FRUITS AND VEGETABLES SECTOR

OVERVIEW OF THE FRUIT AND VEGETABLE SECTOR 2
MARKETS……………………………………………………………….8
INVESTMENT OPPORTUNITIES 12
INVESTMENT INCENTIVES 18
UGANDA'S COMPETITIVE ADVANTAGE 20
USEFUL CONTACTS………………………………………………….23

OVERVIEW OF THE FRUITS AND VEGETABLES SECTOR

Of the available 19 million hectares of available land for agriculture, the area under fruits and vegetables is less than 1%. The average yield of fruits and vegetables is low, 11.8 and 6.9 metric tonnes per hectare, respectively.

Given the abundance of natural resources like soils, fairly well distributed rainfall and moderate climate, Uganda is capable of producing most of the tropical and sub-tropical, or even temperate fruits as some of the areas are 4,000 metres above sea level.

Uganda has good natural conditions for organic agriculture and many crops can be grown. Small holders in traditional mixed farming systems cultivate much of the land without irrigation, fertilizers and chemicals. Currently, there is only one exporter of fruits and vegetables who is certified and has 93 outgrowers spread in 8 districts. Within the local setting, organic exporters pay out growers a price premium in the range of 40-80%. Table 1. below compares farm gate prices of conventional and organic products.

Table1. Farm gate prices of Conventional ad Organic Commodities, 2000/01 seasons

Commodity	**Unit**	**Price per Unit in Ushs**		**Organic as % of conventional**
		Conventional	**Organic**	
Pineapple	Kg	300	500	167
Apple banana	Kg	150	250	167
Passion fruit	Kg	700	1,000	143

Source: Production and Trading Opportunities and Constraints for Organic Agriculture in Uganda

With such advantages in place, the real challenge for Uganda is how to transform this potential into reality, how to encourage a move toward organic farming and how to penetrate the international market.

Products and varieties of Fruits and vegetables in Uganda

A variety of tropical products can be grown in the country. Currently, improved varieties of avocado, pineapple, passion fruits and apple bananas have been developed at Kawanda Research Institute (KARI). But for vegetables, okra and hot pepper, seeds are imported, though local multiplication is also done for hot pepper. Table 2. shows the selected products, major varieties and main production season.

Table 2. Products and varieties produced

PRODUCT	MAJOR VARIETIES	PEAK PRODUCTION SEASON
Hot pepper	Scotch Bonnet	Perennial
Chillies (Green)	Cayene, Bullet	September -May
Dudhi	Long melon	September-July
Okra	Pussa Sawani	September-March
Avocado	Jumbo, Hass	October-May
Pineapples	Smooth Cayenne	Perennial
Apple bananas	Musa	Perennial
Passion fruits	- Local Purple - Kawanda Hybrid	October-March May-July
Mango	Tommy, artikins, Ngoyen, Boribo, Florgon, Alphoso	

Source: Exporter survey by UEPB, 2002

The products mentioned above can grow in the Lake Basin, Kabale, Kasese, Mbale and Kapchorwa because of the cooler climate and abundant rain in these regions. Mangoes can grow in most parts of the Northern and North-eastern region. There is also production of hot pepper in Mubuku irrigation scheme, and trials of runner beans in Kabale. Table 3 shows the production trend of major fruits in Uganda.

Table 3. Production trends of major fruits in Uganda

Year		Pineapple	Passion fruit	Citrus	Pawpaw	Avocado	Mango	Gros M. Banana	Apple banana
1995	Acreage x 10^3 (ha.)	6.0	1.12	2.0	2.1	2.2	3.9	0.4	0.5
	Production x 10^3 (tonnes)	150	7.8	24.0	21.0	22.0	39.0	1200	2200
1996	Acreage x 10^3 (ha.)	6.0	1.20	2.1	2.1	2.3	4.0	0.4	0.5
	Production x 10^3 (tonnes)	150	8.0	25.0	22.0	22.5	40.5	1200	2200
1997	Acreage x 10^3 (ha.)	6.2	1.30	2.1	2.3	2.3	4.0	0.5	0.5
	Production x 10^3 (tonnes)	160	8.0	24.0	22.5	23.8	40.0	1200	2250
1998	Acreage x 10^3 (ha.)	6.5	1.30	2.1	2.3	2.5	4.1	0.5	0.6
	Production x 10^3 (tonnes)	163	8.1	26	22.0	24.0	42.0	1300	2250
1999	Acreage x 10^3 (ha.)	6.8	1.50	2.3	2.3	2.5	4.2	0.5	0.6
	Production x 10^3 (tonnes)	163	8.3	26.0	23.0	24.2	42.0	1300	2300
2001	Production x10 (tonnes)	75.0	6.0		25.0			829	87

Source: Ministry of Agriculture Animal Industry and Fisheries, 2001

- **Pineapples**
  Uganda's pineapples are sweeter and less acidic than those produced in other countries in the region. The climate and agronomic practices favour large sized fruits, which are unsuitable for export, but fruit size can be influenced by plant spacing.

