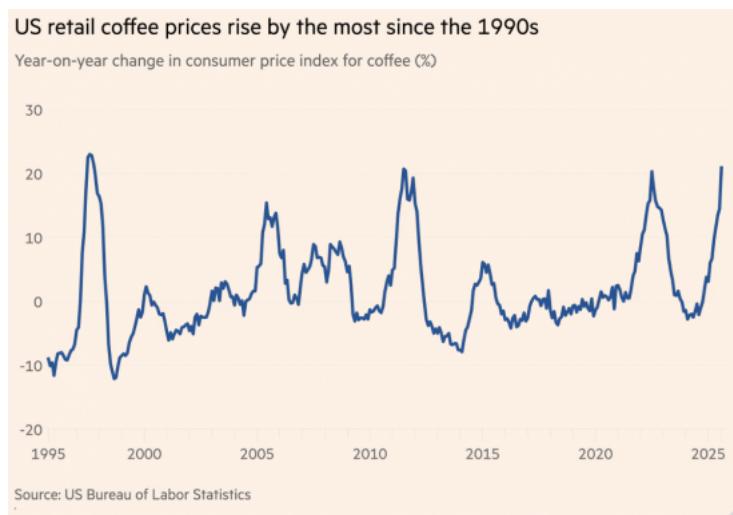


This is serious: the price of coffee is rising

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I noticed this chart [in the FT this morning](#):



They highlight the increase in the price of coffee in the US, saying:

For the US, whose roasters rely on imports for almost all of their supply, costs have increased further since US President Donald Trump declared a 50 per cent tariff on Brazil in July. Brazil is the world's biggest producer of higher-end arabica coffee and historically supplied about a third of the beans consumed in the US.

They added:

Coffee shipments from Brazil into the US have halved in the year to date, according to Vizion, a shipping data service. The decline accelerated in August, when the coffee exports from Brazil were down more than 75 per cent from August 2024.

There can be no doubt, then, that part of this price increase is down to the fact that Trump is imposing tariffs, and particularly penal tariffs in this case, on Brazil.

But, for someone like me, who takes some interest in coffee, because I drink quite a lot

of it, and because it has long been emblematic of many of the stresses within economic development, it is important to note that this is not the only reason for increasing world coffee prices. The price rise as seen in the USA might be exceptional, and have a particular cause, but there is an underlying issue in the price of coffee, which is, in itself, worth noting because of what it says about the way in which the world is developing.

I am, of course, not alone in liking coffee. Coffee is one of the world's most traded commodities. Despite this, in recent years, global coffee supply chains have increased in vulnerability in the face of climate change, financial speculation and the wider crises of neoliberal globalisation.

Brazil and Vietnam are the two largest coffee producers, and both have been hit by droughts, frosts and irregular rainfall in recent years. Like so much of the change in our weather, these extremes are no longer one-off events. They are the seemingly predictable consequences of climate change, and they are undermining the stability of coffee harvests. This is exacerbated because coffee can only be grown in narrow climatic zones, and as a result, it is very sensitive to such shocks. A bad season in these countries creates price reverberations in every café I visit.

On top of that, reports that I have been reading of late (precisely because I do find this market of interest) suggest that the costs of coffee production have been rising. Farmers have been facing rising bills for fertilisers, energy, labour and transport. Even when harvests are good, these higher input costs drive up prices. Increased shipping costs since the pandemic have also played a part here.

At the same time, more people are drinking coffee. They have discovered just what I like about the stuff. Consumption is growing, not only in traditional markets but also, apparently, in Asia and Africa, where urbanisation and higher incomes are creating new consumers. Coffee might be suffering from a problem as a form of conspicuous consumption. A shift in taste towards speciality coffee beans is exacerbating this trend. The result is simple: more buyers are chasing supplies that are increasingly uncertain.

So now, let's bring on the villains in the piece. Coffee is traded on global futures markets. That means that expectations of future shortages, or even rumours of poor weather, can drive up prices long before beans are harvested. In theory, this trading provides stability by letting producers hedge their risks. In practice, it often amplifies volatility as traders pile in and out of the market. As is always the case, the volumes of coffee traded are much higher than the actual volumes produced: speculative gains and the extraction of resulting rents are a major factor in the increase in the world coffee price.

And then, there are tariffs.

The result is that the price of coffee is being pushed upwards from every direction:

supply is less reliable, production is more costly, demand is rising, and speculation is adding instability.

Coffee, then, is not just a drink. It provides a lens through which we can view the pressures shaping the global economy. Climate change, fragile supply chains, financialisation and inequality are all there in the cup of coffee we might enjoy today. And if we want to secure a sustainable future for farming communities worldwide, we need to recognise that coffee's price is a symptom of a much deeper malaise in how our economic system is organised.

The question is, is anyone willing to do anything about creating stability where it is needed for all those who are dependent upon coffee, most particularly for their incomes, throughout the world?