

Required Report: Required - Public Distribution

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Report Name: Coffee Annual

Country: Kenya

Post: Nairobi

Report Category: Coffee

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Report Highlights:

FAS/Nairobi forecasts a 13.3 percent increase in Kenya's coffee production in the marketing year (MY) 2025/26 to 850,000 bags due to improved farm practices, as farmers respond to high prices in MY 2024/25. Area planted is also expected to increase marginally, as the government rolls out its coffee expansion program targeting both traditional and new growing regions. The transition of land from coffee plantations to housing near Kenya's largest cities has slowed, stabilizing area planted. Coffee exports are expected to grow by 10 percent to 840,000 bags, while domestic consumption is projected to increase by 6.9 percent.

Table 1: Production, Supply, and Distribution (PSD)

Coffee, Green Market Year Begins Kenya	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)	0	105	0	105		106
Area Harvested (1000 HA)	0	105	0	105		105
Bearing Trees (MILLION TREES)	0	170	0	170		170
Non-Bearing Trees (MILLION TREES)	0	0	0	0		2
Total Tree Population (MILLION TREES)	0	170	0	170		172
Beginning Stocks (1000 60 KG BAGS)	64	64	37	61		63
Arabica Production (1000 60 KG BAGS)	775	825	750	750		850
Robusta Production (1000 60 KG BAGS)	0	0	0	0		0
Other Production (1000 60 KG BAGS)	0	0	0	0		0
Total Production (1000 60 KG BAGS)	775	825	750	750		850
Bean Imports (1000 60 KG BAGS)	0	29	0	30		30
Roast & Ground Imports (1000 60 KG BAGS)	0	0	0	0		0
Soluble Imports (1000 60 KG BAGS)	18	43	20	43		45
Total Imports (1000 60 KG BAGS)	18	72	20	73		75
Total Supply (1000 60 KG BAGS)	857	961	807	884		988
Bean Exports (1000 60 KG BAGS)	775	803	725	720		800
Rst-Grnd Exp. (1000 60 KG BAGS)	0	29	0	30		30
Soluble Exports (1000 60 KG BAGS)	0	13	0	13		10
Total Exports (1000 60 KG BAGS)	775	845	725	763		840
Rst,Ground Dom. Consum (1000 60 KG BAGS)	30	35	30	38		40
Soluble Dom. Cons. (1000 60 KG BAGS)	15	20	15	20		22
Domestic Consumption (1000 60 KG BAGS)	45	55	45	58		62
Ending Stocks (1000 60 KG BAGS)	37	61	37	63		86
Total Distribution (1000 60 KG BAGS)	857	961	807	884		988
(1000 HA) ,(MILLION TREES) ,(1000 60 KG BAGS)						
OFFICIAL DATA CAN BE ACCESSED AT: PSD Online Advanced Query						