- **Passion fruits**
  Production of passion fruits has been growing over the years with corresponding increased demand for local consumption and export. High quality purple passion fruits are produced in the high altitude (above 1200m) in the districts of Kasese, Kabarole, Bushenyi and Mbale where there is limited incidence of diseases. Uganda currently produces the purple granadilla variety, Kawanda hybrid and yellow granadilla variety. The Kawanda hybrid and the yellow passion fruits are produced in the southern belt (1000 - 1200m).

- **Citrus Fruits**
  Citrus fruits produced in Uganda include several varieties of oranges, lemons and tangerines. The demand for citrus fruits on the local market is high as indicated by the volume of imports of oranges from South Africa. There is a high potential for increased

production mainly by getting more farmers to engage in commercial production of citrus fruits.

- **Pawpaws**

Pawpaws are the fruits obtained from the papaya tree. Many varieties of papayas are grown widely in all districts of Uganda producing different quality pawpaws, some big and some small. However, there are limited specialised farms producing the fruit. The foreign market requires pawpaws of a consistent small size. There is potential for increased production either by contracting local farmers to produce for export or opening commercial farms that will engage in production as well as export of the fruit. Pawpaws are also produced exclusively for extraction of papain enzyme, which is a very high value export product.

- **Mangoes**

Different varieties of mangoes are grown in almost all the districts of Uganda. Some of the varieties are suitable for the fresh fruit market and others for processing into juice and other products. Production has been increasing over the years with increasing demand on the local and export markets.

- **Avocado**

Avocado is a priority fruit for development as a non-traditional export crop. A number of varieties are grown in most districts of Uganda, some large and others small in size. Local demand is high and there is potential for increased production. Opportunities exist in commercial production of the fruit for the local and export markets.

- **Bananas**

Most of the bananas produced are the cooking bananas which are a staple food crop. There are limited exports of these bananas to Europe mainly to serve ethnic tastes of the migrant African and Asian population.

There is significant production of dessert bananas: Apple bananas (Ndiizi) and Gros michel bananas (Bogoya). Apple bananas can be grown in most districts of the country and there is potential for increased production through establishment of specialised farms to produce the crop. Apple bananas have a high local demand and command a good price in the European market.

The Gros michel banana is also a popular fruit with a distinct flavour that is better than that of the Cavendish, the major banana of trade in the world. Production of Gros michel bananas has been growing and they have a high potential for export particularly in the regional markets but also in the Arab countries and Europe.

- **Jack fruit**

Jackfruit is widely grown in the central region of the country and has a high local demand. There is a high potential for increased production and processing.

Table 4. Area planted and production of major vegetables in Uganda (1996-2001)

	Beans	Field peas	Cow peas	Pigeon peas	Total
Area planted ('000 hectares)					
1997	630	30	58	72	790
1998	645	31	60	74	810
1999	669	28	62	76	835
2000	699	28	62	76	835
2001(estimates)	731	26	65	80	902
2002 (projection)	765	27	66	82	940
Production ('000 hectares)					
1996	234	17	47	58	356
1997	221	20	46	59	346
1998	387	19	50	61	517
1999	401	19	62	76	558
2000	420	16	60	78	574
2001 (estimates)	511	15	59	80	665
2002 (projection)	535	16	59	82	692

Source: Uganda Bureau of Statistics and Ministry of Agriculture, Animal Industry and Fisheries, 2001

Vegetables of economic importance produced in the country are: Beans, Peas, Onions, Okra and Cabbage. Average production of the major vegetables is presented in table 4.

- **Beans**

Beans are the major and most widely grown vegetable crop in Uganda. Whereas there has been increase in land allocated to bean production, yields have been falling mainly due to the unpredictable weather pattern. The potential for increased bean production is high as there is a high demand for beans both on the local and regional markets.

- **Peas**

Three types of peas (Pigeon peas, Cow peas and Field peas) are produced extensively in Uganda mainly for the local market. Production of these peas has been on the increase and the trend is likely to continue. Other peas being produced for export are the Snow peas.

SPICES

Spice production in Uganda is limited. The most grown spice in Uganda is vanilla. Followed by bird eye chillies and ginger. Other spices like black pepper and cardamom have recently been introduced by selected growers and exporters.

Vanilla is a tropical orchid, which is cultivated for its pleasant flavour. The three species commercially cultivated re the Vanilla planifolia Andrews, Vanilla pompano Schiede and Vanilla tahitensis. Of these Vanilla planifolia is most preferred commercially and therefore widely cultivated. Vanilla is grown in certain regions of the country and these include: Mbale, Sironko, Bugiri, Iganda, Kamuli, Mayuge, Jinja, Mukono, Wakiso, Kayunga, Kampala, Mpigi, Kiboga, Mubende, Kasese, Kaneohe, Bonewonjo, Kibale, Masaka, Luwero and Mbarara.

Other spices like the red bird eye chillies is concentrated in the West Nile districts of Arua, Gulu, and Apac. They are also grown in Lira, Igandga, Kamuli, Mukono, Kayunga and Rukungiri Districts.

Ginger is grown in very selected centres like the Butambala region of Mpigi, Mbale and Luwero. Black pepper and cardamom are grown only around the Mabira Forest of Mukono.

There is potential for increased production of these spices based on past production trends. They have been found to be suitable to the present climatic conditions prevailing in this country and they do have a great demand in the world market.

