



TRADE STRUCTURE · COMMODITY RISK · DIVERSIFICATION AGENDA

\$8.3 BILLION. **TWO COMMODITIES.** **ONE STRUCTURAL PROBLEM.**

Ethiopia's Export Economy Beyond Gold and Coffee: The Composition Problem, the Sectors Falling Short, and What Genuine Diversification Requires

\$8.3B Total Exports <i>FY2024/25 · record high</i>	74% Gold + Coffee <i>of total exports</i>	3.9t → 38.9t Gold Volume Surge <i>in one year (10x)</i>	39% FDI Operational Rate <i>586 of 1,509 permits active</i>
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KEY INDICATORS AT A GLANCE

<p>\$8.3B</p> <p>Total Exports FY2024/25 <i>116% YoY; record high; President to Parliament Oct 2025</i></p>	<p>\$3.5B</p> <p>Gold Exports FY2024/25 <i>38.87 tonnes; 42% of total; NBE Governor Brook Taye</i></p>	<p>\$2.65B</p> <p>Coffee Exports FY2024/25 <i>468,967 tonnes; ECTA Director General, July 2025</i></p>	<p>74%</p> <p>Gold + Coffee Combined <i>Of total merchandise exports FY2024/25</i></p>
<p>3.9t</p> <p>Gold Volume FY2023/24 <i>Gold went from 3.9 to 38.87 tonnes in one year (10x)</i></p>	<p>\$876M</p> <p>Oilseeds & Pulses <i>FY2024/25; missed \$1B target (Capital Ethiopia Jan 2026)</i></p>	<p>39%</p> <p>FDI Operational Rate <i>586 of 1,509 foreign investor permits active (EIC 2025)</i></p>	<p>\$9.4B</p> <p>Export Target FY2025/26 <i>H1 tracking at 120% of target, 66% YoY (MoTRI Jan 2026)</i></p>

01 THE COMPOSITION PROBLEM

\$8.3 Billion Is Impressive. 74% in Two Commodities Is Not.

Ethiopia's merchandise export earnings tripled in six years, from \$2.7 billion in FY2018/19 to \$8.3 billion in FY2024/25 — a 116% year-on-year surge confirmed by President Taye Atske-Selassie in his address to a joint session of Parliament on October 6, 2025. The government projects \$9.4 billion for FY2025/26, and H1 performance is tracking at 120% of target. By any measure, export revenue has surged. The problem is who is doing the work.

- ▶ **THE ARITHMETIC** Gold contributed \$3.5 billion (42% of total) and coffee contributed \$2.65 billion (32%) in FY2024/25. Together they account for \$6.15 billion of the \$8.3 billion total, or 74.1%. The remaining 25.9% covers horticulture, oilseeds and pulses, textiles, leather, manufactured goods, and live animals combined. This concentration is not a feature of low-income agricultural economies in general. It is a specific outcome of the formalisation-driven gold surge on top of a genuine coffee record, both occurring in the same fiscal year. The export structure is more concentrated today than it was in 2018, when gold was a relatively minor earner.
- ▶ **THE REGIONAL BENCHMARK** Kenya's top two export categories (tea and horticulture) account for approximately 42% of total goods exports. Tanzania's top two (gold and tobacco) account for approximately 48%. Rwanda's (coffee and minerals) approximately 55%. Ethiopia at 74% is the most commodity-concentrated export economy among its East African peers. That 32-percentage-point gap between Ethiopia and the most diversified regional comparator (Kenya) is the quantitative expression of the diversification challenge.
- ▶ **THE TENSION** Ethiopia's \$8.3 billion export total is the same data point that proves why diversification is urgent. Coffee and gold are at or near cycle highs in terms of global prices. If either reverts, the headline reverses. A 25% decline in gold prices from 2024 levels would reduce gold revenue by approximately \$875 million and pull total exports below \$7.5 billion. A comparable reversal in coffee prices following a Brazilian supply recovery would similarly compress coffee revenues. The export milestone the government is celebrating contains, within its own composition, the argument for why it cannot be relied upon.

