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Report Name: Coffee Annual

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Post: Nairobi

Report Category: Coffee

Prepared By: Martin Miriti and Matthew Snyder

Approved By: Ryan Scott

Report Highlights:

FAS/Nairobi forecasts Uganda's coffee production in the Marketing Year (MY) 2024/25 to reach 6.9 million bags (60 kg), an increase of 40,000 bags from the previous year, due to adoption of good agricultural practices, targeted interventions to combat pest and disease outbreaks, and maturation of new high-yielding seedlings planted in recent years. MY 2024/25 consumption is anticipated to rise by 1.2 percent to reach 330,000 bags (60 kg) largely due to the proliferation of coffee outlets in Kampala city and other urban areas. MY 2024/25 exports are expected to slightly increase from 6.52 million to 6.58 million bags because of increased domestic supply.

Table 1: Production, Supply and Distribution (PSD)

Coffee, Green	2022/2023		2023/2024		2024/2025	
Market Year Begins	Oct 2022		Oct 2023		Oct 2024	
Uganda	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted (1000 HA)	0	565	0	572		579
Area Harvested (1000 HA)	0	560	0	562		568
Bearing Trees (MILLION TREES)	0	0	0	0		0
Non-Bearing Trees (MILLION TREES)	0	0	0	0		0
Total Tree Population (MILLION TREES)	0	0	0	0		0
Beginning Stocks (1000 60 KG BAGS)	454	454	469	444		464
Arabica Production (1000 60 KG BAGS)	990	990	1000	990		1005
Robusta Production (1000 60 KG BAGS)	5575	5575	5850	5870		5895
Other Production (1000 60 KG BAGS)	0	0	0	0		0
Total Production (1000 60 KG BAGS)	6565	6565	6850	6860		6900
Bean Imports (1000 60 KG BAGS)	0	0	0	0		0
Roast & Ground Imports (1000 60 KG BAGS)	0	0	0	0		0
Soluble Imports (1000 60 KG BAGS)	0	0	0	0		0
Total Imports (1000 60 KG BAGS)	0	0	0	0		0
Total Supply (1000 60 KG BAGS)	7019	7019	7319	7304		7364
Bean Exports (1000 60 KG BAGS)	6250	6275	6515	6515		6575
Rst-Grnd Exp. (1000 60 KG BAGS)	0	0	0	0		0
Soluble Exports (1000 60 KG BAGS)	0	0	0	0		0
Total Exports (1000 60 KG BAGS)	6250	6275	6515	6515		6575
Rst,Ground Dom. Consum (1000 60 KG BAGS)	300	300	325	325		330
Soluble Dom. Cons. (1000 60 KG BAGS)	0	0	0	0		0
Domestic Consumption (1000 60 KG BAGS)	300	300	325	325		330
Ending Stocks (1000 60 KG BAGS)	469	444	479	464		459
Total Distribution (1000 60 KG BAGS)	7019	7019	7319	7304		7364
(1000 HA) ,(MILLION TREES) ,(1000 60 KG BAGS)						