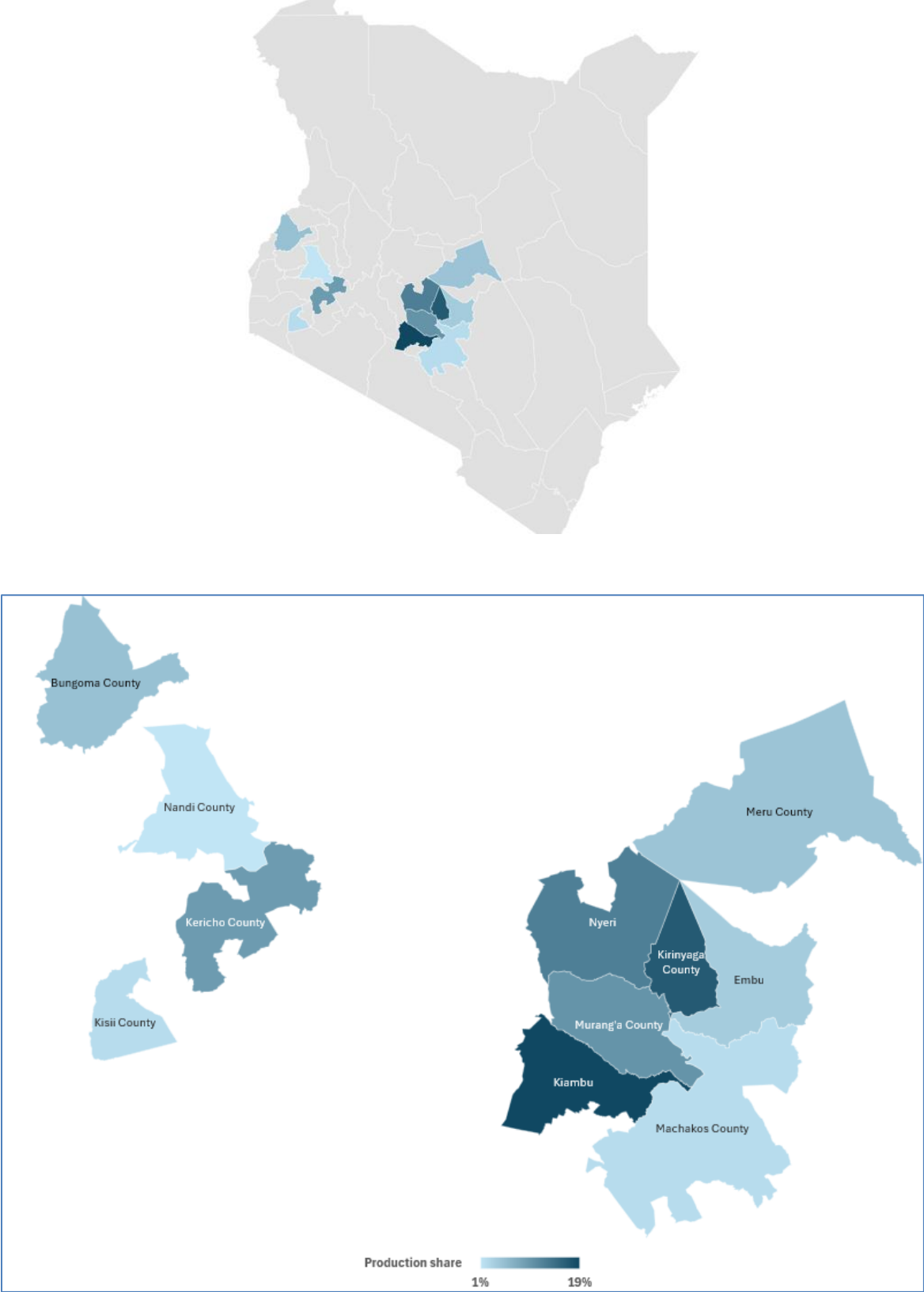
Sources: Trade Data Monitor, Coffee Directorate -Agriculture and Food Authority, and Post Estimates

Production

Post forecasts Kenya's MY 2025/26 coffee production to increase by 13.3 percent from 750,000 bags in MY 2024/25 to 850,000 bags, due to improved practices as farmers respond to higher prices. Following a year of high prices, farmers will be able to increase fertilizer application and improve disease and pest control. In addition, coffee plantations will be at the peak of the biennial production cycle that is characteristic of Arabica coffee.

While area harvested is anticipated to remain at 105,000 hectares, area planted will increase marginally as the government rolls out its coffee expansion program. According to industry sources, the program targets both traditional and new coffee growing areas in Kenya's Central, Eastern and Rift Valley regions. The program involves the supply of saplings to farmers, purchased with a revolving fund that is implemented by New Kenya Planters Co-operative Union, a semi-public agency. Some county governments in coffee growing areas have also rolled out grant programs to support farmers to purchase saplings and expand their coffee farms. Industry sources indicate that the Coffee Research Institute, a key supplier of coffee planting materials, is stepping up its production capacity to cope with the increased sapling demand.

Figure 1: Kenya's Key Coffee Growing Areas



Source: FAS/Nairobi

The substitution of coffee plantations with housing that was prevalent in recent years has abated due to the stagnation of real estate development. The substitution trend was rampant in peri-urban areas of Nairobi, Thika, Kiambu, and Nyeri. Between 2020 and 2024, the area planted dropped from 112,000 to 105,000 hectares (HA).

