



# MAY EDITION

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## Nine Months Report

During the past nine months, the Ethiopian Coffee and Tea Authority reported that Ethiopia exported coffee worth \$896 Million USD.

According to the authority, coffee exporters were able to export only 163.6 thousand tons of coffee during these past nine months, even though the Authority had set a goal to export 243 thousand tons of coffee and earn \$1.19 Billion USD.

Although the Authority was able to achieve 67% of quantity and 75% of total value it planned to export for this year, when comparing these figures with that of last year we will see that there is a decrease of 22.4% in quantity, while there is an increase in value of \$36 Million USD.

All in all, when considering that the Authority had made preparations to export \$2 Billion USD worth of coffee during this fiscal year, the figures that the Authority has been able to achieve is meager.

## Current State of Economy

It is well known by now that foreign currency shortages as well as inflationary economy have plagued the country.

Ethiopia's foreign currency shortage has worsened by ongoing civil unrests and massive government spending on war that resulted in foreign exchange reserve outflow. The conflict in Northern Ethiopia affected foreign currency inflow limiting tourism and foreign direct investment. It also affected Ethiopia's access to hard currency by initiating economy sanctions and suspension of aid and international loans.

Due to shortage of foreign currency, manufacturing as well as trading companies are experiencing difficulties when trying to access foreign currency for the import of raw materials and finished products.

According to Ernst and Young, IMF, and the Ethiopian Statics Services, Ethiopia's cumulative inflation is beyond 100% for the last three years – all three institutions are calling Ethiopia's economy a hyperinflationary.

Efforts are ongoing from the government's side to restore the economy. A major reform agenda that is being advocated by government is the home grown economic plan (HGER II). This reform program is expected to be introduced within the next few months, and it plans on opening the country's closed economy (mainly banking, telecom, and airlines) and liberalize the foreign exchange market.

In a country where majority of goods are priced in US dollars, weakening the dollar will cause local currency to increase. Policy makers should be very careful when liberalizing the forex market in an economy where inflation is worsened by the exchange rate pass through to consumers.

## May Performance

Our company, KANYA Coffee Export, have had a successful month. During this month, we were able to sign contracts both from new as well as returning customers.

This month, our contracts were for customers in China, Turkey, Jordan, UAE, and South Korea. One of the major obstacles we faced this month was shortage of containers at MSC and CMA-CGM. Because of the good relations we have with these logistics' companies, even though it is a nation-wide problem, we have resolved the problem.

All things considered, we are anticipating for the month of June to be an exciting one. We have a good number of contracts on our table, and plan to export our coffees as per the schedule.

Sincerely,

**Dagmawi Yimam, Managing Director**

**KANYA COFFEE EXPORT**

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