



INFOPLATE
BRIEF

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2026

COFFEE, TRADE · EUDR

Record exports. A harder compliance test.

\$3 BILLION COFFEE TEST

Ethiopia just had its biggest coffee export year. Now its most important regulatory test is arriving.

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THE NUMBERS BEHIND THE TEST

Ethiopia enters the final stretch before EUDR application from a position of unusual strength: record coffee export earnings, rapidly diversifying buyers, and a national traceability system already under construction. The risk is not whether Ethiopian coffee is inherently sustainable. It is whether the supply chain can prove origin and legality at the level European buyers require.

\$3.0B

FY2025/26 coffee export earnings

MoA / ENA, Jul 2026

5.9M

farmers engaged in coffee production

USDA FAS / ECTA, 2026

>30%

EU share of exports, 2022/23

EFI / ECTA

30 DEC

2026 EUDR application date

European Commission

DATA INTEGRITY NOTE: The >30% EU share is the latest clearly sourced aggregate EU share identified in the preparedness literature and refers to 2022/23. Current country-level data show faster diversification toward Saudi Arabia, China and the United States. InfoPlate therefore treats Europe as one of Ethiopia's most important coffee markets, not as an uncontested current majority market.

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TWO FINDINGS THAT DEFINE THE QUESTION

THE RECORD

Ethiopia enters the compliance transition from a position of strength. Coffee export earnings reached a reported US\$3 billion in FY2025/26, while USDA expects exports to remain exceptionally strong. China is also emerging rapidly as a major buyer, adding another layer of diversification to a market traditionally anchored by Europe, the Middle East and North America.

THE TRACEABILITY TEST

Ethiopia has established a national system intended to trace coffee from farm through export, with geolocation data centralized under the Ethiopian Coffee and Tea Authority for validation. But a national completion rate for EU-bound coffee is not publicly established. The infrastructure is being built; the coverage test is still ahead.

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SIX MORE FACTS ON THE RECORD

- **Standard risk, not low risk.** Ethiopia is classified as standard risk under EUDR benchmarking, so the simplified low-risk pathway does not apply.
- **Smallholder scale.** USDA cites ECTA at 5.9 million coffee farmers, with smallholders accounting for about 90% of production.

- **Europe still matters.** The European Forest Institute reports that the EU accounted for more than 30% of Ethiopia's coffee exports in 2022/23. Germany remains a major destination even as the buyer mix broadens.
- **The rule is about proof.** EUDR requires covered products placed on the EU market to be deforestation-free and legally produced, backed by due diligence and production-location information.
- **The system exists.** Ethiopia's Ministry of Finance says a unified national traceability platform has been established, with geolocation data centralized at ECTA for validation and buyer access.
- **The value-add gap remains.** Ethiopia's coffee success is still overwhelmingly a green-bean export story. Traceability becomes more strategic if it also strengthens provenance, specialty differentiation and direct-market relationships.

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ANALYSIS: THE RECORD IS ONLY HALF THE STORY

THE RECORD: ETHIOPIA'S BIGGEST COFFEE YEAR

The US\$3 billion FY2025/26 export milestone changes the scale of the EUDR question. Coffee is not a niche compliance issue for Ethiopia. It is a major foreign-exchange engine tied to millions of rural livelihoods. The record also arrives as the buyer base becomes more diverse, reducing the risk that any single market defines the sector's future.

USDA's May 2026 assessment forecasts production of 12.10 million 60-kilogram bags in MY2026/27 and exports of 7.13 million bags. It also highlights China as a rapidly emerging buyer, supported by tariff-free access. Diversification gives Ethiopia more options, but it does not make European compliance optional.

THE RULE: WHAT EUROPE ACTUALLY REQUIRES

From 30 December 2026, the EUDR's main obligations apply to large and medium operators. Most micro and small operators follow on 30 June 2027. Coffee remains within scope. The rule focuses on whether relevant products are deforestation-free, legally produced and supported by the required due-diligence information.

