Uganda Coffee Development Authority

MINISTRY OF AGRICULTURE, ANIMAL INDUSTRIES AND FISHERIES

UCDA MONTHLY REPORT FOR JULY 2011

***Highlights**: -*

- *This is the tenth monthly report for the coffee year (Oct/Sept. 2010/11).*
- *375,843 60-kilo bags of coffee worth US $ 54.63 m were shipped to various destinations during the month of July 2011, representing a 42% and 134% rise in volume and value, respectively over the same month last year.*
- *The weighted average price at export level stood at 242 cents/kilo in July 2011down from 260 cents in June.*
- *Farm-gate prices ranged between Shs. 1,600 – 1,800 per kilogramme of Robusta dry cherries (Kiboko); Shs. 4,200 – 4,500 /Kg of FAQ; and Shs.8,000 - 9,000 per kilogramme of Arabica parchment.*
- *Coffee exports in 10 months (Oct/Jul 2010/11) stood at 2.50 m bags ($355.5 m), 9.6% and 61.7% up in quantity and value over the same period last year.*
- *Coffee exports in the 12 months (August 2010 – July 2011) stood at 2.89 million bags worth US $ 398 m, 5% and 50% up respectively compared to a similar period last year.*

A total of 375,843 60-Kilo bags of coffee worth US $ 54.63 million were exported to various destinations during the month of July 2011, representing a 41.5% and 133.8% increase in volume and value respectively over the same month last year when 265,567 bags ($ 23.4 m) were recorded.

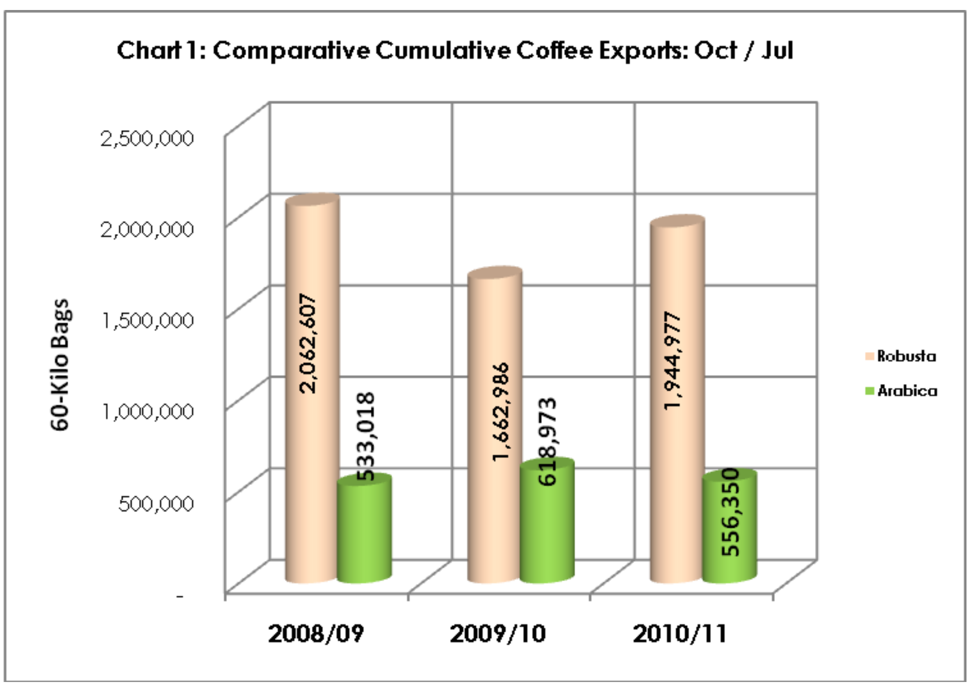

Chart 1 above and table 1.0 below represent the performance of the industry in 10 months (Oct/Jul) on a comparative basis.

On a cumulative basis, a total of 2.50 m bags worth $ 355.5 million were exported in 10 months, an increase of 9.6% in volume and 61.7% in value over 2.28 m bags ($ 219.89 million) recorded in a similar period last year.

