

Study on Increasing the Efficiency of Agribusiness Exports in the Lao PDR: Case study of Export Lao coffee production

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Abstract
The Lao coffee sector still faces many threats, including the depreciation of the US dollar and the Brazilian real, and the volatility of world coffee prices. Moreover, climate change has a direct impact on coffee production. In addition, smallholder farmers in Lao PDR still produce in a fragmented manner with low quality standards and lack bargaining power with middlemen-buyers both domestically and internationally. This is an important issue to study and explore how Lao coffee producers have adapted to mitigate these problems and can develop the coffee sector further. This analysis uses geographical information from a review of documents, research articles, and statistics to analyze the global coffee market, the Lao coffee market, and climate change affecting coffee production. However, the analysis shows that the global coffee market is still growing, albeit at a slower pace. The three largest coffee exporters in the world are Brazil, Vietnam and Colombia, which account for about 60% of total world exports. Their main markets are the United States and the European Union, with the United States, Germany and France together accounting for about 40% of world coffee imports. For the Lao PDR, coffee production has been increasing every year, but the export percentage is less than 0.5% of world exports. In the past, coffee cultivation was limited to the Bolaven Plateau (southern Laos), but now many northern provinces have begun to expand their coffee cultivation areas, such as Phongsaly, Oudomxay, Luang Prabang, Houaphanhand, Xieng Khouang. About 90% of coffee exported is raw coffee, with the main export markets for raw coffee being Vietnam, Japan, Thailand, Belgium and Germany.
Keywords: Agribusiness exports, Export efficiency, Coffee production Lao PDR, Coffee value chain, Agricultural competitiveness, Export performance, Supply chain management, Trade facilitation.
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1. Introduction

The coffee sector is considered one of the priority sectors for agricultural development in the Lao PDR. The area under coffee cultivation has increased approximately fourfold over almost three decades, from 20,000 hectares in 1990 to 80,000 hectares in 2017.(The Coffee Sector in Lao PDR-Background Information, n.d.) Coffee cultivation in the Lao PDR ranks fourth in terms of area, after rice, cassava, and vegetables, with more than 80% of the area planted in the southern region, the Bolaven Plateau. When considering the macro-level, it can be seen that the coffee production sector is growing and the volume of Lao coffee exports is increasing, but the contribution of the sector to GDP is still very low. In 1990, coffee exports were worth 0.8% of GDP, declining to 0.7% in 2007 and continuing to decline to 0.5% in 2018).(Wiemann et al., n.d.) The decline is attributed to the growth of the mining and quarrying sectors, which have contributed significantly to economic growth. However, fluctuations in coffee prices and exchange rates, both from the depreciation of the United States Dollar (USD) and the Brazilian Real, have also contributed significantly to the decline in coffee prices. Climate change is also one of the factors affecting coffee production worldwide, not only Lao PDR is facing these impacts, but many coffee exporting countries in the world are also facing the aforementioned risks.(Sallee, 2007) While many countries are facing these challenges, coffee production continues to grow in the world's largest exporters: Brazil (ranked 1), Vietnam (ranked 2) and Colombia (ranked 3). This shows that they are well-managed and able to adapt to the risks that arise, according to research by Hagger & Schepp in 2012. Therefore, a key issue in the development of the Lao PDR's coffee sector is how coffee producers and relevant stakeholders will adapt to improving the coffee sector.(Meeting Global Challenges in Research Cooperation, n.d.)

The coffee sector is also expected to be one of the sectors that will help create jobs for the Lao people. Many studies have confirmed that coffee cultivation helps farmers to have jobs and increase their income. The results of the Toro study in 2012 suggested that the group that has increased its income more are coffee producers who have access to markets, channels and networks, and have access to coffee growing areas.(Phaxaychaleune, 2024) In addition, organic coffee farming also helps to increase the value of coffee, according to a 2011 study by Saysana. Coffee's contribution to job creation is a key development goal, contributing to poverty alleviation. However, previous research has not shown that Lao coffee producers, especially small-scale coffee producers, can transition from subsistence farming to entrepreneurship, or in other words, save money and break free from the cycle of earning a living year after year. Many studies on coffee production in Lao PDR have shown that coffee produced in Laos does not meet internationally accepted standards, meaning that raw and roasted coffee beans, which are the main export products (rather than finished coffee), do not have quality certificates that meet international standards, which often results in Lao coffee being undervalued. When coffee prices are low despite high production costs, this has led large coffee producers or middlemen who buy from small producers to reduce prices, which leaves small producers without capital and may switch to other crops. Conversely, the problem of substandard coffee is also linked to production and value added.(Cramb, 2020) Small producers cannot control the quality of coffee from planting, harvesting, sorting, drying, to the selection of raw coffee beans. This is due to environmental problems, lack of technology, lack of labor and limited access to credit. Small-scale coffee producers have difficulty accessing credit due to high interest rates, credit requirements, and difficult repayment, leading to farmer indebtedness, a problem that is particularly evident in the Bolaven Plateau, the largest coffee growing region in the Lao PDR.(Vo et al., 2024) According to the results of the study, there are four types of coffee production loans that people borrow: loans from state financial institutions, loans from middlemen, loans from family/relatives, and loans from private financial institutions.(Vanhnalat et al., 2015) The interest rate on loans that people have to repay is as high as 30%, which is one of the problems that hinders the development of the coffee sector, due to the debt incurred from production.(Phimmavong et al., 2023) also reiterates that when farmers cannot pay the interest on loans, they have to pay with coffee production in case they borrow money from middlemen. This means that farmers will lose income to feed their families but will have to create more debt to continue producing in the next round.(Insisienmay et al., n.d.) Land use issues are one of the threats to large-scale coffee producers in the Lao PDR. Between 2009 and 2011, the government granted concessions to Vietnamese national coffee companies for coffee production in southern Laos, with orders for people to sell their agricultural land at low prices.(Samui et al., 2021) This has resulted in smallholder farmers not having land to cultivate, which is their main source of income. Coffee production by large producers has not taken into account environmental issues as much as it should, resulting in soil degradation in Pakseong District, Champasak Province.(Patthavong & Gu, 2023) In addition, a study by confirmed changes in forest cover due to land clearing, dam construction, and bauxite exploration in the Bolaven Plateau using satellite data between 1989, 2001, and 2008. This environmental change has also caused global warming, which is the cause of climate change. This impact has created serious problems for ecosystems, agricultural production, and even people's livelihoods.(Wongpit et al., 2023)