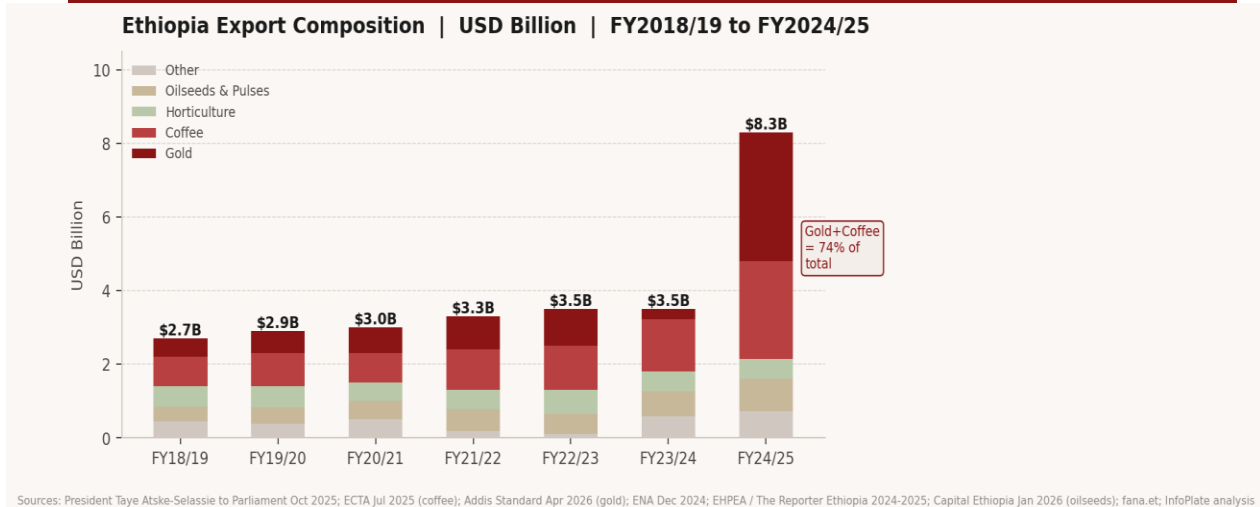


Figure 1: Ethiopia Export Composition | Sources: President Taye Atske-Selassie to Parliament Oct 2025; ECTA Jul 2025; Addis Standard Apr 2026; ENA Dec 2024; EHPEA / The Reporter Ethiopia 2024-2025; Capital Ethiopia Jan 2026

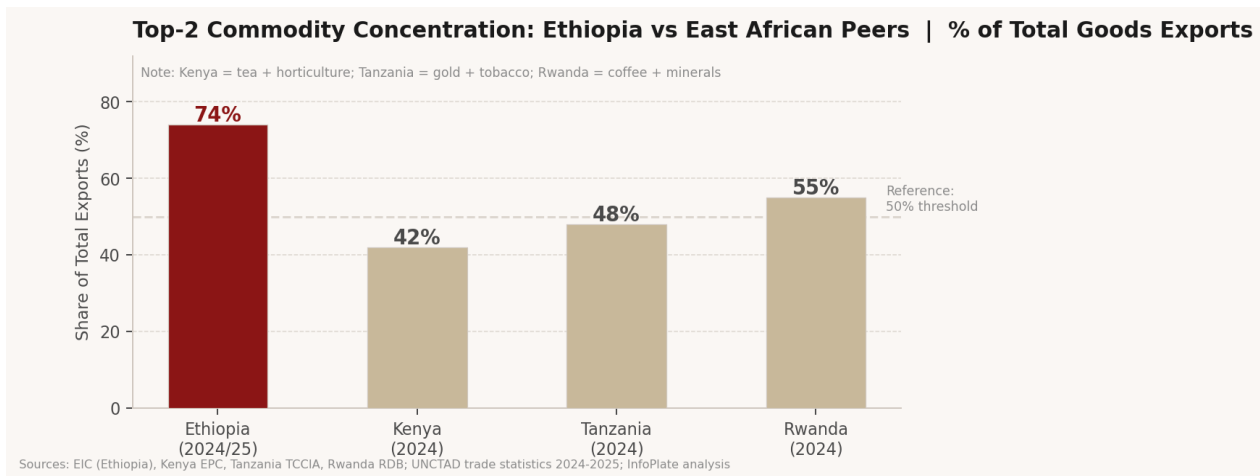


Figure 2: Top-2 Commodity Concentration vs East African Peers | Sources: EIC (Ethiopia); Kenya EPC; Tanzania TCCIA; Rwanda RDB; UNCTAD trade statistics 2024-2025; InfoPlate analysis

