distinctive flavor profiles, compelling origin narrative as the birthplace of Arabica coffee, and competitive pricing.

This competitiveness has been further enhanced by [zero-tariff access](#) since December 1, 2024. As [announced](#), China expanded its zero-tariff policy to cover all tariff lines for products from 53 African countries with diplomatic ties, effective May 1, 2026. Together, these factors solidify China's position as a high-growth market that is increasingly shaping the direction of Ethiopian coffee exports to non-traditional markets.

Figure 7: Ethiopia's Coffee Exports to Major Markets



Source: Trade Data Monitor, LLC

Tightly Regulated Trade Opening to Foreign Investment

Ethiopia's coffee trading is among the country's most highly regulated sectors. It is governed primarily by the Coffee Quality Control and Marketing [Proclamation No. 1051/2017](#) and implementing directives issued by ECTA. The proclamation establishes Ethiopia's legal framework to modernize and regulate the coffee sector, ensuring quality, traceability, and global competitiveness across the full value chain. It also establishes quality standards at each stage of the supply chain while also allowing producers to participate directly in processing and export activities. The trade regulations require all export coffee to undergo mandatory grading and certification through centralized systems. Export-grade coffee (Grades 1–5) cannot be diverted to the domestic market, reinforcing quality assurance and export prioritization. Recent directives, particularly the Coffee Marketing and Quality Control Directive No. 1106/2025 (as amended), have tightened compliance by introducing higher minimum paid-up capital requirements and stricter licensing, traceability, and disclosure rules. However, reforms have also introduced flexibility, including extended contract execution periods and reduced reliance on the Ethiopian Commodity Exchange (ECX) as the exclusive trading channel.

Ethiopia promotes value chain integration by allowing coffee producers, cooperatives, and commercial farms to export directly, own processing facilities, and establish direct linkages with buyers. Ethiopia's coffee trade regulation allows producers and farmers with at least two hectares of land to directly export coffee to international markets, modernizing the supply chain and reducing dependence on intermediaries. Under the trade regulation, exporters, cooperatives, and qualified producers purchase coffee directly from farmers or washing stations and export it without passing through the ECX auction floor, preserving farm-level traceability essential for specialty coffee markets. Industry experts note that this model supports long-term partnerships between Ethiopian growers and overseas buyers while allowing exporters to provide financial support, technical assistance, and quality management directly to suppliers. ECTA reports that the vertical integration system has increased transparency, improved foreign currency earnings, and strengthened Ethiopia's position in premium coffee markets where buyers demand origin verification and direct sourcing relationships.

Ethiopia seeks to attract foreign investment in the coffee sector. In line with this objective, Ethiopia has liberalized the coffee export sector with [Directive No. 1001/2024](#), issued by the Ethiopian Investment Board in March 2024. However, this directive imposed strict minimum thresholds for coffee purchase and export transactions. To ease those requirements, the directive was repealed and replaced by [Directive No. 1082/2025](#), issued in June 2025. The new directive permits foreign investors to participate directly in the export of raw coffee beans. To qualify, foreign investors must submit a due diligence report, prepared either internally or by a reputable national or international verification agency confirming the investor's integrity and capacity.