Source: Trade Data Monitor LLC, UCDA, and Post estimates

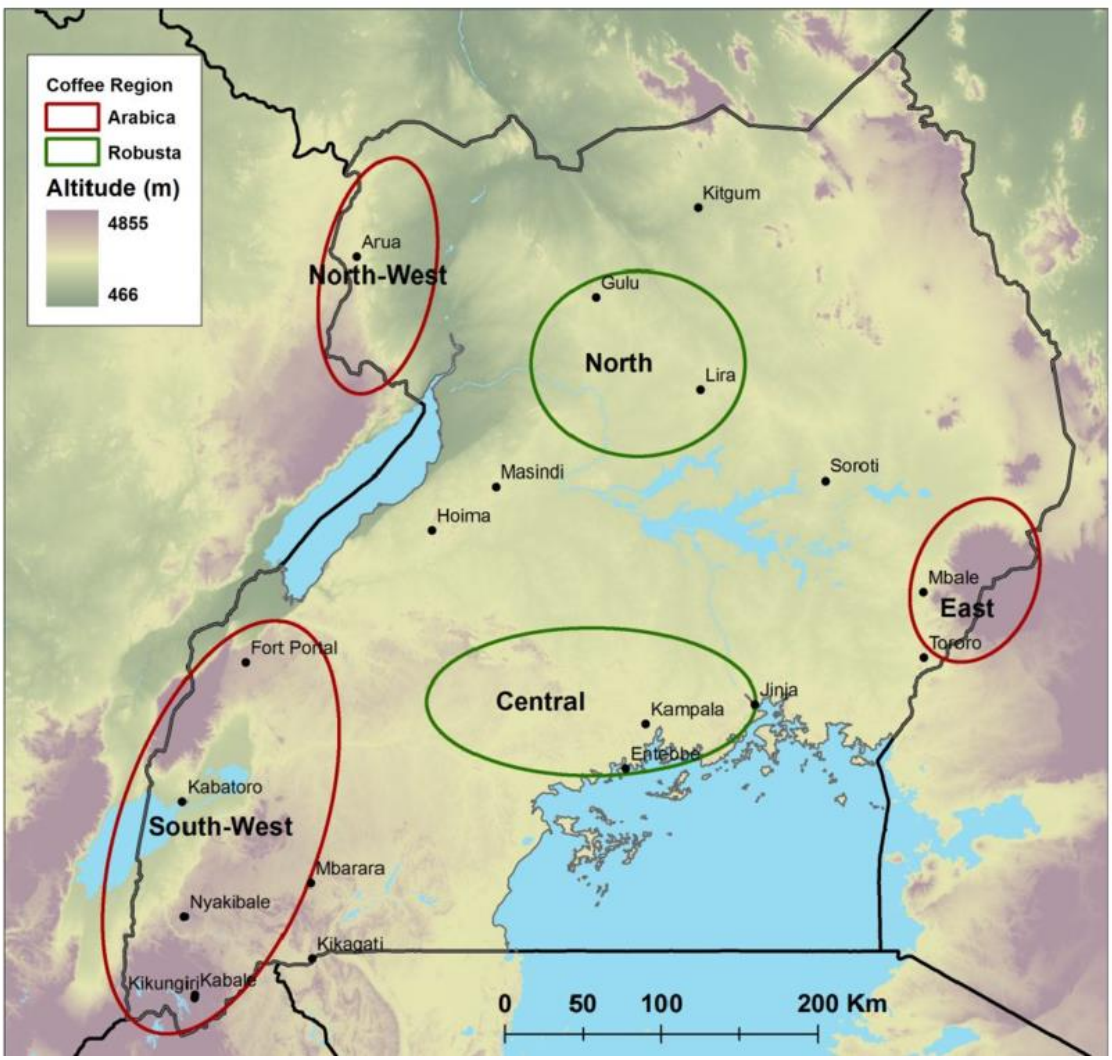
Production:

Uganda’s MY 2024/25 coffee production is forecast to increase by 1.44 percent to reach 6.9 million bags (60 kilogram), driven by improved yields due to improved crop husbandry. Area harvested is also anticipated to increase marginally by 1.1 percent to 568,000 hectares as coffee plantations that were planted in 2020/21 season come to maturation and the ongoing initiatives by the Uganda Coffee

Development Authority (UCDA) to boost coffee yields by issuing farmers with high-quality cultivars, inputs, and training on improved coffee management practices.

Uganda is primarily recognized for its robusta coffee production, which traditionally accounts for 80 percent of the country's coffee output, while arabica contributes the remaining 20 percent. However, in marketing year (MY) 2024/25, robusta is anticipated to contribute 63 percent and arabica 38 percent to the anticipated increase in production. Figure 1 shows Uganda's diverse coffee producing regions each marked by distinct environmental conditions. Arabica coffee flourishes in the mountainous areas such as the slopes of Mount Elgon, Mount Rwenzori, and Mount Moroto, characterized by cool temperatures and fertile soils while Robusta coffee thrives in the lowland areas of Central, Eastern, and Western Uganda. Coffee farming in Uganda is predominantly carried out by smallholder farmers who operate on less than half a hectare, in mixed farming systems that , integrate coffee with other crops such as bananas, avocados, vanilla, and shade trees.

Figure 1: Map of Uganda's Coffee Farming Regions



Source: ResearchGate

Ugandan farmers often employ minimal inputs to enhance yields which limits the impact of fertilizer prices fluctuations on their usage and consequently on their coffee yields.