Based on the challenges and constraints described above, the objective of this analysis is to explore the dynamics of the global coffee market, the Lao coffee market, the impact of climate change on coffee production, and the adaptation of coffee producers in the Lao PDR.(Andersson et al., 2009) This is to identify problems and set guidelines for the development of the coffee sector that still need attention and improve the quality of life of small producers who are facing risks that may arise from external fluctuations, as well as large producers in the country.

2. Literature review on Exported on Lao coffee production

2.1 Development of Lao coffee production

The International Coffee Organization (ICO) reported that global coffee production in the 2017-2018 season was about 9,579,600 tons, an increase of 1.2% compared to the previous season. Global coffee production is increasing, except for Latin American countries, which decreased by 6.1% compared to the previous season to 4,235,400 tons.(Onphanhdala, n.d.) African countries are expected to increase by 3.2% compared to the previous season, or about 1,059,600 tons. Asian and Oceanian countries increased by 10% compared to the previous season, or about 2,969,400 tons.(Kubo & Sakata, n.d.) From Mexico to Central Latin American countries, they increased by 7.1% compared to the previous season, or about 1,315,200 tons.(Binti Idrus et al., 2021) According to a report by the Ministry of Agriculture and Forestry, in 2018, the total coffee planting area was 97,400 hectares, with a harvestable area of 82,980 hectares, yielding 154,435 tons (green beans), an increase of 36% compared to 2014 (113,580 tons), and exports reached 31,495 tons or equivalent to 69,902,867 US dollars.(Thipphavong et al., 2022) There are 11 coffee-growing provinces across the country: Phongsaly, Oudomxay, Houaphanh, Luang Prabang, Xayaboury, Xiengkhouang, Xaysomboun, Saravan, Sekong, Champasak, and Attapeu. Of these, the provinces with the largest coffee-growing areas are Champasak with 51,200 hectares, Saravan with 24,000 hectares, and Sekong with 13,370 hectares.(Vagneron et al., n.d.)

2.2 Challenges to coffee sector development

In general, the development of the Lao coffee sector still faces many challenges. (Seneduangdeth et al., 2018)Despite efforts to improve both the quantity and quality of coffee exports, problems that have persisted for almost a decade are still evident. For example, a 2005 World Bank report indicated that one of the problems with Lao coffee is the lack of standards, production techniques, and trademarks.(Grimsditch, 2017) The 2009 report reiterated the same problem. As did the findings of Saysana in 2011, Toro in 2012 on the issue of access to credit for small producers. In 2018. Currently, small-scale coffee producers are facing threats caused by price fluctuations, exchange rates, changes in soil and climate, production techniques and limitations in the adaptation of coffee producers in the Lao PDR.(Onphanhdala, 2013)

3. Methodology and data collection

This analysis will combine two research methods: desk research and field surveys to interview coffee producers and relevant public and private stakeholders to collect in-depth information on issues in the coffee sector as below:

Method 1: Data on the coffee sector was reviewed through research papers, reports, proposals, analyses and strategies to identify the issues and methods of the study for this analysis. The search for statistical data or data to be used in the analysis was conducted from many domestic and international sources such as: Ministry of Agriculture and Forestry, Ministry of Industry and Trade, Ministry of Natural Resources and Environment, Bank of the Lao PDR, National Statistics Center, Food and Agriculture Organization (FAO), International Coffee Organization (ICO), ASEAN Secretariat and World Bank, etc. This data will be analyzed and compared to the global coffee market and the Lao coffee market, as well as changes in temperature and rainfall to provide information on the changing climate conditions associated with coffee cultivation.

Method 2: Cause study Lao coffee production for exported interview techniques will be used: Focus Group Discussion interviews with coffee farmers (focus group discussions) and Key Informant Interview interviews with private coffee entrepreneurs and representatives from the Department of Agriculture, Fisheries and Forestry (key informant interviews). The data obtained from both types of interviews will be summarized to contribute to an analysis of the level of coffee production in Laos, as well as the distribution of coffee producers.

- Focus Group Discussion is an interview in which coffee farmers are grouped together and interviewed with the same questions at the same time, which is a group discussion between coffee farmers and an interviewer who conducts the discussion. The focus group is divided into 3 groups from 3 villages.
- Key Informant Interviews are interviews with key individuals related to the issue to be analyzed. The target group for this type of interview is coffee entrepreneurs and representatives from the Department of Agriculture and Forestry of Xieng Khouang and Champasak provinces, who are directly involved in the coffee sector.

