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Report Highlights:

FAS/Nairobi forecasts an increase in Uganda's marketing year (MY) 2022/23 coffee production to a new record of 6.65 million bags due to favorable weather and recently established plantations coming into full production. Arabica production is anticipated to decrease by 5.2 percent to 900,000 bags due to cyclical yield variation. MY 2022/23 exports are expected to reach a new high of 6.52 million bags due to higher robusta production. Domestic coffee consumption is forecast to bounce back as the hotel, restaurant, and tourism sectors recover from the adverse effects of COVID-19 restrictions. Uganda temporarily suspended its membership at the International Coffee Organization (ICO) due to concerns over coffee classification and lack of progress in removing trade barriers.

Figure 1: Production, Supply and Distribution (PSD)

Coffee, Green Market Year Begins	2020/2021		2021/2022		2022/2023	
	Oct 2021		Oct 2021		Oct 2023	
Uganda	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted (1000 HA)	355	560	0	560		560
Area Harvested (1000 HA)	0	545	0	550		555
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)	363	363	363	379		384
Arabica Production (1000 60 KG BAGS)	925	730	950	950		900
Robusta Production (1000 60 KG BAGS)	5075	5900	5000	5300		5750
Other Production (1000 60 KG BAGS)	0	0	0	0		0
Total Production (1000 60 KG BAGS)	6000	6630	5950	6250		6650
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)	6363	6993	6313	6629		7034
Bean Exports (1000 60 KG BAGS)	5900	6514	5800	6120		6520
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)	5900	6514	5800	6120		6520
Rst,Ground Dom. Consum (1000 60 KG BAGS)	100	100	125	125		150
Soluble Dom. Cons. (1000 60 KG BAGS)	0	0	0	0		0
Domestic Consumption (1000 60 KG BAGS)	100	100	125	125		150
Ending Stocks (1000 60 KG BAGS)	363	379	388	384		364
Total Distribution (1000 60 KG BAGS)	6363	6993	6313	6629		7034

Production

MY 2022/23 total production is forecast to increase 6 percent year-on-year to 6.65 million bags, driven by a recovery in robusta production. MY 2022/23 robusta production is estimated to increase from 5.3 million to 5.75 million bags due to good weather and the maturation of recently-established plantations. Due to rising fertilizer prices, MY 2022/23 robusta yields and production are expected to remain below their MY 2020/21 peak. Fertilizer prices have increased dramatically throughout East Africa, however Uganda is likely to be less affected than other coffee-producing countries as most of its coffee is

produced through low-fertilizer farming regimes. MY 2022/23 arabica production is estimated to decline by 5 percent to 900,000 bags due to cyclical yield variations. Arabica coffee undergoes a three-year cycle with yields increasing over two years and falling in the third. Many of Uganda's arabica trees are set to decline in output after peaking in MY 2021/22. Post forecasts MY 2022/23 area planted will hold steady at 560,000 hectares as Government of Uganda (GoU) efforts to establish new plantations under the National Coffee Policy have slowed down. MY 2022/23 area harvested is forecast to increase slightly to 555,000 hectares as new plantations become operational.

Post forecasts MY 2021/22 production will decline 6 percent to 6.25 million bags due to lower robusta yields. MY 2021/22 robusta production is expected to decline 10 percent to 5.3 million bags due to drought conditions throughout Uganda's lowland robusta-producing regions. MY 2021/22 arabica production is projected to increase from 730,000 to 950,000 bags due to ideal weather conditions in Uganda's eastern highlands. Dry conditions sparked robust flowering in this area which was followed by sufficient rainfall to support coffee bean development during the expansion growing stage.

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. The 2020 National Coffee Act mandates the Uganda Coffee Development Authority (UCDA) to establish a coffee auction, potentially introducing a new marketing channel, although this has not yet been implemented.

In February 2022, the GoU signed an agreement with Uganda Vinci Coffee Company, a locally incorporated business, which would give the company exclusive rights to buy all of Uganda's coffee until 2032, as well as provide the company with GoU-owned land to establish a coffee-processing facility. The agreement has not yet entered effect and Post will continue to monitor and report on this development.

Domestic consumption

MY2022/23 domestic consumption is projected to reach 150,000 bags from 125,000 in MY 2021/22 due to a rebound in the hotel and restaurant sectors following the lifting of COVID-19-related lockdowns and restrictions. In 2021, Uganda maintained several COVID-19-related restrictions including a national curfew, a prohibition on inter-district travel, and the world's longest school closure. These restrictions tightened consumer incomes, with 65 percent of family businesses reporting lower incomes and the worst impacts occurring in the services sectors including restaurants and hotels according to the World Bank.¹ Uganda's coffee drinking is largely concentrated in urban areas, making it vulnerable to future COVID-related lockdowns.

Policies

The UCDA supports Uganda's coffee sector through implementation of the National Coffee Policy and the National Coffee Act. According to farmers, the National Coffee Policy has significantly increased Uganda's area planted and production over the past few years through access to seedlings to facilitate

¹ See here for more on the impact of Uganda's restrictions: <https://blogs.worldbank.org/opendata/economic-impact-second-lockdown-uganda-results-seventh-round-high-frequency-phone-survey>.

new plantations, extension services, and input support. However, sources note that this progress has slowed recently due to limited resources. The National Coffee Policy also requires coffee growers to regularly provide production statistics to UCDA. More information on Uganda’s coffee policies and regulations is available here: <https://ugandacoffee.go.ug/coffee-policies-and-regulations>.

In February 2022, Uganda announced a two-year suspension of its membership at the International Coffee Organization (ICO). The GoU cited a lack of progress in the ICO towards addressing tariffs and other export barriers restricting Uganda’s coffee exports as well as the absence of coffee classifications within the ICO that specifically reference coffee growing regions in Africa as motivating the suspension.² Uganda’s temporary withdrawal from the ICO is unlikely to affect production or trade.

Trade

Post projects a 6.7 percent increase in Uganda’s coffee exports to 6.52 million bags in MY 2022/23 due to increased production. Over 70 percent of Uganda’s coffee exports flow to the European Union with other important destinations including the United States, Morocco, India, Russia, and China (Figure 1). Sudan remains the main export destination in the East Africa region. UCDA charges a levy of two percent on all coffee exported from Uganda based on the export contract price.

Table 1: Key Export Destinations for Uganda Coffee, MY 2018/19 – 2020/21

Export Destination	Amount (MT)			Market Share(Percentage)		
	2018/19	2019/20	2020/21	2018/19	2019/20	2020/21
EU 27 External Trade (Brexit)	144,042	159,497	196,521	71.54	73.2	70.86
United States	19,970	19,516	20,666	9.92	8.96	7.45
Morocco	11,775	9,093	15,475	5.85	4.17	5.58
India	3,425	5,713	9,552	1.7	2.62	3.44
Russia	3,245	3,538	6,798	1.61	1.62	2.45
China	1,694	1,643	4,544	0.84	0.75	1.64

Source: Trade Data Monitor

Stocks

Uganda’s MY 2022/23 ending coffee stocks are estimated to decline slightly to 364,000 bags due to higher domestic consumption. Stocks are held by traders and farmer organizations. The GOU does not administer any coffee stocking programs.

² [Uganda blames withdrawal from coffee body agreement on unfair trade terms | Reuters](#).

Attachments:

No Attachments