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Post: Nairobi

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Report Highlights:

FAS/Nairobi forecasts Uganda's marketing year (MY) 2023/24 coffee production will increase 4 percent to 6.85 million 60 kilogram bags due to good rainfall and the maturation of new high-yielding Robusta seedlings planted in 2019. MY 2023/24 consumption is forecast to rise to 325,000 bags from 300,000 the year before due to the spread of coffee cafes in Kampala and other urban areas. MY 2023/24 exports are anticipated to increase 4 percent year-on-year to 6.52 million bags as higher production increases exportable supplies. Post revises its previous MY 2022/23 production forecast down to 6.57 million bags due to an outbreak of Black Twig Borer and Coffee Red Blister Disease in Robusta growing areas.

Table 1: Production, Supply and Distribution (PSD)

Coffee, Green	2021/2022		2022/2023		2023/2024	
Market Year Begins	Oct 2021		Oct 2022		Oct 2023	
Uganda	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted (1000 HA)	0	560	0	565	0	570
Area Harvested (1000 HA)	0	550	0	555	0	560
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)	379	379	384	454	0	469
Arabica Production (1000 60 KG BAGS)	950	990	900	990	0	1000
Robusta Production (1000 60 KG BAGS)	5300	5060	5750	5575	0	5850
Other Production (1000 60 KG BAGS)	0	0	0	0	0	0
Total Production (1000 60 KG BAGS)	6250	6050	6650	6565	0	6850
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)	6629	6429	7034	7019	0	7319
Bean Exports (1000 60 KG BAGS)	6120	5850	6520	6250	0	6515
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)	6120	5850	6520	6250	0	6515
Rst,Ground Dom. Consum (1000 60 KG BAGS)	125	125	150	300	0	325
Soluble Dom. Cons. (1000 60 KG BAGS)	0	0	0	0	0	0
Domestic Consumption (1000 60 KG BAGS)	125	125	150	300	0	325
Ending Stocks (1000 60 KG BAGS)	384	454	364	469	0	479
Total Distribution (1000 60 KG BAGS)	6629	6429	7034	7019	0	7319
(1000 HA) ,(MILLION TREES) ,(1000 60 KG BAGS)						

Production:

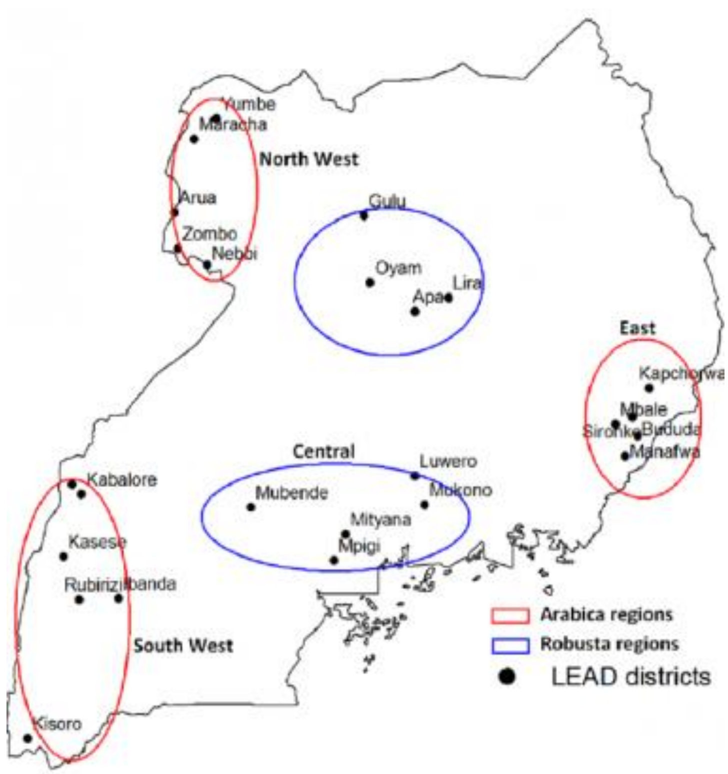
Post forecasts Uganda’s MY 2023/24 coffee production will reach a record high of 6.85 million bags. This is largely due to good yields from favorable weather and the maturation of high-yield seedling varieties planted in previous years. To help increase production, Uganda’s government has provided farmers with high-quality seedling varieties and extension services since 2017. Although this support has reportedly declined since 2020, in part due to Covid-19 related restrictions and limited resources, many high-yielding Robusta trees planted before 2020 have begun to mature. Robusta trees in Uganda typically take three to four years to achieve peak yields after planting. MY 2023/24 Arabica production is expected to remain steady at 1 million bags as growing conditions similar to those encountered in MY 2022/23 are expected to prevail.

Post estimates Uganda’s MY 2023/24 area planted will increase slightly from 565,000 to 570,000 hectares, as some farming cooperatives and millers have begun to provide support for new coffee acreage, albeit at a smaller scale than the government’s pre-COVID efforts. Prior to 2020, Uganda’s area planted increased dramatically as non-traditional areas began to grow Robusta with government support. Post estimates acreage dedicated to coffee increased from 450,000 hectares in MY 2016/17 to 560,000 hectares in MY 2019/20.