Fruits and vegetables sector policy

Government of Uganda has put in place dynamic strategies and an operational framework contained in the Plan for Modernisation of Agriculture (PMA). In order to improve the fruits and vegetables sector the following policies have been set:

- Implement land reform, so that potential investors are ensured of secure tenure.
- Build capacity of agriculture related institutions.
- Build capacity for production and improvement of seeds.
- Finance agricultural research to develop smallholder farmers.
- Promote productivity enhancing technologies.

Government intervention

In 2000, the Government adopted the Medium Term Competitiveness Strategy (MTCS) for the private sector and Plan for Modernisation of Agriculture (PMA) in order to achieve rapid economic growth and structural transformation. These documents spell out the actions Government will undertake in order to remove bottlenecks to the private sector business (in agriculture, industrial and services sectors) growth and development. The Government's efforts are being supported by the emerging opportunities created in the international arena under various trade agreements.

The Government decided to undertake interventions in the fruit and vegetable sector with the intention of increasing production, value addition and expand exports into regional and international markets. During 2001/2 financial year, over Ushs 50 billion was invested in selected strategic exports with Ushs 1 billion (2%) being spent on the horticulture sector. The strategy is to develop capacity for private nurseries, planting materials, handling, processing and marketing.

The government is doing the following to make this sub sector competitive:

- Facilitate multiplication and distribution of planting materials
- Rehabilitate Mubuku Scheme
- Promote the formation of an apex horticulture development organisation
- Streamline standards
- Improve transportation and handling services

PERFORMANCE OF THE FRUITS AND VEGETABLES SECTOR

The fruits and vegetables sector has become an important sector of the Ugandan economy as it contributes a big share of the non-traditional exports. Uganda's fruits and vegetables sector has grown tremendously according to figures from 1996-2001. The horticultural sub-sector has seen tremendous growth since 1990. During 1991, the major fresh produce exports were estimated to be worth US$ 600,000 rising to US$ 1.42m in 1996. Export values increased from US$ 1.8m in 1997 to US$ 3.56m in 2001. Uganda was listed 21st among the list of ACP suppliers of fruits and vegetables to the European Union by value in 200. This was less than 1% of the total market demand in the European Union. In 2001, Uganda exported 2.168 tonnes of bananas, apple bananas, and pineapples with total value of US$ 1.29 in 2001, compared to 884 tonnes worth US$ 903,000 in 2000 within the COMESA region.

MARKET FOR FRUITS AND VEGETABLES

There are several fruits and vegetables products that are currently being exported. The major ones in terms of volume include bananas, hot pepper, fine and runner beans, apple bananas, green chillies, okra, pineapples (fresh and dry) and passion fruit, sugarcane. Others include jackfruit, aubergines, mangoes, and papaya (fresh and dry). Matooke (bananas) and hot pepper accounted for almost 65% of the volumes exported in 2001. Uganda is the market leader for fresh hot pepper in Europe and orders far exceed supplies. All exporters with the exception of one, export conventional products. Total volumes of organic products exported in 2001, were approximately 500 metric tonnes. This included fresh and dehydrated pineapples, apple bananas and passion fruits.

Table 5: Exports of fruits and vegetables for 1996-2001 (values and volumes) from Uganda

Year	**Values in US$**	**Volumes in kgs**
1996	1,420,000	985,000*
1997	1,830,000	1,174,850*
1998	2,830,000	1,580,000*
1999	3,300,000	2,393,179*
2000	3,652,813	3,500,000
2001	3,561,254	4,528,000

*Figures show fresh produce exports via Entebbe Airport and exclude exports of fruits and vegetables to neighbouring countries.
Source: *ADC/IDEA, HORTEXA, 2002*

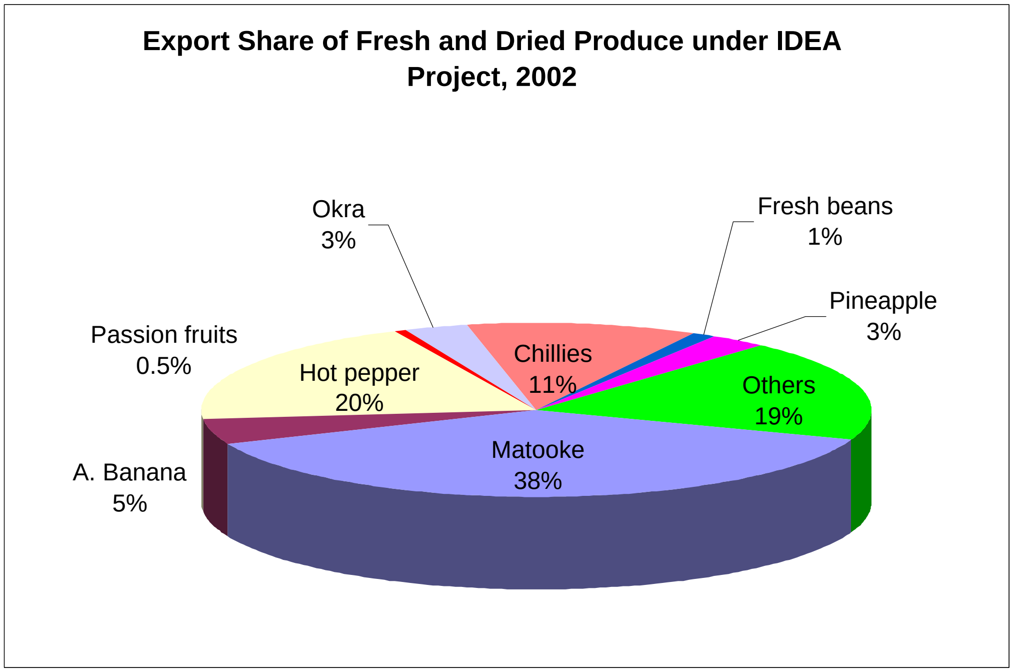
There was an increase in volume of exports of matooke, avocado, pineapple, chillies and hot pepper exports, while the exports of apple bananas, passon fruits, okra and bobby beans went down between 1999-2001.

