

USDA Foreign Agricultural Service

# GAIN Report

Global Agricultural Information Network

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## Uganda

### Coffee Annual

### 2016 Coffee Report

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**Report Highlights:**

FAS/Nairobi forecasts a decrease in Uganda's coffee production in the marketing year (MY) 2016/2017 to 3.7 million bags from a record 4.5 million bags production in the MY 2015/2016 due to the effects of biennial bearing cycle. Exports are forecast to remain flat and stocks to increase due to the recent coffee import restrictions in the Sudan. Uganda Coffee Development Authority (UCDA) continues to implement an ambitious Government of Uganda (GOU) sponsored program with the goal of increasing planted area and yields.

**Production:**

In MY 2016/2017 FAS/Nairobi forecasts a decrease in Uganda's coffee production due to the biennial bearing cycle of coffee plantations. In MY 2015/2016, Uganda had a record production of 4.5 million bags after recovering from a drought in 2014/2015. The decrease in production will be partly mitigated by harvests in new plantations that have been established through the production enhancement program that is implemented by Uganda Coffee Development Authority (UCDA). The program's activities include promotion of improved varieties, streamlining of farm inputs supply, and the revamping of agricultural extension services.

**Marketing:**

Coffee marketing in Uganda is fully liberalized, with vibrant producer organizations. Most international coffee traders are represented in the country by locally incorporated companies.

Robusta coffees are processed at the soluble coffee factory in Bukoba in Tanzania, and packaged in Kampala for distribution in the local and regional markets. Arabica coffees are processed for domestic sale at the twelve registered coffee roasting plants.

**Consumption:**

Domestic coffee consumption in Uganda is estimated at three percent of the total national production. The low consumption is primarily due to low purchasing power and an entrenched tea drinking culture. UCDA is implementing domestic consumption programs in both the urban and rural areas.

**Policy:**

Coffee production, processing and marketing policies are implemented by UCDA on behalf of the Government of Uganda (GOU). The current policy document, the National Coffee Policy, was launched in 2013. The key pillars of the policy are increased productivity; expansion of the coffee planting area; and the improvement of the coffee business environment. The policy also aims at diversification of markets, promotion of sustainable production systems, value addition, increasing domestic consumption, and improvement of research capacity.

GOU does not levy taxes on Uganda's coffee exports. UCDA however levies a one percent local tax on all marketed coffee.

**Trade:**

Nearly ninety-seven percent of Uganda coffee is exported through direct sales by over thirty companies. However, ten of the companies control over eighty percent of the business. Germany and Italy are the main export destinations for Uganda's coffee exports. Exports to the neighboring Sudan have been significant but could be negatively impacted by the new quality testing requirement for coffee imports by the Government of Sudan.

**Production, Supply and Distribution (PSD) table**

| Coffee, Green<br>Market Begin Year | 2014/2015        |             | 2015/2016        |             | 2016/2017        |             |
|------------------------------------|------------------|-------------|------------------|-------------|------------------|-------------|
|                                    | Oct 2014         |             | Oct 2015         |             | Oct 2016         |             |
|                                    | USDA<br>Official | New<br>Post | USDA<br>Official | New<br>Post | USDA<br>Official | New<br>Post |
| Uganda                             |                  |             |                  |             |                  |             |
| Area Planted                       | 0                | 351         | 0                | 352         |                  | 353         |
| Area Harvested                     | 0                | 0           | 0                | 0           |                  | 0           |
| Bearing Trees                      | 0                | 0           | 0                | 0           |                  | 0           |
| Non-Bearing Trees                  | 0                | 0           | 0                | 0           |                  | 0           |
| Total Tree<br>Population           | 0                | 0           | 0                | 0           |                  | 0           |
| Beginning Stocks                   | 393              | 393         | 313              | 313         |                  | 563         |
| Arabica Production                 | 750              | 750         | 800              | 900         |                  | 700         |
| Robusta Production                 | 2800             | 2800        | 3000             | 3600        |                  | 3000        |
| Other Production                   | 0                | 0           | 0                | 0           |                  | 0           |
| Total Production                   | 3550             | 3550        | 3800             | 4500        |                  | 3700        |
| Bean Imports                       | 0                | 0           | 0                | 0           |                  | 0           |
| Roast & Ground<br>Imports          | 0                | 0           | 0                | 0           |                  | 0           |
| Soluble Imports                    | 0                | 0           | 0                | 0           |                  | 0           |
| Total Imports                      | 0                | 0           | 0                | 0           |                  | 0           |
| Total Supply                       | 3943             | 3943        | 4113             | 4813        |                  | 4263        |
| Bean Exports                       | 3400             | 3400        | 3500             | 4000        |                  | 4000        |
| Rst-Grnd Exp.                      | 0                | 0           | 0                | 0           |                  | 0           |
| Soluble Exports                    | 0                | 0           | 0                | 0           |                  | 0           |
| Total Exports                      | 3400             | 3400        | 3500             | 4000        |                  | 4000        |
| Rst,Ground Dom.<br>Consum          | 230              | 230         | 250              | 250         |                  | 0           |
| Soluble Dom. Cons.                 | 0                | 0           | 0                | 0           |                  | 0           |
| Domestic<br>Consumption            | 230              | 230         | 250              | 250         |                  | 0           |
| Ending Stocks                      | 313              | 313         | 363              | 563         |                  | 263         |
| Total Distribution                 | 3943             | 3943        | 4113             | 4813        |                  | 4263        |
|                                    |                  |             |                  |             |                  |             |

(1000 HA) ,(MILLION TREES) ,(1000 60 KG BAGS)

Data Source: UCDA, Global Trade Atlas (GTA) – otherwise FAS/Nairobi Estimates

#### Notes on PSD table

- Area under coffee is forecast to increase due to the ongoing GOU sponsored expansion program
- Production for both Robusta and Arabica coffee is expected to decrease in the MY 2016/2017 due to biennial cropping pattern
- MY 2015/2016 production has been revised downwards due to the exceptional recovery from previous year's drought, and harvests from newly matured plantations
- MY 2015/2016 stocks are expected to go up due export restrictions in the Sudan

### Leading destinations for Uganda Coffee Exports

| Export Destination | 2012/ 2013   |     | 2013/2014    |     | 2014/2015    |     |
|--------------------|--------------|-----|--------------|-----|--------------|-----|
|                    | Quantity (T) | %   | Quantity (T) | %   | Quantity (T) | %   |
| Italy              | 27,047       | 19% | 37,750       | 23% | 42,198       | 26% |
| Germany            | 39,004       | 27% | 38,660       | 23% | 29,585       | 19% |
| Belgium            | 16,388       | 11% | 18,611       | 11% | 16,944       | 11% |
| Spain              | 11,078       | 8%  | 10,122       | 6%  | 10,180       | 6%  |
| United States      | 8,363        | 6%  | 8,138        | 5%  | 9,166        | 6%  |
| France             | 5,260        | 4%  | 8,113        | 5%  | 7,544        | 5%  |
| India              | 5,384        | 4%  | 6,752        | 4%  | 7,608        | 5%  |
| Portugal           | 5,213        | 4%  | 5,985        | 4%  | 5,676        | 4%  |
| South Korea        | 682          | 0%  | 5,497        | 3%  | 3,587        | 2%  |
| Morocco            | 4,742        | 3%  | 5,251        | 3%  | 3,464        | 2%  |

Source: GTA, UCDA