Figure 2: Coffee Sapling Production Facility



Source: Coffee Research Institute, Ruiru

Marketing

The bulk of Kenya's coffee, estimated at around 80 percent, is marketed through producer co-operatives, while the rest is handled by corporate and individually owned businesses. The Nairobi Coffee Exchange (NCE), a spot market that has been in existence since 1935, handles over 90 percent of coffee sales. The remaining sales are via direct contracts negotiated between producers and exporters. Direct sale contracts must be registered with Kenya's Coffee Directorate, a regulatory branch of the Agriculture and Food Authority. Under new marketing regulations implemented in the 2023, the NCE is now regulated by Kenya's Capital Markets Authority. The Capital Markets Authority also licenses brokers, whose primary responsibility is coffee classification, preparation of sale catalogues, and presentation to scheduled coffee auctions. There are currently 15 licensed brokers.

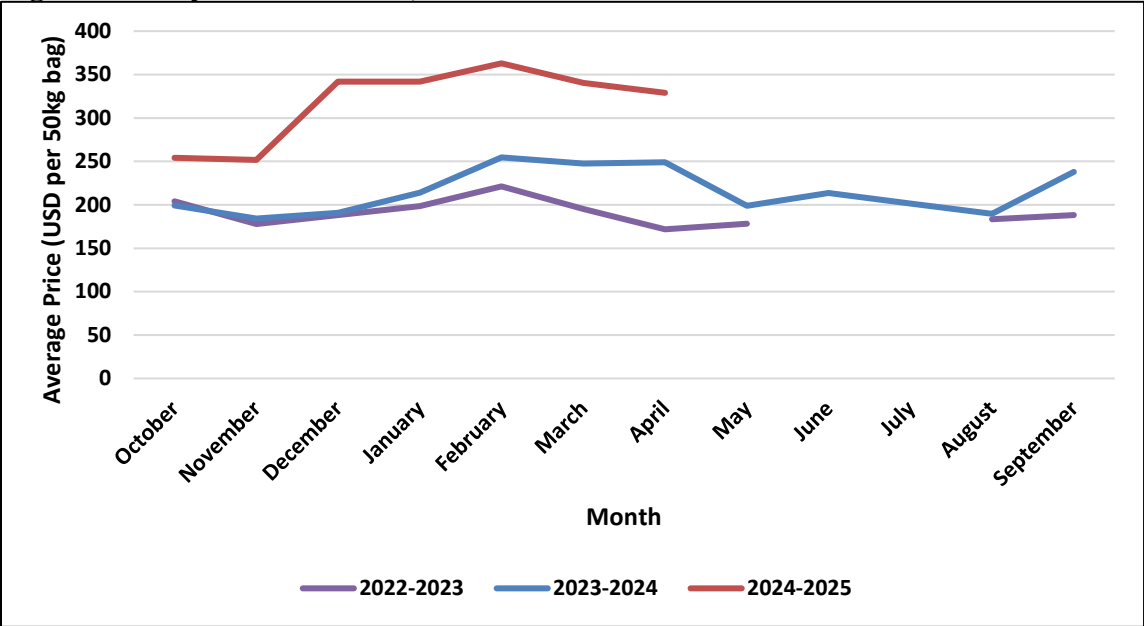
Prices

Average coffee prices at NCE surged in the first half of MY 2024/25 due to a tight global supply associated with a production drop in key coffee exporting countries the previous year. According to the United Nations Food and Agricultural Organization, in Vietnam prolonged dry weather led to a 20 percent drop in production in 2023/24. In Indonesia, production declined by 16.5 percent due to

excessive rains, while Brazil’s production declined by 1.6 percent because of dry and hot weather conditions.

In February 2025, average coffee price at NCE rallied to a record high of \$363 per 50-kilogram bag, up from \$254 in October 2024. At the last trading session in April 2025, the price was \$329. Coffee sales at the NCE are in U.S. dollars, whose Kenya shillings exchange rate remained stable at around \$129 in the first half of MY 2024/25, reducing volatility in farmer receipts. A price correction is anticipated in the second half of MY 2024/25, due to a projected supply increase.

Figure 3: Kenya Coffee Prices, MY 2021/22 to MY 2023/24



Source: Nairobi Coffee Exchange
Note: In 2022/23 NCE was closed from June to August

Policy

Since February 2023, the government of Kenya has undertaken several reforms in the coffee sector. The reforms include the placing of NCE under the Capital Markets Authority, and the licensing of brokers to take over roles previously undertaken by marketing agents. In addition, the licensing of coffee millers was moved from the Agriculture Food Authority to the county governments. A Coffee Bill, to codify these changes in law is still pending in Kenya’s parliament. The proposed law establishes Coffee Board of Kenya and the Coffee Research and Training Institute (CR&TI) and provides for their funding through a coffee sales levy. The Coffee Board of Kenya will replace the Coffee Directorate that is currently a unit of the Agriculture and Food Authority, while the CR&TI will be delinked from the Kenya Agricultural and Livestock Research Organization.