Table1: Target group for analysis

Detail	KiengKhouang province	Champasak province
Focus Group Discussion (Group)	1. Phosy village 2. Natan village	1. Hauysed village 2. Kongtoun village
Key informant Interview (persons)	10	10
Lao coffee producers	5	5
Provincial/District Agriculture and Forestry Department	5	5

Source: Autor analysis, 2026

4.Key finding

4.1 World coffee market

Global coffee production across the ten coffee seasons spanning from 2015/16 to 2024/25 was examined based on data sourced from the International Coffee Organization (ICO), as presented in Figure 1. Over the observed period, total global production was found to have followed a generally upward trajectory, rising from 143.4 million bags (approximately 8.60 million tons) in the 2015/16 season to a peak of 178.0 million bags (10.68 million tons) in 2023/24, representing an overall increase of approximately 24.0% over the decade. A period of rapid expansion was recorded between 2015/16 and 2018/19, during which production grew steadily from 143.4 to 170.9 million bags, reflecting favorable growing conditions and continued expansion of cultivated areas in major producing countries. However, a modest contraction was subsequently observed from the 2019/20 season onward, with output declining slightly to 167.2 million bags in 2021/22, a development attributable to the

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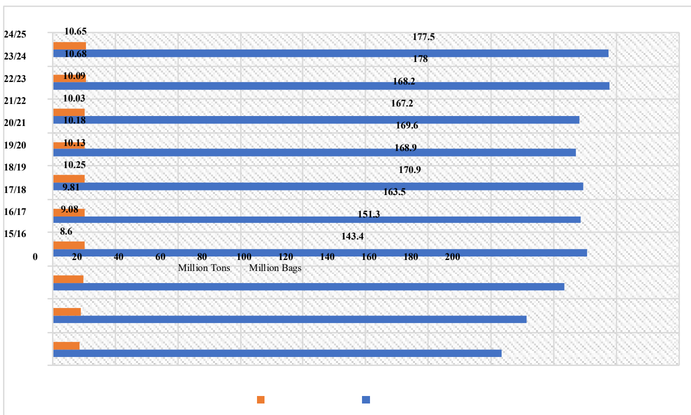
combined effects of climatic disruptions, logistical constraints associated with the COVID-19 pandemic, and the biennial bearing cycle characteristic of Arabica coffee cultivation. A renewed recovery was thereafter recorded, with production rebounding to 178.0 million bags in 2023/24 before marginally declining to 177.5 million bags in 2024/25. Overall, it was determined that global coffee production demonstrated a resilient long-term growth trend despite intermittent seasonal fluctuations, a finding that is consistent with sustained growth in global coffee demand as reported by the ICO (2020) and underscores the expanding scale of the international coffee industry within the study period.



Fingure1: Global Coffee Production Trends by Season (2015/16–2024/25)
Source: International Coffee Organization, (ICO2025)

The export performance of the world's five leading coffee-producing nations namely Brazil, Vietnam, Colombia, Indonesia, and Honduras were analyzed over the period from 2015 to 2025, drawing on data sourced from the International Coffee Organization (ICO), as presented in Figure 2. Throughout the study period, Brazil was consistently identified as the dominant exporter, with recorded volumes increasing from approximately 2,100 thousand tons in 2015 to 2,550 thousand tons in 2024 to2025, notwithstanding a temporary contraction observed in 2021 to 2022, which was largely attributed to adverse climatic conditions, including severe frost and drought episodes affecting the harvest cycle. Vietnam, positioned as the second-largest exporter, was found to maintain relatively stable export volumes ranging between 1,350 and 1,600 thousand tons; however, a gradual declining trend was observed from 2017 onward, a development that may be associated with rising domestic consumption and recurrent drought conditions in the Central Highlands region. Colombia, ranked third among the exporters examined, exhibited a pattern of moderate fluctuation, with volumes declining from a peak of 780 thousand tons in 2017 to a low of 567 thousand tons in 2022, before a partial recovery to an estimated 650 thousand tons was recorded by 2025. Indonesia and Honduras, while considerably smaller in export volume relative to the three leading producers, were found to have maintained broadly stable export trajectories throughout the observation period. Collectively, it was determined that the global coffee export landscape remained highly concentrated, with Brazil, Vietnam, and Colombia together accounting for over 80% of the combined export volume across the five nations under examination, a finding that underscores the oligopolistic nature of global coffee supply chains and highlights the substantial competitive pressure to which smaller producing nations, such as the Lao PDR, continue to be subjected (ICO, 2020).

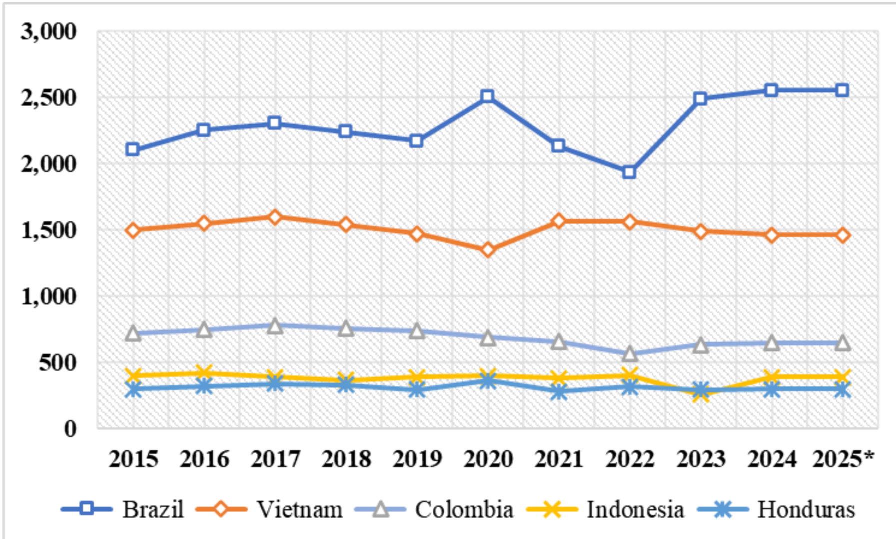


Figure2: Global Coffee Export Trends Among Leading Producing Nations (2015–2025)
Source: International Coffee Organization, (ICO2025)

