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Report Name: Coffee Annual

Country: Uganda

Post: Nairobi

Report Category: Coffee

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Report Highlights:

FAS/Nairobi forecasts Uganda's coffee production for the marketing year (MY) 2025/26 to increase by 2.61 percent, reaching 6.88 million 60-kilogram bags (green bean equivalent). This growth is attributed to farmers improved crop management practices and favorable weather conditions. Exports during MY 2025/26 are projected to rise by 2.76 percent year-on-year to 6.53 million bags driven by increased production and sustained high global prices which continue to incentivize farmers. Domestic consumption is expected to increase slightly to 330,000 bags as coffee culture grows, particularly in Kampala and other cities.

Production

Figure 1: Production, Supply and Demand (PSD)

Coffee, Green Market Year Begins	2023/2024		2024/2025		2025/2026	
	Oct 2023		Oct 2024		Oct 2025	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Uganda						
Area Planted (1000 HA)	0	580	0	580		590
Area Harvested (1000 HA)	0	570	0	570		575
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)	469	469	244	244		269
Arabica Production (1000 60 KG BAGS)	1000	1000	1000	1030		1060
Robusta Production (1000 60 KG BAGS)	5400	5400	5400	5670		5815
Other Production (1000 60 KG BAGS)	0	0	0	0		0
Total Production (1000 60 KG BAGS)	6400	6400	6400	6700		6875
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)	6869	6869	6644	6944		7144
Bean Exports (1000 60 KG BAGS)	6300	6300	6300	6350		6515
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)	6300	6300	6300	6350		6515
Rst,Ground Dom. Consum (1000 60 KG BAGS)	325	325	325	325		330
Soluble Dom. Cons. (1000 60 KG BAGS)	0	0	0	0		0
Domestic Consumption (1000 60 KG BAGS)	325	325	325	325		330
Ending Stocks (1000 60 KG BAGS)	244	244	19	269		299
Total Distribution (1000 60 KG BAGS)	6869	6869	6644	6944		7144
(1000 HA) ,(MILLION TREES) ,(1000 60 KG BAGS)						
OFFICIAL DATA CAN BE ACCESSED AT: PSD Online Advanced Query						

Source: Post Estimates

For the 2024/2025 marketing year, Uganda's coffee production is estimated to reach 6.7 million 60-kilogram bags, marking a 4.69 percent increase from the previous year. Robusta coffee is estimated to account for approximately 85 percent of the total production, while Arabica will account for 15 percent. The growth is driven by the adoption of good agricultural practices, and the maturation of new high-yielding seedlings planted in recent years. Good weather has also contributed to the marginal increase.

Post forecasts that coffee production will continue its upward trend in MY 2025/2026, driven by ongoing government initiatives and a favorable market. Through the Parish Development Model, the Ugandan government has introduced financial support mechanisms, offering coffee farmers low interest loans at six percent annually with a three-year repayment period, including a two-year grace period. This has made credit more affordable than commercial bank loans, enabling farmers to invest in essential inputs such as manure and spray pumps to enhance productivity. In 2024, the government increased funding for the coffee sector, enabling agronomists to carry out nationwide field visits and provide direct support to coffee farmers.

Uganda has several coffee-growing zones, supported by favorable climatic conditions for both Robusta and Arabica coffee production. These zones are concentrated in several key regions with distinct climates. The main growing areas are the Central, Eastern, Western, and Northern regions. In the Central region, districts such as Mukono and Luwero primarily cultivate Robusta coffee. The Eastern region, including Mount Elgon, Kapchorwa, and Mbale, is renowned for high-quality Arabica coffee.

The Western region, encompassing districts like Kasese, Bushenyi, and Bundibugyo, produces both Arabica and Robusta coffee, with the Rwenzori Mountains providing ideal conditions for specialty Arabica varieties. Northern Uganda, historically a non-coffee-producing region, is now emerging as a coffee hub, particularly in Zombo, where high-altitude Arabica coffee is now growing in abundance.

Figure 2: Map of Major Coffee Growing Areas in Uganda



Source: Coffee Bean Africa

Figure 3: Typical Coffee Farm in Uganda



Source: FAS Nairobi

Coffee production in Uganda is largely practiced by smallholder farmers, with most farm sizes ranging from 0.5 to 2.5 hectares. Farmers intercrop coffee with bananas, beans, and shade trees to enhance soil fertility, conserve moisture, and diversify income sources. Smallholder farmers contribute about 85 - 90 percent of Uganda's total coffee production. There are also medium and large-scale coffee estates, particularly in central Uganda. The medium scale estates contribute between 8 - 10 percent, while large estates contribute 2 - 5 percent of the total production focusing mainly on export grade coffee.