02 GOLD: A VOLUME STORY, NOT A PRICE STORY

Production Increased 10x in One Year. Formalisation Did That. Price Is Secondary.

Gold is now Ethiopia's largest single export earner, at \$3.5 billion in FY2024/25, overtaking coffee for the first time. The NBE Governor Brook Taye confirmed the figure in an Addis Standard report in April 2026. The President's address to Parliament in October 2025 gave the production volume: gold output increased from 3.9 tonnes in FY2023/24 to 38.87 tonnes in FY2024/25, a nearly tenfold increase. Understanding what drove the surge matters for how investors should read it going forward.

- THE VOLUME DRIVER** At an average London gold price of approximately \$2,400 per troy ounce across FY2024/25, 38.87 tonnes generates approximately \$3.0 billion — consistent with the \$3.5 billion reported once transportation, insurance, and official purchase margins are included. The prior year: 3.9 tonnes at approximately \$1,900 per ounce generates approximately \$238 million, consistent with the \$274 million reported for FY2023/24. The volume increase of approximately 10x accounts for the overwhelming majority of the revenue surge. The gold price increase of approximately 25-30% year on year is a secondary contributor. This is a formalisation story, not a commodity price story.



- ▶ **THE FORMALISATION MECHANISM** The July 2024 birr float dramatically increased the birr value of gold sales to the NBE, eliminating the parallel market premium that had previously made informal and contraband channels more attractive than official ones. Artisanal miners who had been selling to informal traders found it more economically rational to sell directly to the NBE at the official rate once the rate gap closed. The NBE Governor confirmed that 'the parallel market has collapsed' within two months of the float, and that gold supply to the NBE reflected a 'strong supply response.' This mechanism is replicable only once: the channel shift from informal to formal has largely occurred.
- ▶ **WHAT THIS MEANS FOR FORECASTING** The NBE Governor Brook Taye stated in April 2026 that Ethiopia had already earned a similar export figure from gold in just the first eight months of FY2025/26, indicating continued strong performance in the current year. However, the 10x volume surge reflected a one-time structural shift in informal-to-formal production channelling. Future growth requires either industrial mine production at scale or continued artisanal formalisation at diminishing incremental returns. The Kurmuk mine (Allied Gold, targeting 240,000 oz/year) and Tulu Kap (Kefi Minerals, targeting 135,000 oz/year) are expected to reach production in 2026-2027. These industrial mines will provide more stable, volume-predictable gold revenue. They do not diversify the export base away from gold. They make the gold base more institutionally resilient.

THE HONEST GOLD ASSESSMENT

Gold at \$3.5 billion is a genuine export achievement driven by a structural reform — the birr float — that incentivised a 10x surge in formally-channelled production. The analytical risk is treating this as a permanent baseline. The formalisation gains are largely already captured. Future gold revenue growth depends on industrial mine production and global price levels, both of which are less controllable than the channel shift that drove FY2024/25. A 25% price decline combined with flat volume would reduce gold revenues to approximately \$2.6 billion and compress total exports toward \$7.5 billion.