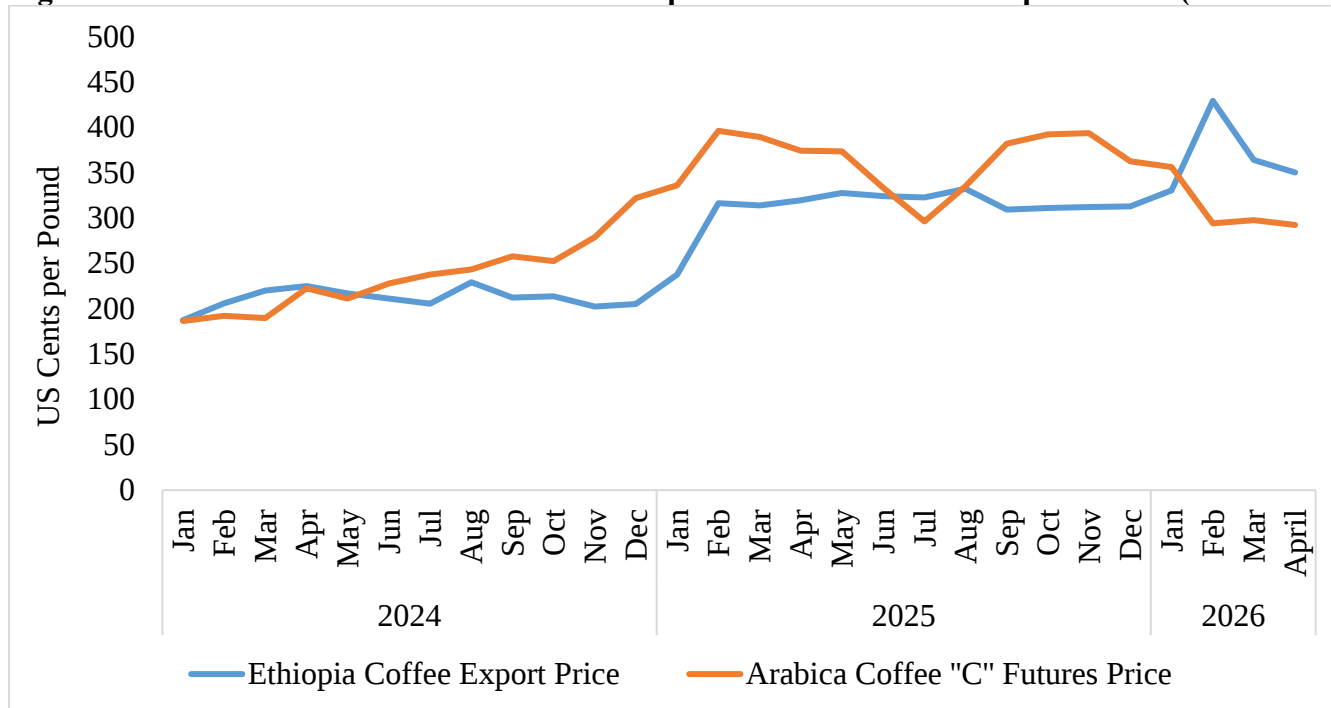
Following Ethiopia's coffee trade liberalization, reports indicate that several foreign investors are showing growing interest in coffee processing and export operations, particularly from Asia. Industry sources suggest that similar foreign investments are expected to expand across the coffee sector as regulatory barriers continue to ease and as Ethiopia's competitive advantages become more widely recognized.

PRICES

Export Pricing Policy

Ethiopia's coffee export prices are set by a structured system rather than being directly driven by global market fluctuations with international Arabica prices serving only as a reference point. ECTA administers a minimum export price that acts as a price floor below which export contracts cannot be registered. Prices are updated weekly to reflect market conditions such as global prices, exchange rates, coffee grade, processing method (washed, natural, and specialty), and origin differentials. There is no official maximum price ceiling, allowing exporters and buyers to negotiate higher prices freely, with specialty and higher-grade coffees often trading well above the minimum due to quality premiums and demand. The primary objective of this pricing mechanism is to stabilize the coffee industry, protect farmer incomes in a smallholder-dominated sector, preserve the value of Ethiopian coffee in export markets, and reduce excessive price competition among exporters.

Figure 8: Arabica Coffee “C” Futures and Ethiopia Green Bean Coffee Export Prices (2024-2026)



Source: Intercontinental Exchange, Inc. ([ICE](https://www.ice.com)) and Trade Data Monitor, LLC

Ethiopian Green Bean Coffee Export Price

Ethiopia's weighted average green bean coffee export prices in 2025 followed the global trend but with slower adjustments to international prices due to contract timing and quality premiums. Prices rose from 238 cents per pound in January to 316 cents per pound in February, supported by strong international demand and firm Arabica price levels in global markets. From March to May, prices remained steady between 314 and 328 cents per pound as export contracts adjusted gradually to global price signals. In June and July, prices remained stable at 322 to 324 cents per pound, while August saw a slight increase to 332 cents per pound. In September, prices eased to 310 cents per pound despite firmer global futures, reflecting slower adjustment through export contracts. From October to December, prices remained steady at 311 to 312 cents per pound, showing relatively stable export earnings despite global volatility.

In 2026, Ethiopia's coffee export prices became more volatile, rising from 331 cents per pound in January to a sharp peak of 429 cents per pound in February, reflecting delayed adjustment to earlier global price increases and strong quality-based premiums in selected export lots. Prices then fell to 364 cents per pound in March and eased further to 350 cents per pound in April as global Arabica prices weakened following improved production outlooks from Brazil and steady supply from Vietnam. Overall, Brazil's weather-driven production cycles and Vietnam's consistent export performance remain the primary global drivers, while Ethiopia's export prices adjust more gradually due to pre-arranged export contracts between exporters and international buyers. These contracts are typically based on fixed or benchmark-linked pricing with defined quality grades, origins, shipment timelines, and delivery terms. Traders note that Ethiopian coffee export prices adjust slowly based on shipment timing and quality premiums rather than responding immediately to global market movements.