The price movements of the two principal commercial coffee varieties Arabica and Robusta were examined over the period from 2015 to 2025, based on data sourced from the International Coffee Organization (ICO), as presented in Figure 3. Throughout the study period, Arabica prices were consistently recorded at a premium relative to Robusta prices, a differential that is widely attributed to the higher production costs, greater climate sensitivity, and superior cup quality associated with the Arabica variety. Arabica prices were observed to decline from 330 cents/kg in 2015 to a low of 280 cents/kg in 2019, a downward trend largely attributed to sustained oversupply from major producing countries, most notably Brazil and Colombia, as well as the appreciation of the United States dollar during the corresponding period. A modest recovery was subsequently recorded in 2020, with prices rising to 320 cents/kg, before a sharp and sustained upward trajectory was identified from 2021 onward, culminating in a record high of 750 cents/kg in 2025 representing an increase of approximately 127% relative to the 2019 trough. Robusta prices followed a broadly similar pattern, declining from 180 cents/kg in 2015 to a low of 150 cents/kg in 2020, before rising sharply to 450 cents/kg by 2025, reflecting constrained supply from key Robusta-producing nations, particularly Vietnam and Indonesia, amid growing global demand for instant and blended coffee products. Overall, it was determined that international coffee prices exhibited pronounced volatility over the observation period, with the accelerated price increases recorded from 2021 onward attributable to a confluence of factors including supply-side disruptions, adverse climatic events, currency fluctuations, and heightened post-pandemic demand, findings that are consistent with those reported by the ICO (2020) and which carry significant implications for the export competitiveness and income stability of smallholder coffee producers in the Lao PDR.

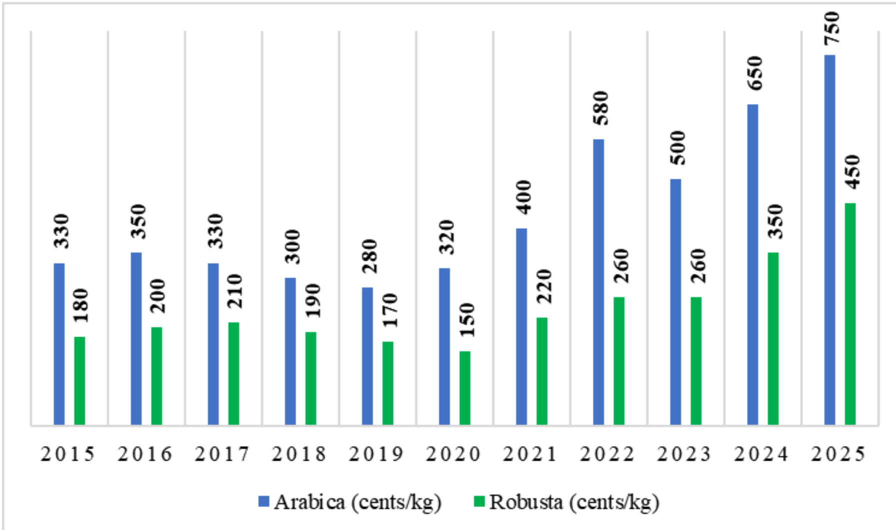


Figure 3: Global Coffee Price Trends: Arabica and Robusta (2015–2025)
Source: International Coffee Organization, (ICO2025)

The distribution of global coffee exports across the world's ten leading markets in 2025 was examined in terms of both exported value and exported volume, as presented in Table:2. The United States was identified as the largest coffee market, with an estimated exported value ranging from USD 8.5 to 9.5 billion and a corresponding volume of approximately 1,500 to 1,700 thousand tons, findings that underscore the country's sustained position as the primary destination for global coffee trade. Germany was ranked second, with an exported value estimated between USD 4.5 and 5.5 billion and a volume of 1,100 to 1,300 thousand tons, a result that reflects the country's dual role as both a major consumer and a significant re-exporter of processed coffee products within the European market. Japan, Italy, and France were positioned third through fifth, with exported values ranging from USD 2.3 to 3.8 billion, collectively representing a substantial share of global coffee demand concentrated in developed economies. Belgium, Canada, South Korea, Switzerland, and the Netherlands were additionally identified among the top ten markets, with exported values ranging from USD 1.3 to 2.8 billion and volumes of 300 to 650 thousand tons, reflecting the broad geographic distribution of coffee consumption across North America, Europe, and East Asia. Overall, it was determined that the ten markets examined collectively accounted for a dominant share of global coffee trade by value, with a pronounced concentration observed among high-income economies in North America, Western Europe, and East Asia. These findings carry significant implications for the Lao PDR, as the country's primary export destinations most notably Vietnam and Thailand are not represented among the world's highest-value markets, suggesting that considerable potential exists for the repositioning of Lao coffee exports toward premium markets with higher value-added demand (ICO, 2020).

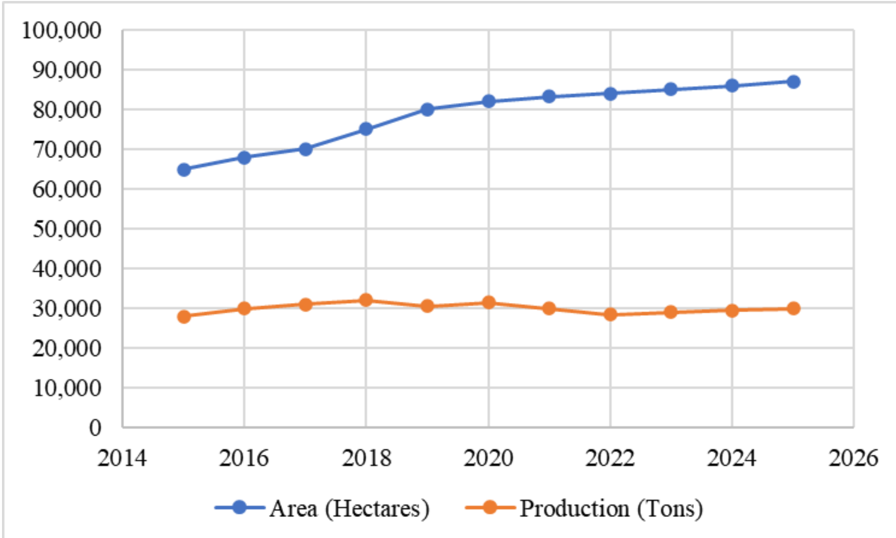
Table:2 Global Coffee Export Markets by Country (2025)