Consumption

Post projects a 6.9 percent increase in domestic coffee consumption in MY 2025/26 to 62,000 bags from 58,000 in MY 2024/25. The increase is driven by the expansion of coffee service outlets in Nairobi and other urban areas. In addition, the anticipated growth in Kenya’s tourism sector is also expected to accelerate the increase in local consumption.

Changes to MY 2024/25

Post revises MY 2024/25 coffee consumption estimates from 15,000 bags to 20,000 bags, on increased number of coffee cafés and a 15 percent growth in Kenya's international tourism in 2024.

Trade

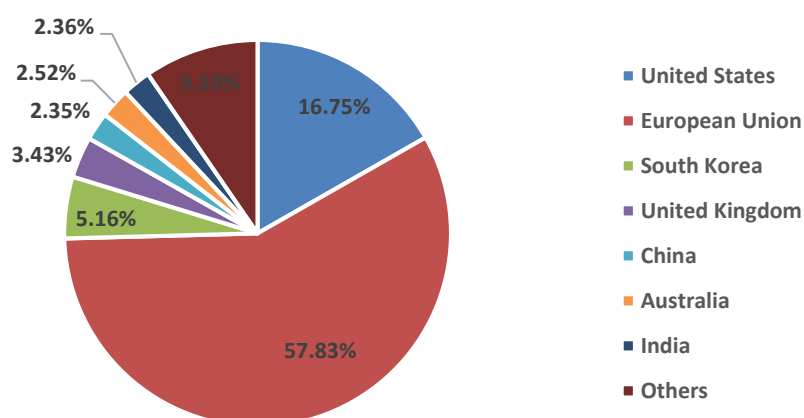
Post anticipates Kenya's MY 2025/26 coffee exports to increase by 10 percent to 840,000 bags from 763,000 bags in MY 2024/25, due to increased local production. Green bean exports will continue to dominate Kenya's coffee exports. During the MY 2023/24, the bulk of Kenya's coffee was exported to the European Union. Other key destinations were United States, United Kingdom, and South Korea (Table 2). The European Union Deforestation Regulation, that will restrict the exportation of certain agricultural commodities that may be linked to deforestation, is set to come in force in January 2026. The government of Kenya has established a multi-agency technical committee to evaluate Kenya's readiness and to develop a compliance framework.

Table 2: Kenya's Main Coffee Export Destinations

	MY 2021/22		MY 2022/23		MY 2023/24	
Country	Bags	%	Bags	%	Bags	%
United States	147,836	19.18	203,871	23.13	134,669	16.75
Germany	124,792	16.19	162,282	18.41	126,127	15.69
Belgium	126,089	16.36	67,013	7.60	124,083	15.43
Sweden	44,263	5.74	86,087	9.77	63,147	7.86
South Korea	81,625	10.59	51,418	5.83	41,495	5.16
Netherlands	11,206	1.45	38,342	4.35	28,171	3.50
United Kingdom	18,822	2.44	15,222	1.73	27,600	3.43
Australia	20,109	2.61	33,372	3.79	21,364	2.66
Norway	20,880	2.71	17,056	1.94	19,943	2.48

Source: Trade Data Monitor

Figure 4: Kenya's Coffee Export Destinations



Source: Trade Data Monitor

Changes to MY 2024/25

Post revises upwards MY 2024/25 exports from 725,000 bags to 763,000 to include exports of roasted ground and soluble coffees. Kenya has no soluble coffee plant, and soluble coffee shipments are largely re-exports.

Stocks

Posts forecast that Kenya's MY 2025/26 ending coffee stocks will increase by 36.5 percent from 63,000 bags to 86,000 bags on account of increased production. Post revises downwards the ending stocks estimates for MY 2024/25 from 124,000 bags to 63,000 bags, due to lower production and enhanced exports, as farmers seek to benefit from the prevailing high prices. Stocks will largely be held by millers, exporters, and producer co-operatives.

Attachments:

No Attachments