Changes to MY 2024/2025

FAS/Nairobi revised the MY 2024/25 Robusta production estimate upwards from 5.67 to 5.82 million bags, while the Arabica estimate is revised by 30,000 bags to 1.03 million bags. This adjustment reflects improved yields in Robusta growing regions due to timely and ample rainfall.

Marketing

Figure 4: Coffee Tree with Flowers and Berries

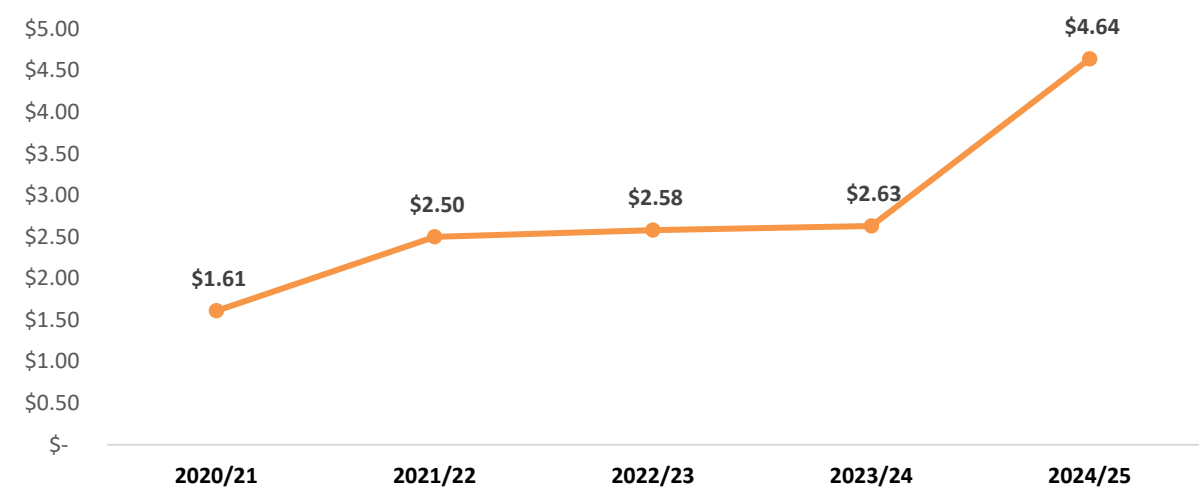


Source: FAS

Uganda's coffee is a key agricultural export and a vital income source for smallholder farmers. Most sell their produce to intermediaries, cooperatives, or exporters, with the majority exported as raw green beans to Europe and the United States for processing where there is high concentration of coffee roaster who make the market. Efforts to enhance marketing, value addition, and direct trade aim to boost farmer earnings.

Inspire Africa Coffee is establishing a multi-million-dollar modern industrial park in Ntungamo District to add value to Ugandan coffee through large-scale processing and product diversification. The facility will produce a wide range of ready-to-use products, including instant coffee, drip coffee, malt coffee, and coffee-based beauty cosmetics. The facility will have an annual processing capacity of 10,000 metric tons and is expected to be fully operational by May 2025. This investment aligns with Uganda's national strategy to increase coffee export revenue from USD 1 billion to USD 4 billion, and it represents the only coffee-specific industrial park in the country. It is expected to create employment opportunities, promote value addition in the coffee sector, and contribute significantly to economic growth and rural development.

Figure 5: Uganda’s Domestic Coffee Prices (USD/Kg)



Source: UCDA/ Ministry of Agriculture, Animal Industry and Fisheries (MAAIF)

Uganda's domestic coffee prices have steadily increased due to favorable international markets and government interventions. Prices rose from \$1.61 per kilogram in 2020/21 to \$2.63 in 2023/24, a 63 percent increase. In 2024/25, the price surged to \$4.64 per kilogram, which is a 7.4 percent increase. This is driven by strong international demand and supply constraints resulting from drought in Brazil and Vietnam.

Policy

In November 2024, the government of Uganda announced plans to merge several agencies to increase efficiency and reduce costs. Consequently, the National Coffee Bill 2024 dissolved the Uganda Coffee Development Authority (UCDA). The functions previously managed by UCDA for both on-farm and off-farm activities have been transferred to the Ministry of Agriculture. The industry is concerned that the dissolution might disrupt the specialized support that UCDA provided to coffee farmers and exporters, potentially affecting the quality and marketability of Ugandan coffee. The full impact of this structural change on Uganda's coffee sector is yet to be fully realized, as stakeholders continue to adapt to the new administrative framework.