Rank	Country	Exported Value (USD Billion)	Exported Volume (Thousand Tons)
1	United States	8.5 – 9.5	1,500 – 1,700
2	Germany	4.5 – 5.5	1,100 – 1,300
3	Japan	3.0 – 3.8	700 – 900
4	Italy	2.5 – 3.2	600 – 750
5	France	2.3 – 3.0	550 – 700
6	Belgium	2.0 – 2.8	500 – 650
7	Canada	1.8 – 2.5	400 – 550
8	South Korea	1.5 – 2.2	350 – 500
9	Switzerland	1.4 – 2.0	300 – 450
10	Netherlands	1.3 – 1.9	300 – 450

Source: International Coffee Organization, (ICO2025)

4.2 Laos coffee market and exportation

The development of coffee production in the Lao PDR was examined over the period from 2015 to 2025, with particular reference to two key indicators cultivated area (hectares) and total production volume (tons) as presented in Figure 4. Over the observation period, the total area under coffee cultivation was found to have expanded continuously and consistently, increasing from 65,000 hectares in 2015 to 87,000 hectares in 2025, representing a cumulative growth of approximately 33.8%. This steady expansion of cultivated area is indicative of sustained governmental and private sector commitment to the development of the coffee sector as a priority agricultural commodity, consistent with the national agricultural development strategy of the Lao PDR as documented by the Ministry of Agriculture and Forestry (MAF, 2018). However, a notable divergence was observed between the trajectories of cultivated area and production volume over the same period. While the cultivated area expanded without interruption, total production volume demonstrated a comparatively irregular pattern, rising from 28,000 tons in 2015 to a peak of 32,000 tons in 2018, before declining to 28,500 tons in 2022 and subsequently recovering to an estimated 30,000 tons by 2025. This discrepancy between area expansion and production output is interpreted as indicative of persistently low productivity per unit of cultivated land, a finding that may be attributed to a combination of factors including the prevalence of aging coffee trees, inadequate adoption of improved agronomic practices, limited access to agricultural inputs, and the adverse effects of climate variability on yield outcomes. Overall, it was determined that despite the considerable expansion of the coffee cultivation base in the Lao PDR, productivity constraints continue to impede the realization of the sector's full production potential, underscoring the need for targeted investment in yield improvement, post-harvest technology, and smallholder capacity development.



Fingure4: Coffee Production Trends in the Lao PDR (2015–2025)
Source: International Coffee Organization, Ministry of Agriculture and Forestry (ICO, MoF, 2025)

Lao PDR coffee production by season and its corresponding share of the global coffee market were examined over the period from 2015/16 to 2025/26, based on data sourced from the Ministry of Agriculture and Forestry and the International Coffee Organization (ICO), as presented in Table 3. Over the observation period, national coffee production was found to have followed a consistent upward trajectory, increasing from 136,120 tons in the 2015/16 season to a projected 190,000 tons in 2025/26, representing a cumulative growth of approximately 39.6% over the eleven seasons examined. The most notable expansion phases were identified during the 2015/16 to 2016/17 period, during which output increased by approximately 10.7%, a development associated with the active expansion of planted areas, particularly within the Bolaven Plateau region, as well as during the 2020/21 to 2022/23 seasons, wherein production continued to rise despite the broader disruptions attributed to the COVID-19 pandemic, suggesting a degree of structural resilience within the sector. Concurrently, world coffee production was observed to have grown from 8.9 million tons in 2015/16 to an estimated 11.0 million tons in 2025/26, reflecting sustained global supply expansion. Notwithstanding the growth recorded in absolute production volumes, the Lao PDR's share of world coffee production was found to have remained marginal throughout the entire study period, ranging narrowly between 0.15% in 2015/16 and 0.17% from 2020/21 onward, with no statistically significant improvement observed despite the consistent increase in domestic output. This finding indicates that the rate of production growth in the Lao PDR has been insufficient to keep pace with the broader expansion of global coffee supply, thereby precluding any meaningful improvement in the country's relative market position. Overall, it was determined that while quantitative production gains have been achieved, the Lao PDR's contribution to the global coffee market remains negligible, underscoring the critical need for structural improvements in productivity, quality standards, and value-chain development in order to enhance the country's competitiveness within the international coffee industry.

Table3: Lao Coffee Production by Season and Share in the World Market (2015/16–2025/26)

Season (Year)	Production (tons)	World Production (million tons)	Lao Share (%)	Notes
2015/16	136,120	8.9	0.15%	Strong recovery phase
2016/17	150,795	9.2	0.16%	Expansion of planted area
2017/18	154,135	9.6	0.16%	Stable growth
2018/19	154,435	9.6	0.16%	Peak output (official)
2019/20	160,000	9.8	0.16%	Slight increase (est.)
2020/21	165,000	10	0.17%	COVID impact limited
2021/22	170,000	10.3	0.17%	Gradual recovery
2022/23	175,000	10.5	0.17%	Expansion in Bolaven Plateau
2023/24	180,000	10.7	0.17%	Strong regional demand
2024/25	185,000	10.9	0.17%	Continued growth (est.)