Table1.0 Comparative Coffee Export Performance in 60-kilo bags & US$

Coffee Year	2010/11		2009/10		%-age Change	
	Qty	Value $	Qty	Value $	Qty	Value $
Grand Total	**2,501,327**	**355,522,230**	**2,281,311**	**219,888,972**	**9.64**	**61.68**
October	188,012	23,300,354	199,011	18,672,578	-5.53	24.78
• *Robusta*	*118,422*	*10,761,243*	*146,711*	*11,789,081*	*-19.28*	*-8.72*
• *Arabica*	*69,590*	*12,539,111*	*52,300*	*6,883,497*	*33.06*	*82.16*
November	266,726	32,143,239	233,511	21,963,202	14.22	46.35
• *Robusta*	*200,569*	*19,415,851*	*185,004*	*15,012,284*	*8.41*	*29.33*
• *Arabica*	*66,157*	*12,727,388*	*48,507*	*6,950,918*	*36.39*	*83.10*
December	237,747	28,692,471	272,755	25,698,474	-12.83	11.65
• *Robusta*	*186,450*	*18,359,248*	*208,903*	*16,509,486*	*-10.75*	*11.20*
• *Arabica*	*51,297*	*10,333,223*	*63,852*	*9,188,988*	*-19.66*	*12.45*
January	215,180	29,981,006	263,014	25,146,131	-18.19	19.23
• *Robusta*	*159,880*	*17,495,886*	209,993	17,019,416	*-23.86*	*2.80*
• *Arabica*	*55,300*	*12,485,120*	53,021	8,126,715	*4.30*	*53.63*
February	193,965	27,831,927	262,793	26,277,806	-26.19	5.91
• *Robusta*	*142,834*	*15,881,209*	184,432	14,653,763	*-22.55*	*8.38*
• *Arabica*	*51,131*	*11,950,718*	78,361	11,624,043	*-34.75*	*2.81*
March	223,099	34,102,773	219,684	21,965,391	1.55	55.26
• *Robusta*	*171,643*	*20,628,903*	145,988	11,613,230	*17.57*	*77.63*
• *Arabica*	*51,456*	*13,473,870*	73,696	10,352,161	*-30.18*	*30.16*
April	176,561	26,873,084	152,640	15,546,559	15.67	72.86
• *Robusta*	*130,279*	*15,766,844*	91,882	7,242,599	*41.79*	*117.70*
• *Arabica*	*46,282*	*11,106,240*	60,758	8,303,960	-23.83	33.75
May	253,270	40,022,317	177,380	18,233,343	42.78	119.50
• *Robusta*	*194,336*	*24,699,623*	105,498	8,641,249	*84.71*	*185.43*
• *Arabica*	*58,934*	*15,322,694*	71,882	9,592,094	*-18.01*	*59.74*
June	370,924	57,947,758	234,956	23,021,102	57.87	151.72
• *Robusta*	*306,392*	*40,834,833*	173,598	14,644,776	*76.50*	*178.84*
• *Arabica*	*64,532*	*17,112,925*	61,358	8,376,326	*5.17*	*104.30*
July	375,843	54,627,301	265,567	23,364,386	41.52	133.81
• *Robusta*	*334,172*	*44,250,652*	*215,767*	*16,910,898*	*54.88*	*161.67*
• *Arabica*	*41,671*	*10,376,649*	*49,800*	*6,453,488*	*-16.32*	*60.79*

On a year-to-year basis, for the twelve months ending July 31, 2011, total coffee exports amounted to 2,888,339 bags worth $ 398.13 million: Robusta – 2,239,391 bags and Arabica – 648,948 bags, as opposed to

2,740,022 bags – Robusta 2,005,516 bags and Arabica 734,506 bags recorded in a similar period last year.

1.0 Exports by Type and Grade

Table 2.0 represents coffee exports by type, grade and average realised price for each coffee grade during the month of July 2011. The weighted average price for the month stood at $ 2.42 per kilogramme, 18 cents down compared to $ 2.60 recorded in June 2011.

Robusta prices averaged $ 2.21 per kilogramme down from $ 2.22 in June, but higher than what was realised in May- $ 2.12, in April - $ 2.02, in March - $ 2.00, February- $ 1.85, January 2011- $ 1.82, December 2010- $1.64, November 2010 and in October 2010 - $1.51 per kilogramme.

Arabica prices were also down at $ 4.15 per kilogramme from an average of $ 4.42 in June, $ 4.33 in May and $ 4.00 realised in April. The highest price recorded in arabica grades being $ 7.72 for Sipi falls followed by Organic Wugar at $ 5.69 and $ 5.62 for Mt Elgon.

The lower realized prices were in tandem with a 2.4% drop in global prices with the ICO indicator price dropping from US Cents 215.58 per lb in June to 210.36 in July 2011 although still higher than the prices the previous year. The downward correction was more marked in Robustas.