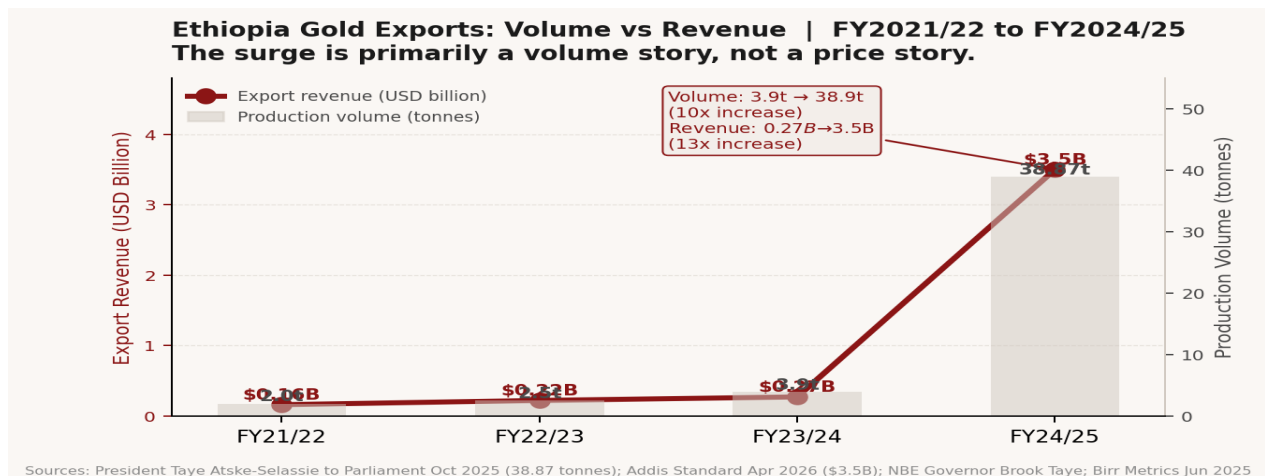


Figure 3: Ethiopia Gold Exports: Volume vs Revenue | Sources: President Taye Atske-Selassie to Parliament Oct 2025 (38.87 tonnes); Addis Standard Apr 2026 (\$3.5B); NBE Governor Brook Taye; Birr Metrics Jun 2025

03 COFFEE: GENUINE BUT CONCENTRATED

A Record Confirmed by Multiple Primary Sources — and Its Own Structural Vulnerabilities

Coffee exported \$2.653 billion in FY2024/25 from 468,967 tonnes shipped — a figure confirmed by the Ethiopian Coffee and Tea Authority Director General Adugna Debela on July 8, 2025, corroborated by Xinhua, the Ethiopian Monitor, and multiple sector sources. The 147% year-on-year volume increase reflects both policy reforms allowing more producers to export directly and favourable global prices following drought-related supply constraints in Brazil.



- ▶ **WHAT DROVE THE RECORD** Two factors drove the coffee record simultaneously. First, direct exporter licensing reforms under ECTA allowed more producers and cooperatives to bypass the legacy trader-broker model, increasing the officially reported volume. Second, global Arabica prices reached multi-year highs as drought in Brazil, the world's largest coffee producer at approximately 35% of global supply, tightened the global supply balance. Both factors are partially transitory: the direct licensing effect will eventually be absorbed at scale, and Brazilian supply will recover. Ethiopia's coffee competitive advantage — Arabica quality, genetic diversity, altitude — is durable; the FY2024/25 revenue level may not be.
- ▶ **THE VALUE CAPTURE GAP** Ethiopia exports primarily unprocessed green coffee. A kilogram of Ethiopian green coffee exported at approximately \$5-7 per kilogram reaches European retail markets as roasted specialty coffee at \$15-30 per kilogram and premium espresso capsules at \$50-100 per kilogram equivalent. The ECTA's export diversification agenda includes roasted and packaged coffee exports, but these remain a small fraction of the total. Ethiopia captures the agricultural and processing margin on coffee, not the roasting, branding, and retail margin. Closing that gap at scale requires domestic processing capacity, cold-chain and logistics investment, and origin certification programmes that take years to build.
- ▶ **THE CLIMATE RISK** The IPCC projects that climate-suitable areas for Arabica coffee in Ethiopia will decline under higher emissions scenarios, affecting the highland growing regions in Jimma, Kaffa, Illubabor, and Sidama. This is a structural long-term risk rather than a near-term export threat. The Ethiopian government and ECTA are investing in shade-grown, agroforestry-integrated production models and higher-altitude variety development as climate adaptation. The point for investors is that Ethiopia's position as one of the world's largest and highest-quality Arabica producers should be understood as a managed comparative advantage, not a static natural endowment.