Source: International Coffee Organization, Ministry of Agriculture and Forestry (ICO, MoF, 2025)

The volume, value, and regional concentration of Lao PDR coffee exports directed toward the ASEAN market were examined over the period from 2015 to 2025, based on data sourced from the Ministry of Industry and Trade and related national statistical agencies, as presented in Table 4. Throughout the observation period, the ASEAN region was found to have constituted the overwhelmingly dominant destination for Lao coffee exports, with its share of total national coffee exports increasing progressively from 85% in 2015 to 97-98% by 2023-2025, a trajectory that underscores the pronounced regional concentration of the Lao PDR's coffee export structure. In terms of export volume, a steady and uninterrupted upward trend was recorded, with total exports to ASEAN rising from 19,500 tons in 2015 to a projected 34,000 tons in 2025, representing a cumulative increase of approximately 74.4% over the eleven-year period. Notably, export volumes were found to have remained resilient during the 2020-2021 period, despite the broader economic disruptions associated with the COVID-19 pandemic, increasing from 25,000 tons in 2020 to 27,000 tons in 2021, a finding indicative of the structural robustness of intra-regional coffee trade networks. With respect to export value, however, a more irregular pattern was observed. Export value increased from USD 42 million in 2015 to a peak of USD 82 million in 2018, before declining sharply to USD 55 million in 2019 and further to USD 59 million in 2023, notwithstanding continued growth in export volume. This divergence between volume and value is interpreted as reflective of persistent downward pressure on unit export prices, attributable to the predominance of unprocessed raw coffee beans in the Lao export portfolio, the limited development of value-added processed coffee products, and the price-setting influence exercised by major regional buyers, most notably Vietnam, which alone was estimated to account for approximately USD 35 million of total ASEAN export value in 2019. Overall, it was determined that while the Lao PDR has achieved significant quantitative growth in its coffee exports to the ASEAN region, the sector's heavy dependence on a narrow regional market and its concentration in low-value raw commodity exports continue to represent structural vulnerabilities that constrain the realization of higher export revenues and limit the country's capacity to capture greater value within regional and global coffee supply chains.

Table4: Lao Coffee Exports to the ASEAN Region (2015-2025)

Year	Export Volume to ASEAN (tons)	Export Value to ASEAN (USD million)	Share of Total Exports (%)	Notes
2015	19,500	42	85%	Regional trade dominant
2016	21,000	47	85%	Recovery phase
2017	23,000	56	85%	Growth in Vietnam demand
2018	24,000	82	85%	Peak export value year
2019	23,500	55	87%	Vietnam (USD35M), Thailand (USD10M)
2020	25,000	60	90%	COVID but ASEAN resilient
2021	27,000	68	90%	Recovery
2022	29,000	78	92%	Strong regional demand
2023	31,000	59	98%	Asia accounts for 98.5% (USD60M)
2024	32,500	65	97%	Continued ASEAN dominance
2025	34,000	72	97%	Projection based on trend

Source: International Coffee Organization, Ministry of Industry and Commerce (ICO, MoIC, 2025)

The distribution of Lao PDR coffee exports across the world's ten leading destination markets in 2023 was examined in terms of both export volume and export value, based on detailed actual data sourced from the Ministry of Industry and Trade, as presented in Fingure 5. Vietnam was identified as the single largest export destination by a considerable margin, absorbing 22,525 tons of Lao coffee valued at USD 48.6 million, figures that collectively represented the dominant share of total national coffee exports in the year under examination. This finding is consistent with the established pattern of raw coffee bean re-processing and re-exporting by Vietnamese intermediaries, whereby Lao coffee is procured at comparatively low prices, processed domestically, and subsequently re-exported under Vietnamese branding to higher-value international markets. Thailand was ranked second, with an export volume of 6,986 tons valued at USD 22.3 million, reinforcing the predominance of neighboring ASEAN member states as the primary absorbers of Lao coffee output. Cambodia was positioned third with 2,260 tons valued at USD 3.8 million, further underscoring the near-total dependence of Lao coffee exports on regional markets within mainland Southeast Asia. Beyond the ASEAN bloc, Belgium, China, Japan, Germany, the Philippines, and the United Arab Emirates were identified among the remaining top destinations, with individual export volumes ranging from 200 to 919 tons and values from USD 0.5 to 4.2 million. It is particularly noteworthy that Belgium, despite receiving a relatively modest volume of 919 tons, recorded an export value of USD 4.2 million, yielding a substantially higher unit price compared to regional buyers, a differential that is attributable to Belgium's role as a hub for specialty and processed coffee trade within the European market. A comparable pattern was observed for Japan and Germany, wherein lower volumes were associated with comparatively higher unit values, reflecting the premium quality standards demanded by these markets. Overall, it was determined that the geographic structure of Lao coffee exports in 2023 remained heavily concentrated within the ASEAN region, with Vietnam and Thailand alone accounting for approximately 84.5% of total export volume and 77.8% of total export value across the ten markets examined. The marginal representation of high-value European and East Asian markets in Lao export destinations is identified as a structural constraint of considerable significance, suggesting that the reorientation of export flows toward premium markets through investment in quality certification, value-added processing, and international branding represents a critical strategic priority for the sustainable development of the Lao coffee export sector.