Table 2.0 Coffee Exports by Type, Grade & Unit Price in July 2011

– *in 60-kilo bags; US $, US $/kg* –

Coffee type/ Grade	Quantity 60-Kilo Bags	%-age	Value in US $	Unit Price $/Kilo
TOTAL	**375,843**		**54,627,301**	**2.42**
ROBUSTA	**334,172**	**100.00**	**44,250,652**	**2.21**
Organic Robusta	350	0.10	54,630	2.60
Washed Robusta	320	0.10	49,524	2.58
Screen 18	34,941	10.46	5,148,750	2.46
SCREEN 17	12,396	3.71	1,969,115	2.65
SCREEN 12	75,180	22.50	9,979,038	2.21
SCREEN 15	171,943	51.45	23,443,321	2.27
BHP 1199	19,510	5.84	1,683,573	1.44
Other Robustas	19,532	5.84	1,922,702	1.64
Arabica	**41,671**	100.00	**10,376,649**	**4.15**
Sipi Falls	20	0.05	9,259	7.72
Mt Elgon	1,080	2.59	364,288	5.62
Bugisu Supremo	3,030	7.27	915,614	5.04
Bugisu AA	2,390	5.74	762,518	5.32
Bugisu A	320	0.77	101,588	5.29
Bugisu PB	170	0.41	52,844	5.18
Bugisu AB	2,378	5.71	704,949	4.94
Bugisu CPB	700	1.68	185,186	4.41
Organic Triage	290	0.70	61,376	3.53
Organic Wugar	320	0.77	109,207	5.69
Drugar	26,124	62.69	6,490,015	4.14
Other Arabicas	4,849	11.64	619,803	2.13

[1] Represents such coffees like Sc.1299, Sc. 1599, Sc. 1899, etc. in robusta.

2.0 Individual Exporter Performance

Table 3.0 represents the performance of individual coffee exporting companies during the month of July 2011 where the top 10, led by Ugacof Ltd., handled 83% of total exports while 5 held a market share of 53%, reflecting a concentration at the export level.

Table 3.0: Export Performance by Individual Companies in July 2011

	Exporting Company	Quantity	%- age Market Share	
		Bags	Individual	Cumulative
	Grand Total	**375,843**	**100.00**	
1	Ugacof Ltd.	60,552	16.11	16.1
2	Olam (U) Ltd	38,279	10.18	26.3
3	Savannah Commodities	37,880	10.08	36.4
4	Lake Land Holding	33,151	8.82	45.2
5	Kawacom (U) Ltd	28,639	7.62	52.8
6	Kyagalanyi Coffee Ltd	25,090	6.68	59.5
7	Pan Afric Impex	24,734	6.58	66.1
8	Kampala Domestic Store	25,432	6.77	72.8
9	Ibero (U) Ltd	19,140	5.09	77.9
10	Job Coffee Ltd	19,078	5.08	83.0
11	Great Lakes Coffee	11,797	3.14	86.1
12	Armajaro	10,344	2.75	88.9
13	LD Commodities	9,392	2.50	91.4
14	Wabulungu Multi Purpose	7,831	2.08	93.5
15	Kamba Petroleum	6,749	1.80	95.3
16	Nakana Coffee Factory	6,376	1.70	97.0
17	Coffee Services	2,319	0.62	97.6
18	Ankole Coffee Processors	2,100	0.56	98.1
19	Penform Trading	2,100	0.56	98.7
20	Anderson Investments Limited	1,300	0.35	99.1
21	Three Farmers	990	0.26	99.3
22	Ankole Coffee Producers	930	0.25	99.6
23	KITASHA Coffee Buyers and Farmers	700	0.19	99.7
24	Gumutindo Cooperative Society	320	0.09	99.8
25	Kaweri Coffee Plantation	320	0.09	99.9
26	Trans Gaz Company Ltd.	300	0.08	100.0

3.0 Local Situation

Local prices hovered between Shs. 2,000 – 2,500, Shs. 4,000 – 4,500 and Shs 7,000 – 9,000 per kilogramme of Kiboko (dry Robusta cherries), FAQ and Arabica parchment respectively; more or less the same as in June. Farmers with good quality coffee in sizeable quantities continued to receive much better prices by processing it to FAQ level and sell directly to exporters.