04 THE SECTORS THAT ARE NOT WORKING

Oilseeds Underperforming, Horticulture Recovering Slowly, Industrial Parks at 46% of Target

The sectors that were supposed to diversify Ethiopia's export base — oilseeds and pulses, horticulture, textiles, manufactured goods — are collectively underperforming their targets. This is not a new finding. It is the finding that the gold and coffee surge is temporarily obscuring in headline export numbers.

- ▶ **OILSEEDS AND PULSES** Oilseeds and pulses — sesame, niger seed, soybeans, chickpeas, lentils — are Ethiopia's third-largest agricultural export category. FY2024/25 earnings were approximately \$876 million per Capital Ethiopia January 2026 reporting on MoTRI performance data, missing the stated \$1 billion target. The Ethiopian Pulses and Oil Seeds Exporters Association (EPOSEA) warned of a substantial backlog of export commodities awaiting shipment in December 2025 following Ministry of Trade and Industry price board interventions. The sector's structural problems are documented: price board interventions that distort exporter margins; supply chain bottlenecks in loading and logistics; quality compliance issues with key destination markets in Europe and Asia; and smallholder productivity stagnation. The FY2025/26 target of approximately \$1 billion requires resolving these structural issues, not simply higher global commodity prices.
- ▶ **HORTICULTURE** Ethiopia's horticulture sector reached \$525 million in FY2023/24, down approximately 25% from the prior year, per The Reporter Ethiopia July 2024. Partial-year data for FY2024/25 shows \$367 million in the first eight months (EHPEA, May 2025), suggesting a full-year estimate of approximately \$540-545 million. Semafor (March 2025) independently reported 'more than \$500 million' for the recent year. The sector operates on only 1,750 hectares of actual cultivated land against a planning target of 27,000 hectares. Multiple Dutch-owned flower firms evacuated Amhara in 2023-2024 following security incidents, and EHPEA's executive director confirmed that firms in Oromia continue to face security-related disruption. A 10-year Ministry of Agriculture horticulture strategy has been drafted to reverse the decline and double revenues. Its implementation timeline is contingent on security normalisation, financing access, and logistics infrastructure that are not yet in place. Note: Ethiopian horticulture export statistics carry a documented discrepancy between NBE-reported and Customs Commission-reported figures, flagged by The Reporter Ethiopia in January 2024; all figures in this section use NBE-based data.



- ▶ **INDUSTRIAL PARKS AND MANUFACTURING** Industrial park export earnings reached \$115.2 million in FY2023/24, representing 46% of the planned \$153 million target, per the EIC Commissioner's July 2024 briefing to Capital Ethiopia. The EIC Commissioner attributed the shortfall directly to AGOA suspension: 'many industrial parks primarily export their products to the United States, and the ban has substantially reduced their trade volume.' AGOA was suspended in January 2021 and has not been restored. Without AGOA, Ethiopian garment and textile exports face an 11-17% tariff disadvantage against AGOA-eligible regional competitors including Kenya, Tanzania, and Lesotho. Manufacturing as a share of GDP fell from 5.9% in 2019 to 4.4% in 2022 per UN Ethiopia data. 446 manufacturing firms closed in 2022. The share has held near 4.4% since.

THE MISSING DATA POINT

The manufacturing export share of FY2024/25 total exports has not been published by the Ministry of Trade and Regional Integration against the \$8.3 billion total. In FY2022/23, manufacturing exports were estimated at approximately \$400 million, or 11.8% of that year's \$3.5 billion total. If manufacturing exports held at \$400 million in absolute terms while the total doubled to \$8.3 billion, the share would have fallen from 11.8% to approximately 4.8%. If they declined in absolute terms, the share collapse is larger. MoTRI's decision not to publish this breakdown for FY2024/25 is itself a signal. The absence of a manufacturing export share disclosure in a record year is the diversification story in one line.