Table 6. Sources of Fruits and vegetables exported

Product	**Current source of product/District**
Pineapples	Kayunga, Mubende, Mukono, Luwero
Passion fruits	Kasese, Kayunga, Kampala*
Avocado	Kayunga, Masaka, Jinja, Mpigi, Kampala*
Apple bananas	Masaka, Mbarara, Rakai
Hot pepper	Luwero, Mubende, Masaka, Mpigi, Wakiso
Okra	Luwero, Mubende

**Kampala: Produce is obtained from Owino market*
Source: Exporter Survey by UEPB, 2002

Fig.1. Export share of fresh and dried produce



IDEA Project, 2002

Figure 1. shows the export share of the different Fresh Produce exports under IDEA Project. Within others are commodities like Sweet potatoes, Sugar canes and Dudhi, which have high volumes. Dried fruits are also included.

World markets for selected products

Pineapples

Consumption of pineapples is expected to increase due to the trend towards healthier eating habits. Within the world marketplace, pineapple production and consumption is now at about 13.5 million metric tonnes per year and growing by over 200,000 metric tonnes annually. The European market is the leading market, with 40% of total imports, followed by the United States and Japan. Global imports of fresh pineapples are projected to increase by 35% by the year 2005. Europe is expected to remain the largest import market, with 484,000 tonnes by the year 2005, followed by France with 29%.

Due to high freight costs, Uganda should explore the opportunities for organic pineapples, which fetch a premium price. In addition, there is potential for export of dry organic pineapples to Europe, USA and Japan.

Apple Banana

Uganda exports "apple banana", which is shorter, fatter and has very high sugar content. This is a niche premium product, which is superior in taste and quality. The market for fresh certified organic bananas is growing rapidly and fetches substantial price premiums. There is some potential for Uganda to continue to develop a niche marketing strategy for apple bananas, diversifying markets in Western Europe and Middle East.

Avocado

World production of avocado has increased by 550,000 metric tonnes during the last 15 years and is now estimated to be 2 million metric tonnes. The US is the largest importer of avocado accounting for 30% of world import closely followed by France who has 28% of world share of imports. France, UK, Netherlands and Germany are the top four avocado importers in the EU. In the Middle East, Saudi Arabia and United Arab Emirates are the largest importers.

Okra

In Europe, France and UK are the major outlets for okra. Uganda has the potential to increase her market share provided quality and infrastructures are improved.

Passion fruits

Uganda currently produces the purple granadilla variety, Kawanda hybrid and yellow granadilla variety, but only the former two are exported. World output is estimated to be 1 million tonnes. Japan, Taiwan and South Korea are becoming new and important importers of passion fruits, besides Europe.

Once Uganda's production is increased to sufficient volumes, export opportunities will be enhanced as more supermarkets are beginning to sell passion fruits and markets exist for the organic product.

Hot pepper

Uganda exports Scotch Bonnet peppers mostly to the United Kingdom and the Netherlands and green chillies to the United Kingdom. Scotch Bonnet Peppers from Uganda have greater potential in the international markets than the other types of chilli produced in Uganda. Uganda's chilli markets are mostly specialised brokers in Europe, North America, the Middle East and Asia.

Vanilla

Vanilla is the only significant export to the USA, which takes about 50% of the crop, followed by Canada, UK, France and Germany. Uganda's total vanilla exports represents only 1% of world vanilla exports. Uganda is the 11th largest vanilla exporter in the world. Vanilla is exported as a semi-processed product.

Vanilla is a high value crop and there is good potential for Uganda to increase out put. An increase of exports from 70 metric tonnes of cured vanilla to 125 metric tonnes appears achievable. At this level of output, Uganda would still command 5% of the world market. Uganda has the potential to supply top class beans as the country has the appropriate climatic conditions to grow long vanilla beans that have the right chemical composition and flavour.

Potential products

Baby vegetables

There is potential in production of baby vegetables i.e baby corn, baby carrots. These products are labour intensive and can easily be grown in Uganda. However, it will require intensive research to determine the right varieties and intensive investment to work with small holders.

