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## Uganda

### Grain and Feed

### Wheat and Maize Sub-Sectors

## 2001

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#### Report Highlights:

**Demand for wheat continues to grow.**

**Maize is an important low value export crop but not an important food crop. Production is in surplus.**

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Includes PSD changes: No

Includes Trade Matrix: No

Unscheduled Report

Nairobi [KE1], UG

## Wheat

Ugandan demand for wheat continues to grow. There is very little wheat production in Uganda. In addition, there are no government or development initiatives to promote wheat production, as there are no climatic or agronomic comparative advantages. The average yield is 2 metric tons per hectare. Only soft wheat varieties are grown which are not interchangeable with the hard varieties for bakery purposes. These needs are met by the hard red winter wheat currently being imported under Title II Programs and principally, the type of wheat imported commercially. There is no available data to measure wheat consumption in Uganda but, according to the millers, the national demand is within the range of 171,000 to 206,000 metric tons of wheat.

## Production

Kapchorwa district is one of the few wheat producing regions, located on the slopes of Mt. Elgon in eastern Uganda. In the district, two crops per year are realized in the central and one main crop in the east with an average yield of 2 metric tons per hectare.

The table below shows the annual wheat production over a period of about 10 years.  
Average yield = 2 metric tons/ha.

Year	1992	1993	1994	1995	1996	1997	1998	1999	2000
Hectares	740	806	1641.5	986	990	2100	2005	1200	800
Output (Tons)	1480	1612	3283	1972	1980	4200	4010	2400	1600

**Source:** Agriculture Department, Kapchorwa District.

**Note:** This data is different from the FAOSTAT Database (identical to Uganda Bureau of Statistics) data which shows a total national production of 9000 metric tons constant for the last five years. Reliable agricultural commodity production, demand, importation and exportation statistics were very difficult to obtain/verify. Therefore, the data provided in this report suggests trends.

Year	1995	1996	1997	1998	1999	2000
Production (Mt.)	9,000	9,000	9,000	9,000	9,000	9,000

**Source:** FAOSTAT Database

## Demand

The majority of the milling operations and baking is centered around Kampala with a few in Jinja. There are currently 42 commercial bakeries up from 3 in 1985. The bulk of the wheat is used to produce flour to make bread for the working population and considerable population increases in urban areas. With large numbers of people migrating from rural areas to the cities, the demand for bread is increasing. It is further appealing for its reasonable price, taste, and portability. Increased income levels, less time to prepare meals and to a lesser extent war in Democratic Republic of Congo have been responsible for rising wheat flour sales recently. Given insufficient local production, large quantities of wheat are imported to feed several mills that operate in Uganda.

<b>Year</b>	<b>Wheat Grain Imports(MT)</b>
<b>1995</b>	248.63
<b>1996</b>	2154.85
<b>1997</b>	165,491.61
<b>1998</b>	49,742.87
<b>1999</b>	50,599
<b>2000</b>	N/A

**Source:** UGMC, Uganda Revenue Authority & Bank of Uganda Trade Dept.

### **Milling Capacity**

The wheat milling industry is dominated by five major plants (Bakhressa, Uganda Grain Milling Company, Kengrow Industries, Ntake Bakery and Pan Afric. Commodities) with a combined milling capacity of over 200,000 metric tons annually. These milling companies account for about 85% of the total milling capacity.

<b>Mill</b>	<b>Capacity (metric tons per day)</b>	<b>Storage Capacity</b>	<b>Brand Name</b>	<b>Packaging</b>
Bakhressa	250mt/day	10,000	Azam	100kgs; 2kgs.
Uganda Grain Milling Company(UGMC)	<100mt/day	20,000	Drum	2kgs;10kgs;50kgs
Kengrow Industries	120mt/day	4000	Kengrow	2kg

Ntake Bakeries	60mt/day	2000	Horse Brand	2kgs;50kgs
Pan Afric. Commodities	110mt/day	3000		50kg

**Source:** Meetings with the Millers.

Two of the mills visited are vertically integrated. One mill has a bakery while the other is in coffee milling, sugar, rice and cooking oil business. UGMC does some maize milling too. The rest mill wheat only.

## Trade

Almost 100% of the wheat milled is imported. About 10% of the estimated demand for wheat is supplied by ACDI/VOCA through the Title II monetization program. Some of the mills buy from alternate sources outside the country, specifically, Australia and Argentina. According to the millers, local bakers and households prefer Australian wheat flour over U.S. hard red winter flour due to the white color of the Australian flour. Other advantages of the Australian wheat compared to the U.S wheat are cleanliness (U.S wheat dockage is reported to be high relatively) and price differential (Australian wheat is said to be cheaper).

The millers prefer bagged wheat vs bulk for ease of transportation, storage and accountability.

Bagged wheat from the US is off-loaded break-bulk in Mombasa, put in rail wagons and transported to Jinja and Kampala. Rail transport is cheaper than road. When the grain arrives in Jinja, it is off loaded directly into the buyers' warehouse located on a rail siding. In Kampala, the wheat is normally collected at the rail yard by truck. However, if the buyer does not have sufficient warehouse capacity, it is stored at the rail yard where warehouse space is available.

Most of the millers seem unaware of the other wheat varieties the U.S can offer.

## Constraints in the market

- Fluctuations of the exchange rate and depreciation of the Ugandan shilling greatly affects trade. At the time of the visit, 1 US\$ =Uganda Shillings 1830. The currency has been relatively unstable.
- Uganda, being a landlocked country is linked to the ports of Mombasa in Kenya and Dar es Salaam in Tanzania by road and rail. The major port of entry being Mombasa. The high cost of transportation and lack of rail wagons for overland shipment to Uganda are the main problems. Delays in shipment exposes the wheat to potential spoilage if improperly stored.
- Inadequate and unreliable supply of the wheat grain. The amount supplied by ACDI/VOCA according to some importers and individual millers, is not enough to

satisfy the demand. For instance, some of the mills have had to close operations periodically due to lack of grain while some bakers import other types of wheat flour from Egypt and Germany. EXE -home bakers wheat flour exported by Kenya's Unga Group Ltd. is successfully competing in the market.

### Tariff Structure

No import duty is charged on wheat grain unlike the wheat flour. The duty paid depends on the country of origin (i.e whether the country is a member of the Common Market For Eastern and Southern Africa[COMESA] or not).

#### Wheat Flour Duties

COMESA Countries		Non-COMESA countries
Import Duty	6%	15%
+ Excise Duty	10%	10%
+VAT	17%	17%
+Withholding Tax	4%	4%
+Import Commission	2%	2%

### Maize

Maize is an important low value crop but not an important food crop. Production, on average is 400,000-500,000 metric tons from the latest field data . This differs from FAO statistical estimates.

About 70,000 metric tons of maize are exported to Kenya and other countries in the region (Rwanda, Congo, Burundi and Sudan) annually.

Year	1995	1996	1997	1998	1999	2000
Production (Mt.)	913,000	759,000	740,000	750,000	750,000	760,000

**Source:** FAOSTAT Database

Generally, Uganda's major strength is productive agricultural land and favorable climate. The country produces two crops per year, cereals and other staple crops. As a result, Uganda is generally self-sufficient in food (bananas, cassava, potatoes, sorghum, maize and finger millet).

Poor agronomic practice, declining soil fertility, poor quality seeds and high incidences of pests and diseases in Northern and South Western Uganda, and poor technology in almost all regions of the country are the major constraints to growth of agricultural production.