

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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POLICY

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Uganda

Coffee Annual

2014 Coffee Report

Approved By:

Kate Snipes

Prepared By:

Kennedy Gitonga

Report Highlights:

FAS/Nairobi forecasts that Uganda's coffee production will continue on the current growth trend to reach a record 4 million bags in the MY 2014/2015. Exports will also increase to 3.8 million bags in the MY 2014/2015 as the country expands production and diversifies its markets. In addition, the Government of Uganda (GOU) is implementing the recently launched national coffee policy. Key objectives of the policy include sustainable production systems, increased domestic consumption, value addition and enhancement of local research capacity.

Production:

Uganda is ranked second to Ethiopia in terms of coffee production in Africa. The country produces both Arabica and Robusta coffees. Robusta coffees are however predominant and account for about 80% of the total production. Arabica coffees are grown on the slopes of Mount Elgon, Mount Rwenzori, Muhavura ranges in South-western Uganda, and in West Nile (Nebbi) region. Both varieties are mainly grown in smallholder farms and intercropped with other crops such as bananas, beans and shade trees. About 500,000 farmers grow coffee according to estimates by Uganda Coffee Development Authority (UCDA).

Coffee harvesting is done all year around with two major peaks, November to February and June to September.

FAS/Nairobi forecasts production to hit 4 million bags in the MY 2014/2015. Favorable weather, improved prices and the ongoing government supported expansion programs largely explains the expected increase in production. The GOU plans to increase coffee production to 4.5 million bags by the year 2018.

Consumption:

UCDA estimates domestic coffee consumption at low 3% of the national production, mainly attributed to low incomes and therefore the inability to afford coffee, entrenched tea drinking culture and inadequate promotion. UCDA has in the last few years rolled out promotional activities aimed at stirring coffee consumption especially among the youth. The GOU has also been encouraging local roasting and 12 roasting plants are currently registered.

Policy:

In November 2013, the GOU launched the National Coffee Policy after its approval by Parliament. The key focus areas of the policy include increasing productivity; restoring and increasing area under coffee; and creating an enabling business. In addition the policy aims at diversifying export markets, sustainable production systems, value addition and enhancement of local research capacity.

Uganda Coffee Production, Supply and Demand Statistics

| Coffee, Green Uganda | 2012/2013 | | 2013/2014 | | 2014/2015 | |
|---------------------------|--------------------------------|-------------|--------------------------------|-------------|--------------------------------|-------------|
| | Market Year Begin: Oct 2012 | | Market Year Begin: Oct 2013 | | Market Year Begin: Oct 2014 | |
| | USDA Official | New Post | USDA Official | New Post | USDA Official | New Post |
| Area Planted | 323 | 323 | 350 | 350 | | 355 |
| Area Harvested | 0 | 0 | 0 | 0 | | 0 |
| Bearing Trees | 0 | 0 | 0 | 0 | | 0 |
| Non-Bearing Trees | 0 | 0 | 0 | 0 | | 0 |
| Total Tree Population | 0 | 0 | 0 | 0 | | 0 |
| Beginning Stocks | 538 | 538 | 488 | 352 | | 377 |
| Arabica Production | 650 | 800 | 700 | 850 | | 800 |
| Robusta Production | 2,700 | 2,800 | 2,800 | 3,000 | | 3,200 |
| Other Production | 0 | 0 | 0 | 0 | | 0 |
| Total Production | 3,350 | 3,600 | 3,500 | 3,850 | | 4,000 |
| Bean Imports | 0 | 0 | 0 | 0 | | 0 |
| Roast & Ground Imports | 0 | 0 | 0 | 0 | | 0 |
| Soluble Imports | 0 | 2 | 0 | 2 | | 2 |
| Total Imports | 0 | 2 | 0 | 2 | | 2 |
| Total Supply | 3,888 | 4,140 | 3,988 | 4,204 | | 4,379 |
| Bean Exports | 3,200 | 3,582 | 3,400 | 3,600 | | 3,800 |
| Rst-Grnd Exp. | 0 | 5 | 0 | 5 | | 5 |
| Soluble Exports | 0 | 0 | 0 | 0 | | 0 |
| Total Exports | 3,200 | 3,587 | 3,400 | 3,605 | | 3,805 |
| Rst,Ground Dom. Consum | 200 | 200 | 200 | 220 | | 230 |
| Soluble Dom. Cons. | 0 | 1 | 0 | 2 | | 2 |
| Domestic Use | 200 | 201 | 200 | 222 | | 232 |
| Ending Stocks | 488 | 352 | 388 | 377 | | 342 |
| Total Distribution | 3,888 | 4,140 | 3,988 | 4,204 | | 4,379 |
| Exportable Production | 3,150 | 3,399 | 3,300 | 3,628 | | 3,768 |

1000 HA, MILLION TREES, 1000 60 KG BAGS

Data Sources: Uganda Coffee Development Authority, Global Trade Atlas – otherwise Post estimates

Trade:

Uganda exports coffee mainly to the European Union, the United States, Sudan, Switzerland, and India. UCDA has been seeking to diversify and expand the export markets in emerging economies in emerging economies including South Korea and China. Nearly all export shipments are done through the Port of Mombasa in Kenya.

Main destinations for Uganda coffee exports (1,000 bags) and percentage share

| Country | 2010/2011 | Percentage Share | 2011/2012 | Percentage Share | 2012/2013 | Percentage Share |
|----------------|------------------|-------------------------|------------------|-------------------------|------------------|-------------------------|
| Germany | 469 | 24% | 575 | 25% | 650 | 27% |
| Italy | 355 | 18% | 471 | 20% | 451 | 19% |
| Belgium | 212 | 11% | 158 | 7% | 273 | 11% |
| Spain | 282 | 14% | 201 | 9% | 185 | 8% |
| USA | 108 | 5% | 137 | 6% | 139 | 6% |
| India | 85 | 4% | 112 | 5% | 90 | 4% |
| France | 40 | 2% | 63 | 3% | 88 | 4% |
| Portugal | 101 | 5% | 76 | 3% | 87 | 4% |
| Morocco | 18 | 1% | 34 | 1% | 79 | 3% |
| Poland | 25 | 1% | 49 | 2% | 53 | 2% |
| Russia | 61 | 3% | 61 | 3% | 48 | 2% |
| Sweden | 10 | 0% | 31 | 1% | 39 | 2% |
| Denmark | 42 | 2% | 47 | 2% | 33 | 1% |
| Romania | 37 | 2% | 30 | 1% | 30 | 1% |
| Netherlands | 38 | 2% | 55 | 2% | 24 | 1% |

Data Source: Global Trade Atlas

Marketing:

Uganda fully liberalized its coffee sector in 1991. Value chain players are free to transact coffee business so long as they share information with UCDA, the regulatory agency. However, the country has had challenges in ensuring quality consistency.