Domestic Consumption

Domestic coffee consumption in Uganda has been steadily increasing, driven by a growing coffee culture, rising disposable incomes, and the expansion of coffee outlets in urban centers. However, despite this growth, consumption in MY 2024/25 is projected to remain unchanged at 325,000 bags. A modest increase to 330,000 bags is forecast for MY2025/2026, as producers continue to prioritize exports in response to higher domestic and international prices.

Trade

In the 2024/2025 marketing year, Uganda's green bean coffee exports are expected to rise slightly from 6.30 to 6.35 million bags, driven by higher production and high prices. Exports in MY 2025/2026 are forecast to continue this upward trend to reach 6.53 million bags, reflecting sustained production growth and strong international demand.

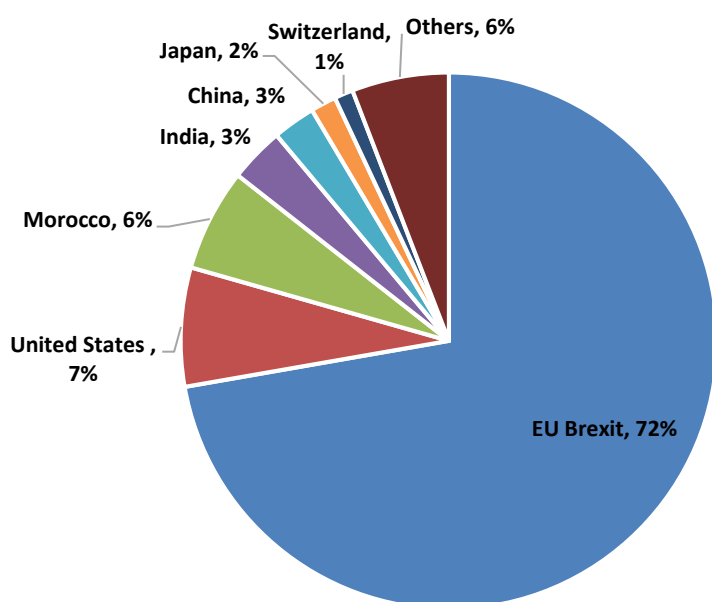
Figure 6: Key Export Destinations for Uganda's Coffee in Metric Tons

Rank	Countries	2020	2021	2022	2023	2024
1	EU 27	165,860	212,289	214,868	206,209	193,169
2	United States	19,983	22,329	17,310	14,735	19,142
3	Morocco	10,772	16,644	15,185	11,919	16,502
4	India	5,255	12,224	9,348	8,315	8,854
5	China	2,606	3,911	3,545	3,389	6,900
6	Japan	1,321	1,421	1,900	3,828	4,121
7	Switzerland	2,576	3,742	3,626	2,551	3,018
8	Serbia	2,950	4,013	3,831	3,670	2,784
9	Ukraine	1,070	2,066	2,045	1,785	2,051
10	South Korea	1,947	1,403	2,721	1,822	1,595

Source: Tade Data Monitor LLC

Uganda's top export destinations include the European Union (EU), United States, Morocco, India and China. The EU has consistently remained the leading export market over the years, although exports declined slightly in 2024 from 206,209 MT to 193,169 MT. Exports to the United States increased to 19,142 MT in 2024 after a dip in previous years. These export trends highlight shifting demand and trade dynamics in key international markets. Many of the large and medium farms have direct contracts with international buyers in the EU, U.K and U.S.

Figure 7: 2024 Uganda's Global Coffee Export Destination



Source: TDM, LLC

The EU dominates Uganda's coffee exports, accounting for 72 percent of total exports. The United States follows with 7 percent, while Morocco and other countries each hold smaller shares. Switzerland, Japan, India and China are also notable importers, with a combined contribution of less than nine percent. The remaining six percent represents exports to other countries worldwide.

Uganda does not import a substantial amount of coffee.

Stocks

Post estimates that MY 2024/25 ending stocks remain relatively low at 269,000 bags due to high prices, which have incentivized market players to sell more coffee. Lower stock levels indicate that exporters are capitalizing on record high prices in the international market. Most stocks are held by traders and exporters, while farmers maintain minimal reserves.

Attachments:

No Attachments