Ginger

Mirror statistics show that Uganda is exporting ginger to the Netherlands (59% of total exports) and Germany (20% of total exports). Continued growth is expected, particularly in the market for dry ginger, where consumption is likely to increase due to increased production of high flavoured food by the food industry and increased interest in health food and natural rather artificial flavoured food. Improving the quality of ginger in Uganda is critical to successful expansion of both fresh and dry ginger exports, which would require planting of new varieties and investment in infrastructure. One of the appropriate strategies could be to focus on the market for fresh ginger in the Middle East and the ethnic markets of the United Kingdom, Netherlands and France.

EXPORT DESTINATIONS

The most important exported commodities are matooke, apple bananas, hot pepper, chillies, string/bobby beans, ginger, avocado, and pineapple. The prime destination of all fresh produce is the United Kingdom where the main importers are British Asians. The traders are primarily based at New Spitalfields Market where the products are sold to Asian, Caribbean and African consumers. Most of Uganda's fresh beans end up in UK supermarkets as well. In addition to the UK, fresh produce is exported to Netherlands, France, Belgium and Germany where the produce are destined for the ethnic market. Uganda's hot pepper is imported by Surinamese traders in the Netherlands and sold to the large Surinamese population.

It is also important to note that neighbouring countries i.e Kenya and Rwanda import fruits and vegetables particularly apple bananas and pineapples through cross border trade. Efforts are being made to diversify to the Middle East. Table 7. below shows the major destinations of Uganda's exports.

Table 7: Products and major destination markets from Uganda

Product	**Destination**
Pineapples	UK, Holland, Belgium, Oman, Switzerland, Japan*
Passion fruits	UK, Italy, Holland, Oman, Switzerland
Avocado	UK, Holland, Belgium, Oman, Switzerland
Apple bananas	UK, Belgium, Switzerland
Okra	UK
Hot pepper	UK, France, Holland, Belgium, Switzerland, Oman

* *Exports of sun dried pineapples and apple bananas*

United Kingdom was quoted as the major market followed by Holland, for most of the products.

INVESTMENT OPPORTUNITIES

- The agronomic conditions in Uganda are favourable and there is considerable scope for increased production of fruits and vegetables. The country is able to produce all year round and has plenty of land and relatively cheap labour. There is potential for production of exotic, off-season fruits and vegetables and organic products like pineapples, apple bananas and passion fruits.

Opportunities in the Fruits sub sector

- **General fruit processing**

There are limited fruit processing industries in Uganda. Fruit processing in Uganda is limited to, mainly, extraction of fresh juice which is sold on the local market. Fruits are processed locally into juice and the juice sold fresh in restaurants, on the streets and in corner shops. This may be attributed to lack of technology and capital by the potential local entrepreneurs. The most popular fruit for juice preparation is the passion fruit. Others are pineapple, orange and banana. Banana juice is a special juice prepared by a traditional technology but its marketing is limited to the villages. There is demand for fruit juices for outstrip production. In order to meet this demand, a range of fruit juices are imported into the country. This is a strong indication of the existence of investment opportunities in fruit juice processing, for local and export markets.

The establishment of a general-purpose fruit-processing factory, handling different fruits as may be available, is one big area for investment.

- **Apple bananas**

Investment opportunities exist in setting up commercial farms to produce and export apple bananas (Ndiizi) to the European market. Uganda apple bananas are known for their full and delicate flavour.

- **Jack fruit**

Jackfruit production in Uganda is increasing but apart from being consumed fresh on the local market there is no other outlet for this fruit. There are opportunities for processing of jackfruit into other products and for export, especially to the South-East Asian countries where it is a delicacy.

- Potential also exists for production of solar-dried bananas, pineapples, mangoes, and pawpaws for export.

Vegetable Sub sector

- **Chilling and Freezing facilities**

The market for fresh chilled and frozen vegetables especially mixed legume vegetables like snap beans, asparagus is expanding. This requires investment in chilling and freezing facilities and being able to produce the vegetables on a large scale to avoid fluctuations in exports.

- Opportunities exist in growing tropical and baby vegetables, which have significant production advantage. This will require investments in integrated production and marketing systems by large-scale growers, linked to organized groups of outgrowers

General opportunities in the Fruits and Vegetables sector

- Packaging material is currently imported based on the specifications given by the importers. There is therefore potential for investment in packaging.

- Opportunities exist in setting up of cold storage facilities with grading and sorting facilities for both fruits and vegetables.

EXPORTERS OF FRUITS AND VEGETABLES - FRESH OR DRY

FRUITS & VEGETABLES, FRESH OR DRY

Amfri Farms Limited
Plot 11 Marty's Road, Ntinda Housing Estate
P.O Box 29078, Kampala
Tel: +256 41 286690/2
Mobile: +256-77-506644
Fax: + 256 41 286692
Email: amfri@infocom.co.ug
Products: Organic fresh produce; Pineapples, Apple Bananas, Ginger, Matooke, Passion Fruits
Contact: Mr. Amin Shiivji

AFI (U) Ltd
Plot 21 Nambi Road
Box 783 Entebbe
Tel: +256 41 321419,
Mobile: +256 77 402490
Fax: +256 41 321419
Email: albert@infocom.co.ug
Contact: Mr. Albert Aronson Managing Director
Products: Fruits and Vegetables