STOCKS

Ethiopia's coffee ending stocks for MY 2026/27 are forecast at 145,000 bags. Post adjusted the carryover stocks from MY 2025/26 upward from 140,000 bags to 175,000 bags as declining international prices have reinforced a wait and see sentiment among farmers, traders, and exporters. At the same time, market participants who purchased fresh cherries early in the 2025/26 harvest season at relatively high prices are facing margin pressure, which may further delay sales as they await more favorable price conditions. As a result, carryover volumes into MY 2026/27 are expected to be higher than in recent years, delaying export availability later in the season.

The Ethiopian Ministry of Agriculture (MOA), ECTA, and the national coffee industry association have urged farmers, traders, and exporters to release held stocks, supply coffee to the central market, and process exports without delay. Authorities have emphasized the need to complete exports before the end of the Ethiopian fiscal year on July 7, 2026, warning that continued declines in international prices could result in financial losses. MOA and ECTA have also signaled that administrative measures may be enforced against those who fail to comply.

POLICY

Coffee Marketing and Quality Control [Directive No. 1100/2025](#)

The Coffee Marketing and Quality Control Directive that was issued by ECTA in July 2025, established a comprehensive regulatory basis to regulate Ethiopia's coffee production, quality control, and marketing system. The directive formalizes the entire value chain by defining roles of producers, suppliers, processors, traders, and exporters, requiring all actors to obtain certificates of competency and operate within licensed channels. It introduces strict quality control measures including mandatory inspection, grading, certification, and laboratory testing to ensure coffee meets national and international standards before domestic sale or export. It also regulates coffee trading systems by requiring transactions through approved mechanisms to promote transparency, traceability, and fair pricing while preventing illegal or informal market practices. The directive aims to modernize the coffee sector, safeguard Ethiopia's global reputation for quality coffee, strengthen institutional oversight, and improve market efficiency and export competitiveness.

Minimum Required Capital for Coffee Exporters

The Coffee Marketing and Quality Control ([Amendment](#)) [Directive No. 1106/2025](#), issued in July 2025, revises exporter requirements to strengthen coffee sector oversight and align with current market conditions. The directive introduces updated minimum capital thresholds for coffee exporters seeking a certificate of competency:

- Individual exporters: 15 million Ethiopian birr (\$95,500 USD) minimum initial capital plus proof of one year of financial activity.
- Business associations: 20 million birr (\$127,400 USD) minimum capital plus financial records from major shareholders.
- Private limited companies: 20 million birr (\$127,400 USD) minimum capital plus verified financial activity of the owner.

The directive states the minimum capital in local currency only. The USD equivalent is based on the National Bank of Ethiopia indicative exchange rate as of May 14, 2026 (1 USD = ~157 Birr).

These higher financial entry requirements are to ensure that only financially capable and compliant actors participate in coffee exports, improving market discipline and reducing illegal or informal trading.

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

Coffee, Green Market Year Begins Ethiopia	2024/2025		2025/2026		2026/2027	
	Oct 2024		Oct 2025		Oct 2026	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted (1000 HA)	0	770	0	800	0	820
Area Harvested (1000 HA)	0	760	0	790	0	800
Bearing Trees (MILLION TREES)	0	1900	0	1975	0	2000
Non-Bearing Trees (MILLION TREES)	0	55	0	60	0	65
Total Tree Population (MILLION TREES)	0	1955	0	2035	0	2065
Beginning Stocks (1000 60 KG BAGS)	50	50	80	80	0	175
Arabica Production (1000 60 KG BAGS)	11100	11460	11560	11560	0	12100
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)	11100	11460	11560	11560	0	12100
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)	11150	11510	11640	11640	0	12275
Bean Exports (1000 60 KG BAGS)	7415	7410	7765	6940	0	7100
Rst-Grnd Exp. (1000 60 KG BAGS)	30	20	35	25	0	30
Soluble Exports (1000 60 KG BAGS)	0	0	0	0	0	0
Total Exports (1000 60 KG BAGS)	7445	7430	7800	6965	0	7130
Rst,Ground Dom. Consum (1000 60 KG BAGS)	3625	4000	3700	4500	0	5000
Soluble Dom. Cons. (1000 60 KG BAGS)	0	0	0	0	0	0
Domestic Consumption (1000 60 KG BAGS)	3625	4000	3700	4500	0	5000
Ending Stocks (1000 60 KG BAGS)	80	80	140	175	0	145
Total Distribution (1000 60 KG BAGS)	11150	11510	11640	11640	0	12275
(1000 HA) ,(MILLION TREES) ,(1000 60 KG BAGS)						
OFFICIAL DATA CAN BE ACCESSED AT: PSD Online Advanced Query						

Attachments:

No Attachments