THE PARADOX: FOREST-FRIENDLY, DATA-INTENSIVE

Traditional Ethiopian coffee production can be an environmental asset. Much of the crop is associated with shade and agroforestry systems rather than plantation-style land conversion. Yet EUDR rewards verifiability as much as narrative. A coffee lot that is genuinely low-risk still needs a chain of information capable of connecting it to compliant production locations.

Under EUDR, sustainability that cannot be traced may have less market value than sustainability that can be verified.

THE OPPORTUNITY: TRACEABILITY AS MARKET INFRASTRUCTURE

The narrow interpretation of EUDR is that Ethiopia must absorb a new compliance cost. The more strategic interpretation is that plot-level traceability can become market infrastructure. A functioning system can improve provenance, strengthen specialty claims, reduce information asymmetry, support direct sourcing and make sustainability attributes more credible to buyers.

That creates investable needs across geospatial mapping, farmer registries, cooperative digitization, supply-chain software, data verification, certification, testing, washing stations and origin-linked marketing. The question is whether these capabilities remain a compliance layer or become part of a higher-value coffee strategy.

Figure 1 | A Record Sector Meets a Fixed Deadline



Source: Ethiopian Ministry of Agriculture / ENA; USDA FAS Coffee Annual 2026; European Commission.

THE BENCHMARK: STANDARD RISK CHANGES THE BURDEN

Ethiopia's standard-risk classification matters because low-risk origins can qualify for simplified due diligence under specified conditions. Ethiopia cannot rely on that route. The competitive response is therefore not to argue that traditional coffee is sustainable in principle, but to make compliance evidence cheaper, faster and more reliable across a fragmented smallholder system.

The commercial risk is uneven. Larger exporters and organized cooperatives are better positioned to absorb mapping, data and verification costs. Smaller or less formal supply chains face greater risk of exclusion if buyers consolidate sourcing around suppliers that can provide reliable compliance data.

WHAT'S ACTUALLY BEING DECIDED

The real decision is whether Ethiopia's traceability build-out can preserve access to premium markets without pushing smallholders out of the most valuable supply chains. If the system works, compliance becomes infrastructure. If it remains fragmented, EUDR becomes a sorting mechanism that favors the most organized exporters and origins.

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EDITOR'S OUTLOOK

Week 28 showed Ethiopia's industrial parks adapting after the loss of preferential US market access. Week 29 showed wheat import substitution moving from a production question toward a competitiveness question. Week 30 brings the same structural theme into coffee: resilience increasingly depends on whether Ethiopia can convert policy response into durable market capability.

The coffee sector enters this test with unusual momentum. A US\$3 billion export year provides scale, buyer diversification provides optionality, and a national traceability platform provides a foundation. But the evidence does not yet support declaring the compliance problem solved. Public sources do not provide a credible national percentage showing how much EU-bound coffee is fully traceable and EUDR-ready.

That is why InfoPlate's verdict is neither ready nor unready. It is more precise: **the infrastructure is being built; the coverage test is still ahead.**

For investors and exporters, five indicators now matter most: the share of EU-bound coffee with verified plot-level traceability; acceptance of Ethiopia's national data architecture by European buyers; the compliance cost per farmer and exporter; whether smaller producers remain connected to premium supply chains; and whether traceability produces higher-value origin marketing rather than functioning only as a regulatory cost.

The upside is larger than avoiding disruption. Ethiopia already sells one of the world's most differentiated coffee origins. If traceability can connect that reputation to verified provenance at scale, EUDR could accelerate the digital and commercial infrastructure needed to capture more value from the same bean.

The risk is equally clear. A system that works for exporters but not for fragmented producers could preserve headline trade while concentrating access. The success metric should therefore not be the number of farms mapped alone. It should be whether compliant coffee can move from smallholder plot to premium buyer without breaking the economics of the chain.

THE BOTTOM LINE

Ethiopia's coffee is entering EUDR from a position of strength, not crisis. The sector has record earnings, growing demand and an emerging national traceability architecture. But from 30 December 2026, proof becomes part of the product. The countries and exporters that can deliver verified origin with the least friction will have an advantage. For Ethiopia, the next coffee premium may come not only from cup quality, but from the credibility of the data behind it.

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