Coseda Enterprises Limited
Plot 1073 Walimi House, Makindye, Block 7,
P. O. Box 10487 Kampala, Uganda
Tel: +256 41 259134/
Mobile: 256-77- 419357
Fax: +256 41 259558
E-mail: coseda@hotmail.com
Contact: Mr. Lule David, Managing Director
Products: Hot pepper, Avocado

Eco Foods
Plot 88 Kiira Road
P. O. Box 24996, Kampala
Tel/Fax: +256 41 530588
Mobile: +256 77 409557
Email: flona95@hotmail.com
Contact: Mr. Isiko Stephen - Director
Products: Sun dried fruits ie pineapples, Apple bananas

Icemark Africa Limited
Plot 47 Bukoto Street, Kamwokya
P. O. Box 40122, Kampala, Uganda
Tel: +256 31 262700
Mobile: +256 77 748798
Fax: +256 31 262701
E-mail: info@icemark.com
Contact: Mr. Kristjan Erlington, Managing Director
Products: Fruits and vegetables

Fruit Pack (U) Ltd
Plot 133 Queen's Way
P.O Box 1698 Kampala
Tel: +256 75 690049
Mobile: +256 75 692049
E-mail: kibalamakk@yahoo.com
Contact: Mr. Kibalama, Managing Director
Products: Hot pepper, chilli, okra, Dudhi, Matooke, sugarcane

Fruits of the Nile (U) Ltd
Najjanankumbi, Entebbe Road
P.O. Box 725, Kampala
Tel: +256 41 273274
Fax: +256 41 273274
E-mail: fruitsofnile@utlonline.co.ug
Products: Solar Dried Fruits: Pineapples, Sweet Banana, Pawpaw, Mangoes, Chillies
Contact: Mr. Angello Ndyaguma, Managing Director

Jaksons (U) Ltd
Plot 7 Nkrumah Lane – Orient Plaza
P.O. Box 5841, Kampala
Tel: 256 41 250277, 075 696825, 077 436563
Fax: 256 41 250277
Email: kavumajakson@netscape.net
Products: Hot Pepper, Okra, Chillies, Apple Bananas, Ravaya, Asian Vegetables
Contact: Mr. John Kavuma, Managing Director

London Fruits &Vegetables
Natete opp. Shell petrol station
Tel: +256 41 270851, 75 270851
Fax: +256 41 270851
Contact: Mr. Edison.Nkata
Products: Hot pepper, Chilli, Okra, Dudhi, Matooke, Sugar cane

Lusaka Growers
P.O. Box 8742, Kampala
Tel: +256 41 344735
Mobile: +256 77 367386
Fax: +256 41 345629
Contact: Mr. Emmanuel Gabiro – Managing Director
Products: Matooke, Sweet Potatoes, Sugarcane, Chillies, Okra, Hot Pepper, Gunder, Dudhi, Fresh Beans.

Mairye Estates Ltd
P.O. Box 180, Kampala
Tel: 256 41 235045
Mobile: +256 77 744620
Fax: 256 41 231856
Email: mairye@topcuts.co.ug
Contact: Mr. Mahmood Hudda, Managing Director
Products: French beans, Chillies, Hot pepper, Dduli,Laveya

Mubuku Growers
P.O. Box 10289, Kampala
Tel: 256 77 506623,/ +256 41 567687
Fax: 256 41 250360
E-mail: apomubuku@africaonline.co.ug
Contact: Mr.Apollo Kasozi , Export Manager
Products: Fruits & Vegetables; Hot pepper, Okra, Dudhi

Nami Farm
Nansana, Kampala
P. O. Box 936, Kampala
Tel: +256 77 406527
E-mail: nami@yahoo.com
Contact: Mr. Frank Magala
Products: Matooke, hot pepper, okra, gundha, dudhi, chilli.

Outspan Enterprises Limited
Plot 8/10 Uganda House, Kampala Road
P. O. Box 6350, Kampala, Uganda
Tel: +256 41 233589
Fax: +256 41 344959
E-mail: kayondo@infocom.co.ug
Contact: Mr. Kayondo
Products: Organic & conventional sesame, red chillies, ginger, beans, cocoa

SulmaFoods
Plot 656 Najjanankumbi 1, Church Zone
P. O. Box 6046, Kampala
Tel: +256 77 502350 / 71-344266
Fax: +256 41 273649
E-mail: abdulkarimd@yahoo.com
Contact: Mr. AbdulKarim Farid Sulma, Chief Executive Officer
Products: Fruits and vegetables

Ugafresh
P. O. Box 29775, Kampala, Uganda
Tel: +256 75 640517
E-mail: ugafresgbu@yahoo.com
Contact: Mr. Zubair Buwembo, Managing Director
Products: Matooke, sweet potatoes, hot pepper, okra, sugarcane, dudhi

Zijja Growers and Packers
Plot 25 Entebbe Road
P. O. Box 9322, Kampala
Tel: +256 41 349192
Mobile: +256 75 692039
Fax: +256 41 349209
Contact: Mr. Joseph Semukulungwa, Managing Director
Products: Matooke, hot pepper, chillies, sweet potatoes, sugarcane, dudhi, okra