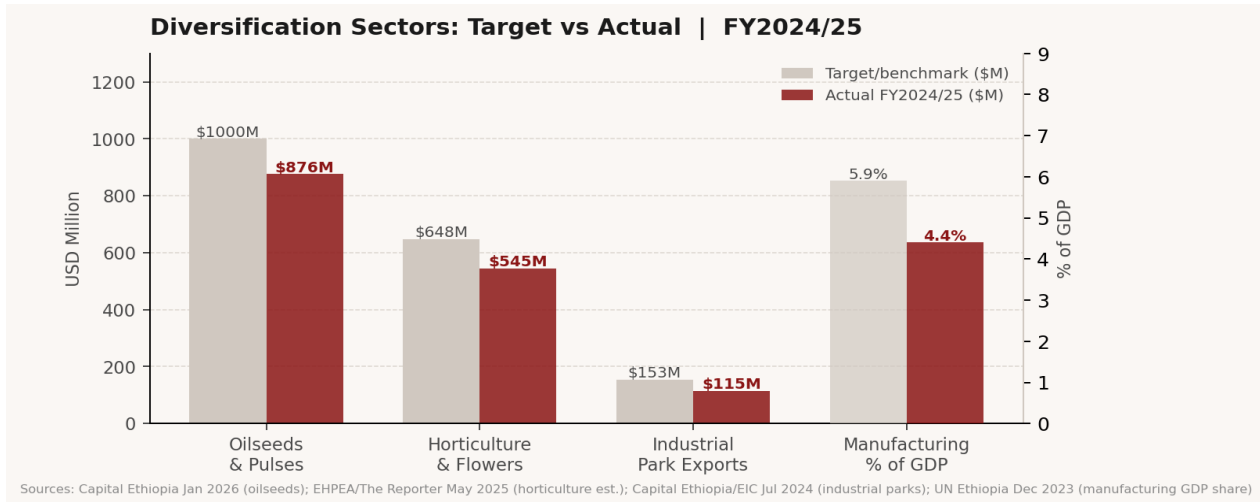


Figure 4: Diversification Sectors: Target vs Actual | Sources: Capital Ethiopia Jan 2026 (oilseeds); EHPEA / The Reporter May 2025 (horticulture est.); Capital Ethiopia / EIC Jul 2024 (industrial parks); UN Ethiopia Dec 2023 (manufacturing GDP share)

05 THE FDI ABSORPTION GAP AND WHAT GENUINE DIVERSIFICATION REQUIRES

39% of Permit Holders Operational. Three Structural Conditions Missing.

FDI rose to \$4 billion in FY2024/25, up 5.6% from \$3.8 billion the prior year, per EIC data reported by Finance in Africa in August 2025. The Invest in Ethiopia 2026 Forum generated \$13.1 billion in investment agreements in March 2026. The headline FDI story is positive. The operational story is not.

- ▶ **THE OPERATIONAL GAP** The EIC's FDI Licensing and Post-Investment Implementation Systems report, published in December 2025 and covered by The Reporter Ethiopia, found that of 1,509 permits issued to foreign investors over the six years from 2019 to 2025, only 586 investors (39%) had started operations. 307 permits remain valid despite the investor having been inoperational for more than two years. The EIC is legally required to revoke such permits but has not done so. The report also found that the Commission responded to only one-fifth of the 213 FDI-related complaints it received, with the majority of complaints coming from investors in Oromia (116) and Amhara (59) — the same regions



where security disruption is most acute. This 39% operational rate is the relevant metric for converting the \$13.1 billion forum commitment into actual diversification output.