Harvesting of the main season in South and South-western, especially in Masaka, Ibanda, Ntungamo, Bushenyi (Ishaka), Mitooma; and Isingiro districts is coming to an end. Outturn at all levels has tremendously improved, it hovered around 56% for Kiboko to FAQ up from 45%

recorded in Oct/Dec 2010. Similarly, the screen retention for Sc. 18 averaged above 10% from 7-8% in the second quarter.

Field reports point to renewed interest in coffee growing in virtually every district. Agronomic practices have improved tremendously although incidences of the coffee leaf rust; Red blister and twig borer infestation are still major constraints to enhancing farmers' confidence in coffee growing.

4.0 Coffee Exports by Destination

Table 4.0 gives coffee exports by destination during the month of July 2011. EU countries accounted for 67.3% with 252,927 bags as opposed to 58.0% (215,070 bags) in June 2011. Sudan registered 55,630 bags (14.8%) vis-à-vis 81,250 bags (21.9%) recorded in June.

Table 4.0 Main Destinations of Uganda Coffee in July 2011

	Destination	QTY	%- Age Market Share	
		60-Kilo Bags	Individual	Cumulative
	Grand Total	**375,843**	**100.00**	**-**
1	EU[1]	252,927	67.30	67.30
2	Sudan	55,630	14.80	82.10
3	USA	21,798	5.80	87.90
4	India	9,601	2.55	90.45
5	Switzerland	9,392	2.50	92.95
6	Egypt	6,278	1.67	94.62
7	Kenya	5,325	1.42	96.04
8	Russia	4,210	1.12	97.16
9	South Africa	2,205	0.59	97.74
10	Eritrea	1,420	0.38	98.12
11	China	1,280	0.34	98.46
12	Albania	990	0.26	98.73
13	Japan	920	0.24	98.97
14	Morocco	700	0.19	99.16
15	Algeria	668	0.18	99.34
16	Australia	640	0.17	99.51
17	Equador	614	0.16	99.67
18	Tunisia	325	0.09	99.76

[1]EU countries are: Austria, Belgium, Bulgaria, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Poland, Portugal, Rumania, Slovakia, Slovenia, Spain, Sweden, The Netherlands, and UK.

19	Israel	320	0.09	99.84
20	Croatia	300	0.08	99.92
21	Saudi Arabica	300	0.08	100.00

5.0 Buyers of Uganda Coffee

Table 5.0 represents the buyers of Uganda coffee in July 2011 where the top 10 buyers collectively held a market share of 68.1% up from 63.1% registered in June this year, an increase in concentration. The top buyer was Sucafina with 66,236 bags (17.6%), an improvement from 42,978 bags (11.6%) realised in June.

TABLE 5.0 Buyers of Uganda Coffee in July 2011: 60-kilo bags

	BUYERS `	QTY	%-Age Market Share	
		60-Kilo Bags	Individual	Cumulative
	GRAND TOTAL	**375,843**	**100.00**	
1	Sucafina	66,236	17.62	17.6
2	Olam International	38,279	10.18	27.8
3	Ecom Agro-industrialist	28,639	7.62	35.4
4	Socadec	26,490	7.05	42.5
5	Aldwami	23,100	6.15	48.6
6	ABACO	18,180	4.84	53.5
7	Louis Dreyfus	14,068	3.74	57.2
8	Coex Coffee	13,790	3.67	60.9
9	Bernard Rothfos	13,700	3.65	64.5
10	Cofftea (Sudan)	13,300	3.54	68.1
11	Volcafé	12,870	3.42	71.5
12	Coffee Services	12,360	3.29	74.8
13	Armajaro	10,344	2.75	77.5
14	Webcor	8,283	2.20	79.7
15	Strauss Co.	6,840	1.82	81.5
16	Icona Café	6,368	1.69	83.2
17	World Botanical	5,954	1.58	84.8
18	Supremo	5,200	1.38	86.2
19	Guzman	5,053	1.34	87.6
20	Agri Commodities	4,930	1.31	88.9
21	Hamburg Coffee	4,390	1.17	90.0
22	TATA Coffee	4,220	1.12	91.2
23	NKG Bero	4,016	1.07	92.2
24	Others	29,233	7.78	100.0

6.0 Coffee Development and Promotional Activities

1. A total of 4.23 million Robusta and 3.44 million Arabica plantlets have been planted this year. Currently, 5.13 million Robusta and 3.9 million Arabica plantlets are ready for planting.