EXPORTERS OF VANILLA AND SPICES

Uvan Limited
Plot 1 Old Kampala Road
P. O. Box 8813, Kampala, Uganda
Tel: +256-77-700800
Fax: +256-41-543671
E-mail: aga@simba.fm
Contact: Mr. Aga Sekalala, Managing Director
Product: Vanilla

Uganda Crop Industries Limited
Plot 14 Parliament Avenue, 1st Flr,. Jubilee Insurance
P. O. Box 7666, Kampala, Uganda
Tel: +256-41-233362/3
Fax: +256-41-250695
E-mail: amisan@africaonline.co.ug
Contact: Mr. Amirali Nathu, Managing Director
Product: Vanilla

Taimex (U) Limited
Plot 3 Pilkington Road, NIC Bldg
P. O. Box 8475, Kampala, Uganda
Tel: +256-41-230127
Fax: +256-41-230142

E-mail: tmx41@hotmail.com
Contact: Mr. Ismail Tamale
Product: Cured vanilla beans

Esco (U) Limited
Plo t 25 Nkurumah Road, Reco House
P. O. Box 7892, Kampala
Tel: +256-41-254604
Fax: +256-41-255066
E-mail: esco@africaonline.co.ug
Contact: Mr. Phillip Betts, Managing Director
Products: Vanilla

Reco Industries Limited
Plot 25 Nkurumah Road, Reco House
P. O. Box 257, Kampala, Uganda
Tel: +256-41-232183/257206
Fax: +256-41-231327
E-mail: reco@swiftuganda.com
Contact: Mr. P. T. Rwabogo, Managing Director
Products: Spices

Uganda National Vanilla Association
2nd Floor, Kizito Towers
P. O. Box 8349, Kampala, Uganda
Tel: +256-77-659697
Fax: +
E-mail: ugvan2002@yahoo.com
Contact: Mrs. Ida Batwala, Chairperson

INVESTMENT INCENTIVES

Investment incentives are covered under the Income Tax Act 1997. These incentives are administered by the Uganda Revenue Authority as part of the taxation system. The investment incentives are indicated in Tables 6, 7, 8 and 9:

Table 6: Capital Allowances

• Initial allowances on plant and machinery located in Kampala, Entebbe, Namanve, Jinja and Njeru	50%
• Initial allowances on plant and machinery located outside Kampala, Entebbe, Namanve, Jinja and Njeru	75%
• Start up costs spread over the first 4 years	25%
• Scientific research expenditure	100%
• Training expenditure	100%
• Mineral exploration expenditure	100%

Table 7. Deductible annual allowances

Depreciable assets specified in 4 classes under declining balance method		
Class 1	Computers and data handing equipment	40%
Class 2	Automobiles, construction and earth moving equipment	35%
Class 3	Buses, goods vehicles, tractors trailers, plant & Machinery for farming, Manufacturing and Mining	30%
Class 4	Railroad cars locomotives, vessels, office furniture, fixtures etc.	20%

Table 8. Other annual depreciation allowances

• Industrial buildings, hotels and hospitals	5%
• Farming (general farm works)- (declining balance depreciation)	20%

Other incentives

In addition to the incentives listed in tables 6-8, Uganda offers the following:

- **Import Duty Exemptions.** Apply to motor vehicles, personal effects and plant and machinery.
- **Duty drawback facilities.** Allows exporters to claim taxes on inputs used to manufacture exportable products.
- **Corporation tax.** With the exception of mining there is a uniform corporation tax rate of 30%, which allows the "carry forward of losses". Practically, this means, profits are not taxable until, previous years' losses are fully covered.

Investment protection

- **Investment guarantees-**Uganda is a member of the Multilateral Investment Guarantee Agency (MIGA) of the World Bank and VAT deferred payment agreements.

- **Externalization of funds**-Foreign investors are allowed to externalize funds for:
  - Loan repayment in a foreign country
  - Payment of financial earnings to foreign personnel
  - Payment of royalties or fees
  - Payment of profits or proceeds on disposal of assets.
- **Protection against compulsory acquisition**. Compulsory acquisition can only be made in accordance with the Constitution of Uganda. Should compulsory acquisition take place, the investor must be compensated within 12 months from the date of acquisition, based on fair market value of the enterprise.

UGANDA'S COMPETITIVE ADVANTAGE

Climate

Uganda's climate is summer all year round: moderate temperatures (15 -30 C) throughout the year with a bi-modal rainfall pattern. The soils have low levels of contamination due to prolonged periods of minimal use of chemical fertilisers, pesticides and herbicides creating natural quasi-organic conditions in most areas. The November to February harvest period in Uganda coincides with the Northern hemisphere winter - a period of peak demand for fresh fruits and vegetables in Europe.

Economic and Political Environment

Uganda has enjoyed political and economic stability for the last 15 years. The economy has been liberalised allowing the private sector to take a leading role in the economic development of the country. For the last 10 years Uganda's economy has registered an annual GDP growth of 7% on average and inflation has consistently been maintained at below 10%; thus being one of the fastest growing economies in Africa.

There is a favourable policy environment and lack of policy-generated constraints to export, macro-economic stability and exchange rate liberalisation.

