



## ON THIS EDITION

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The past two months being slack months for the coffee market in Ethiopia, we didn't send out our Newsletters. We are now happy to resume sending as the coffee season is about to start.

### Production and Export Forecast

Ethiopia projects good coffee harvest during 2023/24 coffee season as there has been favorable weather conditions in most coffee producing areas. Our team on the ground has observed that coffee trees are holding well and good quantities and qualities of coffee are expected during harvest. In fact, we are receiving reports that places such as Mizan Teppi have started harvesting. The initial price they started transacting coffee cherries is at 23 Birr/kg, which is much lower than previous years.

Accordingly, USDA Foreign Agriculture Service (FAS) estimates coffee production to reach 8.35 million 60 KG bags during 2023/24, which is a slight increase from the 2022/23 coffee production.

FAS has also estimated total exports from Ethiopia to reach 4.83 million bags during 2023/24, which is yet again a slight increase from the 4.82 million bags estimates of 2022/23.

Germany is expected to be the top importer of Ethiopian coffee for 2023/24. In the year 2020/21, Germany imported 20% of Ethiopia's coffee followed by Saudi Arabia (13.7%), Japan (10%), United States (9.3%) and Belgium (8%).

KANYA Coffee Export plans to export 52 containers of both specialty and commercial coffees during the year. In order to achieve our goal, we have devised strategies that will help us achieve our goals. We are also happy to mention the establishment of our first coffee processing plant in Burayu, a town adjacent to Addis Ababa. This will help us solve the problem we had during the previous years and facilitate the prompt supply of coffee to our esteemed clients.

### Current state of Ethiopian coffee

While the coffee community is preparing for the new crop season to start, many exporters are still facing difficulties to clear out their old stocks which is a result of several factors. The first reason given is the minimum price set by Ethiopian Coffee and Tea Authority being too high when compared to the international prices. For instance, Lekemti's coffee minimum price for the week of September 19 – 25 is set at \$1.56/lb. The international coffee price that is traded in New York on September 23 for December 2023 shipment is \$1.51/lb. In order for international buyer's to trade Lekemti G5 coffee, its minimum price should be set between minus 20 and 40 below the international price. The current minimum price is completely out of buyers buying range and has become a major obstacle for exporters not being able to move their coffees.

The second reason is the drop in international coffee prices. During the start of the 2022/2023 harvest season, it is to be remembered that coffee cherry prices were being sold at record prices. Even though there were clear signs that Brazil's coffee was making a return after suffering a frost disaster that destroyed its coffee plantation, many producers and exporters in Ethiopia ignored this sign and rallied the price of coffee to unprecedented levels. Today, these exporters are paying a hefty price as they are unable to find market for their products.

While the government has increased foreign currency utilization from 20% to 40% to motivate exporters, it still needs to further develop strategies to help exporters sell their stocks.

### Coffee Exhibition

Ethiopia will be hosting the 20th African Fine Coffees Conference & Exhibition and 1st African coffee week in Addis Ababa, on 6th-9th February, 2024.

According to officials at Ethiopian Coffee and Tea Authority, this exhibition will create an advantage to Ethiopian exporters because it is held at a time when international coffee prices are down. It is believed that exporters will have an opportunity to showcase their products and have a higher bargaining chance to sell their products at higher prices.

Most importantly, this exhibition is expected to bring over 2000 exporters, producers, and buyers from African Fine Coffees Association member countries as well as international buyers, it will undoubtedly help to create direct relationships between Ethiopian exporters and international buyers.

KANYA Coffee Export plans to participate in this exhibition with the goal of forging new relationships with international buyers as well as showcasing our products.

Sincerely,

**Dagmawi Yimam, Managing Director**

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