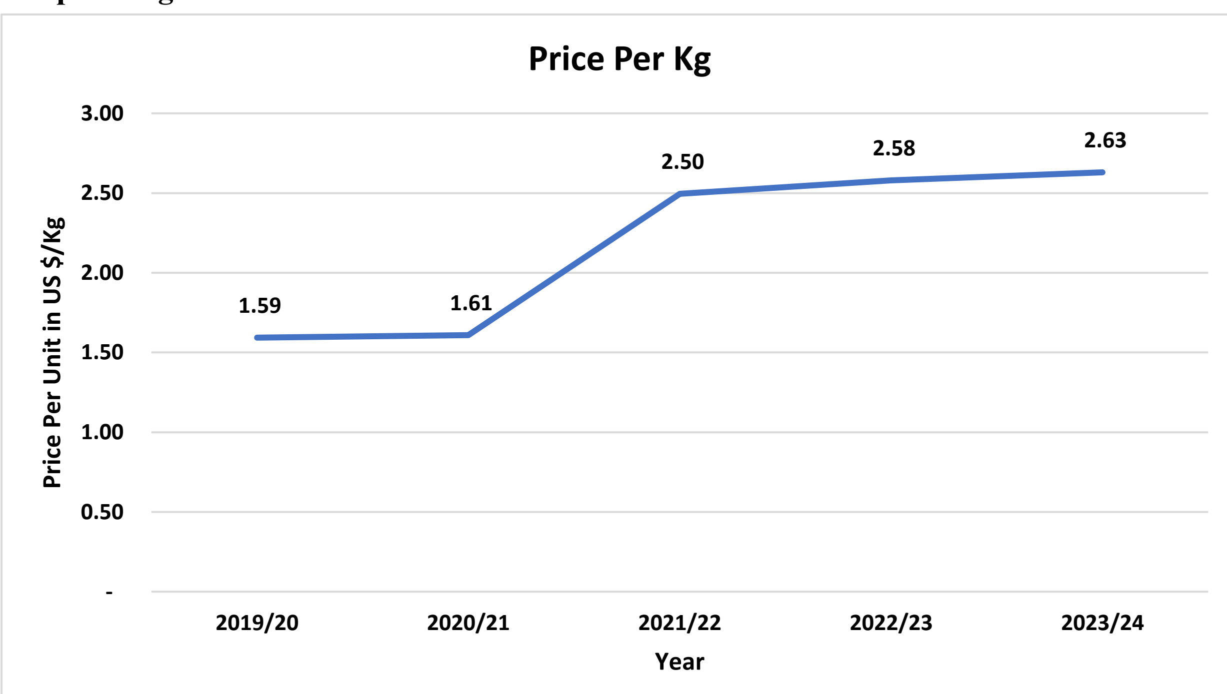
Change in MY 2023/2024

Post revised MY 2023/24 Robusta production estimate upwards from 5.85 million bags to 5.87 million bags (60 kg), while Arabica remain flat at 990,000 bags (60 kg). This adjustment is due to improved yields from timely and ample amount of rainfall received.

Marketing:
Uganda's coffee industry involves a network of smallholder farmers, cooperatives, middlemen, processors, and licensed exporters. The sector is fully liberalized, and traders can transact directly with the farmers. Certification programs, such as Fair Trade, Rainforest Alliance, and Organic Certification, play a crucial role in promoting sustainable practices, fair pricing, and facilitating market access. These certifications are also instrumental in improving coffee quality and bolstering farmer livelihoods by tackling various challenges, such as ensuring fair wages, prohibiting use of harmful agrochemicals, and fostering community development initiatives.

Graph 1 illustrates domestic price trends in coffee prices spanning from 2019 to 2023, a gradual price increase since 2019 starting at 1.59 USD and currently selling at 2.63 USD, signifying a 65 percent increase over the last three years driven by high international prices.