Labour

- **Skilled Manpower**

The Department of Food Science and Technology, Makerere University trains graduates specialising in processing and post harvest aspects of fruits and vegetables. These are a major resource especially on matters of meeting the requirements of the local authorities and the stringent quality requirements of the importing countries.

The Government is posting agriculture graduates to work as extension officers in all the sub-counties in the country in a bid to modernise agriculture. These are vital contact persons especially where one has to contract farmers to produce the crops either for direct export or for processing.

Researchers and specialists in Agronomy, Agricultural Economics, Plant breeding, Agricultural Engineering, Soil science etc. are available in the Faculty of Agriculture, Makerere University, Kawanda Agricultural Research Institute (KARI) and Makerere Agricultural Research Institute, Kabanyolo to provide expert advice.

Agricultural Training Colleges and Institutes offer courses leading to certificates and Diplomas in Agriculture. These graduates are suitable as foremen and general farm workers.

Unskilled manpower

Uganda continues to provide cheap unskilled manpower, far cheaper than in other countries in the region.

Transport Logistics

Most of the trunk roads leading to the 54 districts in the country have been rehabilitated and most of these roads are tarmaced or are being tarmaced.

Under the Decentralisation Programme every district in Uganda has been facilitated by the central government to acquire road construction equipment to open and maintain feeder roads. This facilitates marketing of agricultural produce.

Entebbe Airport has been upgraded to handle more air traffic. Almost all the major European Airlines for passengers and cargo, have Entebbe as one of their destinations. Sabena, British Airways, South African Airlines, Ethiopian Airlines, Egypt Air, Air France, Kenya Airways to mention a few, all fly to Entebbe several times a week. Air freight charges for produce from Uganda to Europe are lower than for those originating from Zimbabwe.

Land

There is availability of land and existence of alternative models for establishment of estate farm with out-grower schemes on a commercial basis.

Trade Agreements

There are several trade agreements, which have an impact on market access of Uganda's exports. These are:

1. World Trade Organisation (WTO)

   WTO focuses on liberalisation and globalisation and this leads to increased competition. Under the WTO agreements, the environment and health standards and regulations as well as elated consumer and business preferences have direct impact on the export of horticultural products. These include:

- Technical standards and regulations, product content requirements (such as regulations limiting the amount of hazardous substances)
- Sanitary and Phytosanitary (SPS) measures
- Mandatory labelling
- Packaging requirements
- Voluntary measures, such as Eco-labeling supplier requirements

2. Generalised system of preferences
   In order to support exports from developing countries, developed economies operate a generalised System of Preferences (GSP). Under the GSP, products from developing countries are given preferential market access into non-EU member countries like Japan, Canada and USA.

3. Cotonou Agreement
   Under this agreement, the preferences are granted to exporters from ACP countries so that they can increase their exports to the EU. Exporters are required to have a certificate of origin "EUR 1"as evidence of the origin of the goods.

4. COMESA
   Under the COMESA Agreement, comprising of 20 countries I East and Southern Africa, goods originating from member countries attract preferential tariff rates. This increases

opportunities for Uganda exporters o export to nearby countries, which are near and easier to penetrate.

5. East Africa Community (EAC)
   The EAC Agreement aims at promoting economic and political integration between Kenya, Tanzania and Uganda. There is preferential treatment of exports originating from member countries. Currently, Uganda is exporting pineapples and apple bananas to Kenya.

6. African Growth and Opportunity Act (AGOA)
   AGOA expnds the US government's program of preferential access, the Generalised System of Preferences (GSP), by 1,835 products. The preferences are extended for eight years until September, 30 2008. There are opportunities for export of organic dehydrated fruits because the prices for organic are competitive and the US is the largest importer.

Useful Contacts

Name	Address	Telephone	Fax	E-mail
Uganda Investment Authority	P.O. Box 7418, Kampala	251562/5 251854/5	342903	info@ugandainvest.com
National Agriculture Research Organisation (NARO)	P.O. Box 295 Entebbe	320324/9	321070	narohq@imul.com
Ministry of Agriculture, Animal Industries and Fisheries	P.O. Box 102 Entebbe	320981	321047	maaif@infocom.co.ug
Uganda Export Promotion Board	P.O. Box 5045 Kampala	259779/ 230233	259779	uepc@starcom.co.ug
Agribusiness Development Centre	P. O. Box 7856 Kampala	255482/83/68	250360	adc@starcom.co.ug

References and sources for further information

Agribusiness Development Centre - Uganda's Investment in Developing Export Agriculture. Fresh Produce Exports from Uganda. 2001

Agribusiness Development Centre - Uganda's Investment in Developing Export Agriculture. High value Non-traditional Agricultural Export Data Collection in Uganda. 2002

Ministry of Finance, Planning and Economic Development, Background to the budget 2000/1. June 2000

Ministry of Finance, Planning and Economic Development / Ministry of Agriculture, Animal Industry and Fisheries. Plan for Modernisation of Agriculture: Eradicating Poverty in Uganda. April 2000

Uganda Bureau of Statistics. *Statistical Abstract 2000. June 2002*

Strategic Diagnostic Report for the Fruit and Vegetable Export Sector, March 2002

Sector Strategy Diagnostic Report for Spices, April, 2002