Coffee production in Uganda is mostly grown by small holder farmers on rain-fed plots less than an acre in size, intercropped with banana and other food crops. Industry sources indicate farmers are increasingly selecting high value crops like vanilla and cocoa as alternative intercrop options due to their earning potential. Intercropping is widely adopted by Uganda farmers to protect against shocks when one crop does not perform well.

Coffee is grown in five areas, including the central, western, southwestern, northern and eastern regions (see Figure 1). Robusta primarily grows in the central and northern lowlands and Arabica is cultivated in the eastern, western, and south-western highlands. Coffee is produced throughout the year as each coffee-growing region is harvested at a different time. Robusta harvests run from May to August in the Masaka and western regions and from November to February in the central and eastern regions. Arabica harvests take place between April and June in the western region and from October to February in the eastern and northern regions.

Figure 1: Map of major growing areas in Uganda



Source: Coffee Beans Africa. https://www.coffeebeansafrica.com/about/coffee-farming-facts/

Uganda has favorable climatic conditions for coffee and farmers typically use few or no inputs to boost production. As a result, Uganda's production is largely unaffected by variations in fertilizer prices.

Changes to MY 2022/23

Post estimates MY 2022/23 production increased 9 percent year-on-year to almost 6.6 million bags as Robusta production recovered from drought conditions in lowland growing areas during MY 2021/22.

MY 2022/23 Robusta yields are expected to remain below historical levels due to outbreaks of Black Coffee Twig Borer (BCTB) and Coffee Red Blister Disease observed in Uganda's central growing regions. MY 2022/23 Arabica production is estimated to remain unchanged from MY 2021/22 as similar growing conditions prevailed in Uganda's highland regions. Post estimates area harvested increased marginally from 550,000 to 555,000 hectares as Government-backed efforts to increase acreage slowed.

Policy:
Uganda's government has continued to improve coffee production through improving extension outreach, issuing certified seedlings to farmers, and cracking down on counterfeit agrochemicals supplied to famers. Local sources indicate coffee seedling support remains below pre-Covid 19 levels, largely due to limited financial resources.

Domestic consumption:
Post anticipates MY 2023/24 consumption will increase from 300,000 to 325,000 bags as more urban consumers embrace coffee drinking as a social activity. Local sources indicate that coffee cafés have proliferated in Kampala and other cities. Additionally, millers have begun offering coffee in small packaging sizes that are convenient and affordable for domestic buyers to meet rising demand.

Changes to MY 2022/23

Post estimates MY 2022/23 consumption will increase from 125,000 to 300,000 bags following the removal of Covid-19-related restrictions. In MY 2021/22, Uganda maintained several Covid-19 prevention measures including a national curfew and the world's longest Covid-related school closure. With the removal of these restrictions in 2022, Post estimates Uganda's consumption will return to historical levels.

Marketing
Coffee marketing in Uganda is liberalized, allowing private traders to purchase coffee from either producer organizations or directly from farmers for onward processing and export. As a result, the sector has attracted significant private investment, and most international coffee trading companies are locally represented.

Trade:
MY 2023/24 exports are estimated to increase 4 percent to 6.52 million bags due to increased domestic production. According to the Uganda Coffee Development Authority (UCDA), Uganda's top export destinations include Italy, Sudan, Germany, India, the United States, and Morocco.

In March 2023, the government of Uganda acquired a South Korean quality control export thorough an agreement with the Korean Institute for Advancement of Technology to help Uganda exports meet South Korean import requirements. This collaboration may facilitate future exports to the lucrative South Korean market.[1]

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[1] https://www.monitor.co.ug/uganda/business/commodities/uganda-sources-korean-coffee-expert-to-enhance-export-quality-4173422

Table 2: Key Export Destinations for Uganda Coffee (MY2019/20 - MY 2021/22)

Country	Quantity (MT)			Market Share		
	MY2019/20	MY2020/21	MY2021/22	MY2019/20	MY2020/21	MY2021/22
EU 27 (Brexit)	159,497	196,521	219,473	73%	71%	74%
United States	19,516	20,666	21,101	9%	7%	7%
Morocco	9,093	15,475	16,166	4%	6%	5%
India	5,713	9,552	8,797	3%	3%	3%
Serbia	2,720	3,532	3,861	1%	1%	1%
Switzerland	2,346	3,250	3,821	1%	1%	1%
South Africa	1,820	1,447	3,716	1%	1%	1%
China	1,643	4,544	3,105	1%	2%	1%
South Korea	1,933	1,724	2,646	1%	1%	1%
Ukraine	1,189	1,527	2,274	1%	1%	1%

Source: Trade Data Monitor, LLC.

Uganda is not a significant importer of coffee.

Changes to MY 2022/23

Post revises its previous MY 2022/23 export estimate of 6.51 million bags down to 6.25 million bags as outbreaks of BCTB and Coffee Red Blister Disease are expected to reduce exportable Robusta supplies.

Stocks:

MY 2023/24 ending stocks are estimated at 479,000 bags. Stocks are held largely by exporters with farmers holding small stocks or none at all.

Attachments:

No Attachments