Graph 1: Uganda's Domestic Coffee Prices



Source: UCDA

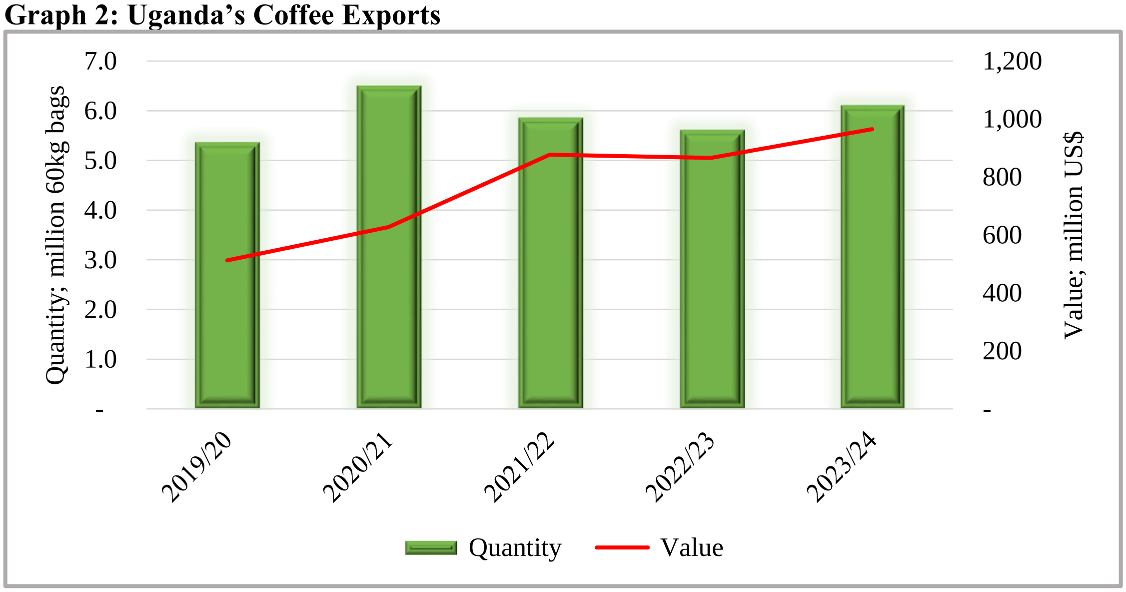
Policy:
Uganda continues to implement a series of comprehensive policy reforms aimed at enhancing the competitiveness and sustainability of its coffee sector. These reforms include initiatives designed to enhance extension services, facilitate access to essential inputs such as fertilizer and seedlings for smallholder farmers, and strengthen quality control measures. In addition, the government of Uganda has prioritized efforts to promote value addition and market diversification, thereby enhancing the sector's resilience against external shocks and fostering long-term growth and stability.

Domestic consumption:
In MY 2024/25, consumption is expected to increase by 1.52 percent to reach 330,000 bags (60 kg) driven by a growing coffee drinking culture, proliferation of coffee houses and active promotion programs by UCDA. Currently, there are more than 14 coffee outlets, a considerable expansion from the solitary establishment roughly 10 years ago.

Trade:
In MY 2024/25 post estimates that green bean coffee exports will likely rise from 6.52 million to 6.58 million bags (60 kg), driven by improved pricing and higher production. According to UCDA, Uganda has approximately 37 exporters. However, fewer than 10 handle over 80 percent of the total export volume. Uganda’s coffee exports have risen significantly from 5.36 million bags in 2020 to 6.5 million bags (60 kg) in 2021, with volumes stabilizing at a higher level in the subsequent years (Graph 2).

The EU, United States, Morocco, and India remained Uganda's primary coffee export destinations (Table 2). Additionally, Morocco, India, and Serbia contributed smaller but consistent portions. This diversified market presence highlights Uganda's broad export base, providing stability and potential for further growth in global coffee trade.

Graph 2: Uganda’s Coffee Exports



***Source**: UCDA*

Table 2: Key Export Destinations for Uganda Coffee

Country	Quantity (MT)			Market Share		
	MY 2020/21	**MY 2021/22**	**MY 2022/23**	**MY 2020/21**	**MY 2021/22**	**MY 2022/23**
EU 27	196523	219517	206091	71%	73%	75%
United States	20666	21101	14106	7%	7%	5%
Morocco	15475	16166	13773	6%	5%	5%
India	9552	8797	11265	3%	3%	4%
Serbia	3532	3861	3963	1.3%	1.3%	1.4%
China	4544	3105	3257	1.6%	1.0%	1.2%
Turkey	287	2225	3231	0.1%	0.7%	1.2%
Japan	1455	1732	3105	0.5%	0.6%	1.1%
Switzerland	3250	3821	2672	1.2%	1.3%	1.0%

Source: *Trade Data Monitor, LLC.*

The implementation of the new Regulation on Deforestation-Free Products (EUDR) is expected to affect coffee exports to the European Union (EU), leading the Government of Uganda pledged to register all coffee farmers and establish a National Traceability System to meet EUDR standards. To adhere to the deadline of December 31, 2024, UCDA is negotiating with the EU to implement a Territorial Approach as an interim measure for EUDR compliance.

Changes to MY 2023/24

Post revised export estimates in the MY 2023/24 upwards to 6.52 million bags from 6.28 million bags due to improved crop yield because of timely rains.

Stocks:
MY 2024/25 post forecasts that the ending stocks is estimated at 459,000 bags (60 kg). This inventory is primarily held by traders and exporters, while farmers maintain minimal or no stocks. The slightly lower stock levels from the previous year highlight the growing market and favorable prices both within the country and internationally.

Attachments:

No Attachments