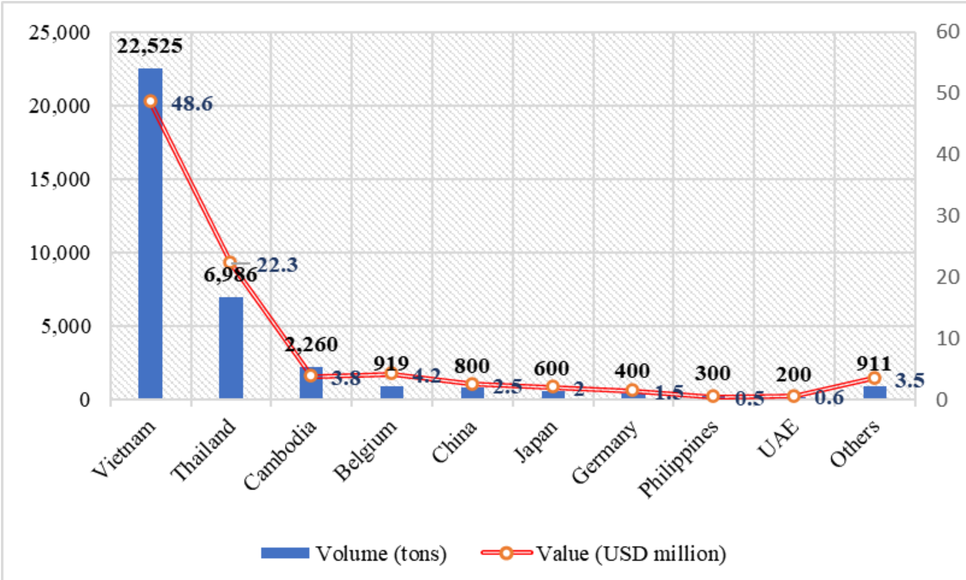


Figure 5: Lao Coffee Exports to World Market (2025)
Source: International Coffee Organization, Ministry of Industry and Commerce (ICO, MoIC, 2025)

4.3 Key finding of case study Lao coffee production for exported

Figure6: Based on surveys and observations of the Lao coffee sector, we can summarize the tiers of coffee producers in the Lao PDR into 3 levels: Tier 1 is small-scale (small-scale producers), Tier 2 is medium-scale (medium-scale producers), and Tier 3 is high-scale (large-scale producers) as below:

Tier 1 is small-scale (small-scale producers):

Small-scale coffee producers (small-scale producers) are coffee farmers who mainly use family labor to maintain and sometimes hire temporary workers to help prepare the land, and harvest the coffee, which is called seasonal labor. Compared to Vietnam, Lao labor productivity is still low. one reason is that there is a large production area but few family laborers. The high ratio of labor to production area leads to unorganized and lack of system management of coffee plantations. This makes it difficult for small-scale coffee producers to control the quality of their production, and also affects the quality of the coffee. In Paksong District, Champasak Province, a 1-2 ha coffee plantation can yield about 60-70 kg/season or up to 100 kg/season, with the coffee harvest spread out over 3-4 seasons per year. In the first season, we start picking ripe cherries one by one from the tree. In the fourth season, we pick a mix of ripe and unripe cherries. The harvest cycle is different for Robusta and Arabica. Robusta beans start to be picked in February; Arabica coffee is harvested between October and January. The harvest cycle overlaps with the rice harvest, resulting in a shortage of labor to meet demand. As for wages, workers will receive 180,000 kip/day as wages for collecting coffee beans, which shows that the wage rate has not changed much over the past 2-3 years (up to the date of this survey). In the past, it has been observed that Lao workers tend to choose to pick coffee beans from Arabica coffee trees more often, not because of the higher wages, but because they are easier to pick because Arabica coffee trees have a low profile and do not require climbing ladders to pick them like Robusta coffee trees. In contrast, in Xieng Khouang province, labor costs for picking coffee are higher than in the south because the area cultivated in the mountains is limited, the number of workers is small, and farmers grow coffee as a sideline to rice cultivation, unlike in the south where coffee is the main crop and where cheap labor is needed to harvest the produce. In the South, raw coffee beans have an average domestic selling price of around 100,000 kip/kg when farmers find a market to sell themselves and increase by another 20,000 kip/kg (to 120,000 kip/kg) when sold to middlemen or medium-sized (Tier 2) or large (Tier 3) producers who come to buy them for processing into roasted coffee. This shows that the profit of small-scale farmers is very low. Ripe fruits that have undergone a little drying will have the lowest price, if washed and peeled, you get 1kg of green coffee beans (about 4kg of red beans), then when they are ground, you get coffee beans that can be roasted and finally roasted coffee will cost around 350,000 - 400,000 kip/kg. The percentage of small-scale producers that export their coffee is less than 5% compared to medium-scale producers (about 5-15%) and high-scale producers (about 80%).

Tier 2 is medium-scale (medium-scale producers)

Medium-sized coffee producers (medium-sized producers) are farmers or coffee operators with a coffee growing area of no more than 100 ha, harvest about 5-6 coffee crops per year, and have better management than Tier 1 but have not yet been able to upgrade themselves to Tier 3. In addition, medium-sized producers are not yet able to create their own brands of finished coffee that can be marketed widely (they sell more roasted coffee) and production costs are not high. But what makes mid-level producers able to upgrade from Tier 1 is a combination of many factors. One is because there are markets both domestically and internationally, with 5-15% of roasted coffee exported, with the main markets being Vietnam and Thailand, with a small proportion also exported to Europe. Second, there is systematic management from planting, processing and transportation of rubber. Third, there is better adaptation to the market, changing soil and climate conditions and production techniques than Tier 1. Intermediate coffee producers (Tier 2) can combine the cultivation of high-value Arabica coffee, and varieties that are tolerant to high temperatures and environments to help hedge against the risk of Arabica prices falling. The problem that medium-scale producers are facing is that their efforts to join production groups and access larger markets may still be blocked by some producer groups, such as the Bolaven Plateua Coffee Producers Cooperative (CPC), which dominates the coffee market and argues that medium-scale producers are still unable to meet international standards.