- ▶ **THREE STRUCTURAL CONDITIONS** The government's stated export target for 2030 is \$10 billion annually with diversified composition. Based on the current structural analysis, reaching that target in any form consistent with the stated composition requires three specific conditions. First: AGOA restoration or a comparable bilateral trade arrangement providing duty-free US market access for Ethiopian garments. Without it, industrial park exports remain structurally capped at approximately \$115-153 million annually, and the manufacturing export share will continue to fall as a percentage of a growing total. Second: value-added processing in agricultural exports at scale. The oilseeds, coffee, and horticulture sectors all export primarily unprocessed or minimally processed commodities. The Integrated Agro-Industrial Parks are the institutional vehicle for this transition. Implementation is blocked by security conditions in park host regions, access to finance for processors, and quality/traceability requirements from international buyers. Third: industrial mining to replace artisanal gold dependency before the formalisation gains normalise. The Kurmuk and Tulu Kap projects provide the institutional pathway. Execution depends on infrastructure development, security in affected zones, and sustained foreign mining investment.
- ▶ **THE CONCENTRATION TRAJECTORY** At the current trajectory, Ethiopia reaches \$10 billion in headline exports before 2030. It reports a diversification success. It remains structurally exposed to commodity price cycles, particularly gold price normalisation from near-record levels. The 2030 target is achievable as a number. It is not achievable as a structural outcome on the current path.

FDI Absorption Gap: Permits vs Operations vs Export Contribution

INDICATOR	FIGURE	SOURCE / NOTE
FDI in FY2024/25	\$4.0B	Up 5.6% from \$3.8B in FY2023/24 (EIC, Finance in Africa Aug 2025)
FDI permits issued (6yr)	1,509	To foreign investors from 2019-2025 (EIC FDI Licensing Report 2025)
Investors operational	586 (39%)	Only 39% of permit holders have started operations (The Reporter Dec 2025)
Inoperational 2+ years	307	Permits still valid despite no activity; EIC has not revoked them
Industrial park SEZ exports	\$123M	Within SEZs in FY2024/25 (Finance in Africa Aug 2025)
Manufacturing export share	Not disclosed	MoTRI has not published manufacturing exports vs \$8.3B total for FY2024/25

Sources: Finance in Africa Aug 2025; EIC FDI Licensing Report (The Reporter Ethiopia Dec 2025); Capital Ethiopia; MoTRI

Figure 5: FDI Absorption Gap: Permits vs Operations vs Export Contribution | Sources: Finance in Africa Aug 2025; EIC FDI Licensing Report (The Reporter Ethiopia Dec 2025); Capital Ethiopia; MoTRI

EDITOR'S OUTLOOK

THE BOTTOM LINE

Ethiopia's \$8.3 billion export record is real. The composition is the problem. Gold production increased tenfold in one year through the formalisation of artisanal miners incentivised by the birr float. Coffee hit a record on the back of Brazilian supply disruption. Both are genuine achievements. Neither is a diversification story. The formalisation channel shift in gold largely happened in one year and will not repeat at the same scale. Brazilian coffee supply will recover.

The sectors that should be diversifying the base — oilseeds, horticulture, industrial parks, manufacturing — are collectively underperforming targets, and the FY2024/25 manufacturing export share has not been disclosed. That absence is the diversification story in one statistic. Only 39% of foreign investors who received permits are operational. The 2030 \$10 billion headline target is achievable. A genuinely less concentrated export economy by 2030 is not on the current



trajectory. The three things that would change it — AGOA, value-added processing at scale, industrial mining — are all known. None is in place.

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Sources: President Taye Atske-Selassie address to Parliament (Oct 6, 2025); Fana Media Corporation (Oct 6, 2025); Finance in Africa (Oct 13, 2025 and Aug 20, 2025); ECTA Director General Adugna Debela (Jul 8, 2025) via Ethiopian Monitor, Xinhua, APA News; NBE Governor Brook Taye via Addis Standard (Apr 2026); Capital Ethiopia (Jan 2026, Jul 2024); ENA (Dec 2024); Ministry of Trade and Regional Integration (MoTRI); EHPEA / The Reporter Ethiopia (Jul 2024, May 2025); EHPEA / AgriTech MEA (Feb 2026); Semafor (Mar 2025); Zehabesha (Oct 2025); EIC FDI Licensing Report via The Reporter Ethiopia (Dec 2025); UN Ethiopia Second Annual Development Conference working paper (Dec 2023); UNDP Ethiopia (Dec 2023); Birr Metrics (Jun 2025); Ministry of Agriculture horticulture strategy; The Reporter Ethiopia (Jan 2024 on data discrepancy); UNCTAD trade statistics 2024-2025 | Published May 5, 2026