2. A Ugandan delegation led by H.E. the President; Yoweri Museveni visited Rwanda from 29th July to 1st August 2011 in which bilateral discussions were held. Memoranda of Understanding were signed: on coffee development, marketing and value addition-between

OCIR-CAFÉ of Rwanda, National Agricultural Export Board (NAEB) and UCDA; on research-National Agricultural Research Organization and Rwanda Agricultural Board (RAB); on environment management-National Environment Management Authority (NEMA) and Rwanda Environment Management Authority (REMA); and lastly on information and communication technology.

3. During the month, the UCDA Board and Management held a brainstorming session at Sheraton Hotel to address critical factors affecting production and productivity of the coffee industry. At the end of the session, a number of action areas to be implemented: rapid multiplication of the Coffee Wilt Disease resistant varieties; quality enhancement programmes; and development of a comprehensive coffee strategy that addresses the critical constraints and risks in the coffee value chain, were agreed on.

4. A Q-Grader's course was conducted from 4-8 July and it attracted 22 Ugandan participants. It was an introductory course to Q-grading aimed at acquainting participants with specialty Arabica grading skills.

5. A regional R-Graders Certification course was conducted from 11-15 July 2011 at UCDALugogo Laboratory. It attracted participants from Uganda, Tanzania, Cameroon, Togo, Democratic Republic of Congo & Gabon. This training was the first of its kind after the launch of the Robusta protocols. It targeted Robusta producing countries from Africa. Its aim was to acquaint the African cuppers with the Robusta grading skills by using the R-Protocols. Six participants were certified as R-Graders.

6. A Q-Instructors certification course was conducted in Nairobi, from 18-22 July 2011. This course attracted Q-Certified graders from Uganda, Rwanda, Kenya and Tanzania. The aim of this course was to build capacity within the producing countries to conduct CQI trainings.

7. UCDA participated in the Annual Agricultural and Trade fair in Jinja held from 18th-24th July 2011. UCDA's main roles were to promote local coffee consumption; demonstrate good crop husbandry and post harvest handling leading to good quality coffee for export and value addition by farmers for better prices of their produce; and also provide coffee statistics on Uganda's coffee: quantities and value; buyers and major destinations. The show was attended by many dignitaries including the President, H.E. Y.K. Museveni, Prime Minister, Hon. Amama Mbabazi and Minister of Agriculture, Hon. Tress Bucyanayandi, among others. Farmers requested for more seminars on coffee quality control.

8. Twenty farmers from Central region visited prominent farmers in Masaka, Rakai and Bukomansimbi districts to appreciate Good Agricultural Practices (GAPs). At the end of the study tour, they reported having learnt new techniques of soil and water management and requested UCDA to intensify agricultural competitions to challenge farmers to invest more in their shambas and also pursue a deliberate policy to enthuse the youth to engage in coffee production.
9. During the month, Kisoro farmers sold Mountain Gorilla Organic Arabica coffee to Urth Caffe, California, USA at US$ 6.05 per kilogramme compared to the conventional average price of US $ 4.15 per kilo.
10. Under the Netherlands Trust Fund II (NTF II), the International Trade Centre (ITC) undertook training on export readiness where 35 NUCAFE business managers who will be the master trainers in their associations went through a series of requirements as stipulated in the ITC Coffee Guide. Quality and marketing issues including certification for niche markets were addressed. An update on the National Export Strategy was also made. At the end of the two-day workshop, participants appreciated the different export requirements and the need to address quality to produce high premium coffees for the niche markets. UCDA is closely monitoring the project.

7.0 Outlook – August 2011

- Coffee exports in August 2011 are projected at 240,000 bags as the harvesting season subsides.
- Globally, prices are likely to be bearish in 2012/13 on account of supplies from some major origins including Brazil which will be an on-year as well as an off-year biennial Brazilian 2011/12 crop likely to be higher than in the past coupled with a recovery of Colombian coffee. Furthermore, production in Central American countries may also check the buoyant growth in global consumption that is currently growing at 2.4% p.a.
- Total global coffee production in the crop year 2010/11 is estimated at 133.3 million bags, representing an increase of 8.1% over the preceding crop year – 2009/10. As for 2011/12, global production is pegged at 130 million bags and consumption estimated at 136 million bags.

8.0 Upcoming Events

The following workshop has been slated for August 2011:

1. Certified Trade Advisors Training Programme (CTAP) organized by the International Trade Centre (ITC), Uganda Export Promotion Board, August 1-5, 2011 at Hotel Africana.