Tier 3 is high-scale (large-scale producers)

High-end coffee producers (large-scale producers) are large coffee producers with large capital, an export ratio of about 80%, and mostly produce finished coffee with their own brands and are well-known in the market, such as Bolaven Plateua Coffee Producers Cooperative (CPC), Sinouk Coffee, Dao Coffee Premium, Lao Mountain Coffee, Le Trio Coffee, Saffron Coffee, Meuang Xieng Coffee, Pakxong Coffee, and Champee Coffee, most of which have been in business for more than 10 years. Most of the entrepreneurs in this group were involved in the establishment of the Lao Coffee Association in 1994, the Coffee Exporters Group in 2002, or the Coffee Producers Group in 2009; they were also the ones who initiated the Geographical Indications to promote the image of Lao coffee (local coffee); thus, making them highly influential in the Lao coffee sector. Coffee producers in Tier 3 have characteristics that overlap with Tier 1 or Tier 2. This means that large producers buy unprocessed products from small and medium-sized producers to process under their own brand names. They have more business-like management, are more adaptable to price fluctuations, and have better production techniques than the other three tiers. It is clear that large-scale producers in Tier 3 can supply more coffee for domestic and export markets than Tier 1 and Tier 2. In addition, there are shops and cafes to sell their own products and expand their branches.

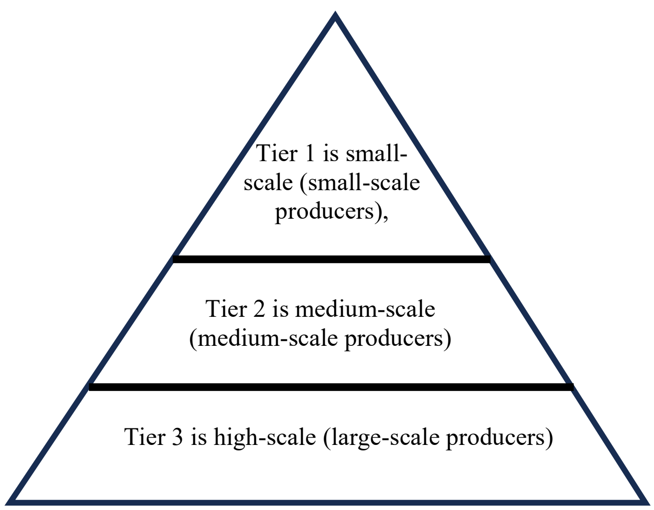


Figure 6: Classification of coffee producers in Lao PDR (Tiers)
Source: Author, 2026.

5 Conclusion

The present study was undertaken with the primary objective of examining the efficiency of agribusiness exports in the Lao PDR, with particular reference to the coffee sector as a representative case study. Through a systematic analysis of both global coffee market dynamics and domestic production and export performance, a number of significant findings were identified that collectively illuminate the structural opportunities and persistent constraints characterizing the Lao coffee industry.

With respect to the global coffee market, it was established that world coffee production has followed a broadly expansionary trajectory over the study period, rising from 143.4 million bags in the 2015/16 season to approximately 177.5 million bags in 2024/25, driven primarily by sustained output growth among the world's three dominant producers Brazil, Vietnam, and Colombia which collectively accounted for over 80% of global export volume. Concurrently, international coffee prices for both Arabica and Robusta varieties were found to have experienced pronounced volatility, with a sustained and sharp upward trend recorded from 2021 onward, culminating in record price levels by 2025. These price dynamics, while potentially advantageous for export revenues, were simultaneously found to introduce significant income instability for smallholder producers with limited capacity to hedge against market fluctuations. The analysis of global import markets further revealed that the highest-value coffee markets most notably the United States, Germany, and Japan remain largely inaccessible to Lao exporters, owing to stringent quality requirements, certification standards, and the dominance of established supply chains originating from major producing nations.(Wattanakul et al., 2023)

At the national level, the Lao PDR was found to have achieved measurable quantitative progress in coffee production and export activity over the observation period. The total area under coffee cultivation expanded from 65,000 hectares in 2015 to 87,000 hectares in 2025, while export volumes to the ASEAN region increased from 19,500 tons to a projected 34,000 tons over the same period. Nevertheless, a fundamental structural weakness was consistently identified across multiple dimensions of the analysis: namely, the persistent divergence between area expansion and yield productivity, the overwhelming concentration of exports within low-value raw coffee bean categories, and the near-total dependence on a narrow set of regional buyers most prominently Vietnam and Thailand that collectively absorbed approximately 84.5% of total export volume in 2023. Furthermore, the Lao PDR's share of global coffee production was found to have remained negligible throughout the study period, fluctuating marginally between 0.15% and 0.17%, a finding that underscores the country's limited competitive positioning within the international coffee market despite a decade of sector expansion.

In conclusion, the Lao PDR's coffee sector possesses substantial latent potential, underpinned by favorable agro-ecological conditions, an expanding cultivation base, and a growing global appetite for specialty and sustainably produced coffee.(Capstone, 2012) However, the realization of this potential is contingent upon the deliberate and sustained transition from a volume-oriented, commodity-based export model toward a quality-driven, value-added export paradigm. It is anticipated that the findings and recommendations presented in this study will contribute meaningfully to the evidence base informing policy formulation and private sector strategy in the Lao coffee industry, and will provide a foundation for further empirical investigation into the determinants of agribusiness export efficiency in smallholder-dominated developing economies.

Competing Interest declaration
The research was conducted independently, and all data, interpretations, and conclusions are presented objectively and transparently. Any support received (if applicable) did not affect the integrity or neutrality of the study.

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Authors contribution
The author was fully responsible for all stages of the study on increasing the efficiency of agribusiness exports in Lao PDR, focusing on coffee production. This includes developing the research concept and objectives, conducting the literature review, and designing the research methodology. Thus, the author also carried out data collection through fieldwork, surveys, and interviews with stakeholders in the coffee value chain, including

farmers, traders, and exporters. Data analysis and interpretation were performed independently to identify key factors affecting export efficiency and to propose practical recommendations.

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