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Report Name: Coffee Annual

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Post: Nairobi

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Report Highlights:

Marketing year (MY) 2021/22 production and exports are forecast to hold steady from MY 2020/21 as farmers take old trees out of production via stumping. FAS/Nairobi estimates Uganda's coffee production and exports will reach record levels in MY 2020/21 as new coffee plantings mature, increasing from 5.5 million to 6 million bags and 5.4 to 5.9 million bags respectively. MY 2021/22 consumption is expected to increase modestly on a slight increase in tourism, however MY 2020/21 domestic consumption will remain depressed due to COVID lockdowns.

Production, Supply and Distribution (PSD)

Coffee, Green	2019/2020		2020/2021		2021/2022	
Market Year Begins	Oct 2019		Oct 2020		Oct 2021	
Uganda	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted (1000 HA)	355	560	355	560	0	560
Area Harvested (1000 HA)	0	525	0	560	0	550
Bearing Trees (MILLION TREES)	0	0	0	0	0	0
Non-Bearing Trees (MILLION TREES)	0	0	0	0	0	0
Total Tree Population (MILLION TREES)	0	0	0	0	0	0
Beginning Stocks (1000 60 KG BAGS)	110	338	160	363	0	363
Arabica Production (1000 60 KG BAGS)	750	1025	800	925	0	950
Robusta Production (1000 60 KG BAGS)	3500	4450	4000	5075	0	5000
Other Production (1000 60 KG BAGS)	0	0	0	0	0	0
Total Production (1000 60 KG BAGS)	4250	5475	4800	6000	0	5950
Bean Imports (1000 60 KG BAGS)	0	0	0	0	0	0
Roast & Ground Imports (1000 60 KG BAGS)	0	0	0	0	0	0
Soluble Imports (1000 60 KG BAGS)	0	0	0	0	0	0
Total Imports (1000 60 KG BAGS)	0	0	0	0	0	0
Total Supply (1000 60 KG BAGS)	4360	5813	4960	6363	0	6313
Bean Exports (1000 60 KG BAGS)	4000	5350	4500	5900	0	5800
Rst-Grnd Exp. (1000 60 KG BAGS)	0	0	0	0	0	0
Soluble Exports (1000 60 KG BAGS)	0	0	0	0	0	0
Total Exports (1000 60 KG BAGS)	4000	5350	4500	5900	0	5800
Rst,Ground Dom. Consum (1000 60 KG BAGS)	200	100	200	100	0	125
Soluble Dom. Cons. (1000 60 KG BAGS)	0	0	0	0	0	0
Domestic Consumption (1000 60 KG BAGS)	200	100	200	100	0	125
Ending Stocks (1000 60 KG BAGS)	160	363	260	363	0	388
Total Distribution (1000 60 KG BAGS)	4360	5813	4960	6363	0	6313
(1000 HA) ,(MILLION TREES) ,(1000 60 KG BAGS)						

Production

FAS/Nairobi forecasts MY 2021/22 combined robusta and arabica production will decline slightly by 50,000 bags as old robusta trees are taken out of production for stumping, a pruning process that removes trees from production for two to three years while rejuvenating the tree production in the long term. MY 2021/22 arabica production is forecast to increase by 25,000 bags to 950,000 bags due to cyclical variations in arabica yields. Arabica trees undergo annual yield changes, usually increasing two consecutive years and falling the third. Uganda’s area planted is expected to remain flat in MY 2021/22, as farmers’ efforts are re-directed to rejuvenation of old plantations.

FAS/Nairobi estimates a record high MY 2020/21 production of 6 million bags (up 525,000 bags from MY 2019/20) largely due to new robusta trees maturing. Uganda’s coffee production is on an upward trajectory due to investments under the Government of Uganda-supported Coffee Roadmap program which launched in 2017. The program supports coffee production through the introduction of new coffee varieties, increasing use of inputs, distribution of seedlings, and improved extension services. Under the program, Uganda aims to increase coffee production to 20 million bags and triple the incomes of farmers by 2030.

Uganda predominantly grows robusta (roughly estimated at 85 percent of production), and arabica. Robusta is grown at lower altitudes ranging from 900 to 1,500 meters above sea level, while Arabica is grown in higher altitudes ranging between 1,300 to 2,300 meters above sea level.

Marketing

Uganda has one of the most liberalized coffee sectors in East Africa. Private traders purchase coffee from either producer organizations or directly from farmers for onward processing and export. The sector has attracted significant private sector investment and most international coffee trading companies are locally represented. The 2020 National Coffee Act mandates the Uganda Coffee Development Authority (UCDA) to establish its first coffee auction, introducing a new marketing channel.

Domestic consumption

MY 2021/22 consumption is forecast to slightly increase to 125 thousand bags due to a possible recovery of the tourism sector as vaccinated international tourists begin to return to Uganda. Consumption by local Ugandans is likely to continue to remain depressed due to poor COVID conditions.

MY 2020/21 consumption is estimated to remain low at 100 thousand bags, less than half Uganda's pre-COVID consumption. The Government of Uganda enacted stringent lockdown measures after the onset of the pandemic in early 2020. These measures restricted coffee consumption which is concentrated mainly in urban areas and tourist facilities.

Policies

UCDA continues to implement the National Coffee Policy. The policy provides guidance on coffee market diversification and promotion of sustainable production systems, value addition, and domestic consumption. The policy also guides improvement of Uganda's capacity in coffee research and development. Uganda has several other guidelines and policies that cover various aspects of the coffee industry including production, processing, and trade. These guidelines are available at the following link: Uganda Coffee Sector Policies. UCDA charges a levy of two percent on all coffee exported based on its contract price.

In 2020, Uganda enacted the National Coffee Act which streamlines the regulatory role of UCDA and promotes accountability at every stage of the coffee value chain. The National Coffee Act contains a new requirement for coffee growers to regularly update their production statistics with UCDA to improve market information.

Trade

MY 2021/22 exports are forecast to decline slightly to 5.8 million from 5.9 million bags due to a marginal decrease in production. FAS/Nairobi estimates MY 2020/21 exports will increase 10 percent year-on-year to 5.9 million bags due to record production levels. The bulk of Uganda's coffee exports are to the European Union with the rest largely going to the United States, Morocco, India, Russia, and Serbia.

Figure 1: Key Export Destinations for Uganda Coffee, MY 2017/18 – 2019/20

Export destination	Tons			Market Share		
	2018	2019	2020	2018	2019	2020
EU 27 External Trade (Brexit)	170,805	144,042	159,499	76%	72%	73%
United States Consumption	15,055	19,970	19,516	7%	10%	9%
Morocco	10,563	11,775	9,093	5%	6%	4%
India	9,317	3,425	5,713	4%	2%	3%
Russia	2,698	3,245	3,538	1%	2%	2%
Serbia	2,567	2,122	2,720	1%	1%	1%

Source: TDM

Within East Africa, Sudan is the largest export destination for Uganda coffee with MY 2019/20 exports reaching more than 1 million bags according to data from the UCDA.

Stocks

Post projects that Uganda's ending coffee stocks will remain steady in MY 2021/22, slightly under a one month-export supply. Uganda harvests coffee throughout the year, removing the need for high stocks to cover export demand. Stocks are held by traders and farmer organizations. The GOU does not run any coffee stocking programs.

Attachments:

No Attachments