Brazil drought gain for Uganda coffee sector

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KAMPALA. The increase in coffee prices has contributed to higher returns and a narrowing of Uganda's current account deficit.

A report released in August by the Uganda Coffee Development Authority (UCDA) shows that the country has so far made Shs1.2 trillion ($327.4 million) this year.

This is just Shs157.8 billion ($44.3 million) short of the amount Uganda made out of coffee export earnings the whole of 2016.

The executive director of research at Bank of Uganda Adam Mugume, said the higher coffee export earnings combined with recovery from dependence on exports to troubled South Sudan helped improve the balance of payment account.

Shs 1.2 trillion

Coffe revenue. The amount of money that Uganda has so far made, according to Uganda Coffee Development Authority

In the 2016/17 financial year Uganda registered a balance of payment surplus worth Shs1.6 trillion ($438 million).

This is more than three times the surplus that had been registered in 2015/16..

Additionally, Uganda has managed to diversify export destinations, getting over the war in South Sudan which had largely crippled earnings, Dr Mugume said.

The Democratic Republic of Congo, Uganda's neighbour to the West has replaced South Sudan as the biggest export market.

Dr Mugume said that the increase in Uganda's coffee export earnings is as a result of the recovering commodity markets. This is backed by figures from UCDA.

Uganda's coffee has so far earned an average of Shs7,125.5 ($2) per kilogramme this year, which is 18 per cent higher than the earnings of last year.

Market intelligence and information manager at UCDA James Kizito, said that drought in Brazil has helped boost international prices for Uganda's coffee.

The drought has been affecting Brazil for two years now. Robusta is now making more money than it has made previously.