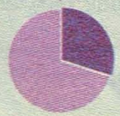
The year ahead: After a productive 2025 in which Uganda stole a march on Ethiopia, the European Union Deforestation Regulation threatens to take the wind out of the sails of Africa's largest coffee exporter in 2026. Will another extension offer respite or can players in the coffee value chain step up to the plate? ...P4

EU rules brew storm in Uganda's coffee cup

7.43m

Exports. Uganda overtook Ethiopia to become Africa's largest coffee exporter annually, shipping 7.43 million 60kg bags and earning over $2 billion.

FOREIGN EARNINGS



30%

Earnings. Coffee is central to Uganda's economy, contributing 30 percent of the foreign exchange earnings.

GREEN FUND

Funding. Uganda recently earned $31m from the Green Climate Fund for verified emissions reductions, according to the Finance ministry.

THE LIZARD

IS THE BUBBLE

Uganda coffee and the storm brewing

EUDR forces Uganda to confront land rights, power dynamics, and deep mistrust between farmers and the State.

BY DEOGRATIUS WAMALA

A man picks coffee beans. Coffee is central to Uganda's economy, supporting more than 12 million people nationwide while also contributing 30 percent of the country's foreign exchange earnings. PHOTO/FILE

Uganda's coffee sector has never looked stronger, and never more at risk. After overtaking Ethiopia to become Africa's largest coffee exporter annually, shipping 7.43 million 60-kg bags and earning more than $2b (Shs7 trillion), Uganda's main forex earner now faces a serious challenge from abroad.

Coffee is central to Uganda's economy, supporting more than 12 million people nationwide while also contributing 30 percent of the country's foreign exchange earnings. But Uganda depends heavily on one market: the European Union (EU).

When George Tumuhimbise looks at his coffee garden in Mubende District, he sees more than beans. He sees school fees, food on the table, and the only income his family depends on. Like millions of Ugandans, his livelihood now hinges on decisions being made thousands of kilometres away.

Between 67 and 72 percent of exports go to the EU, according to the Agriculture ministry, with Italy alone buying nearly 40 percent. Any disruption in Europe quickly becomes a national economic shock.

That is where the EU Deforestation Regulation (EUDR) comes in. The law, which is expected to take full effect after December 30, requires proof that all products sold to the EU were not grown on land cleared after 2020 and that production follows national laws. For coffee, this means every bag must be traced back to a GPS-mapped farm—a huge task for Uganda. Most farmers work small plots and lack land titles, formal records, or digital tools. And because most coffee is sold to Europe, failing to meet these rules could mean losing the main market.

The EU adopted the law in 2023. A 12-month extension moved enforcement to late 2025 for large companies and mid-2026 for smaller ones, but the rules remain the same. Because most Ugandan coffee comes from smallholders, even small compliance gaps could block exports. If that happens, the EU could stop buying large volumes of Ugandan coffee. The impact would be fewer dollars, a weaker shilling, higher prices, and lower rural incomes; effects that would spread across the entire economy.

High-stakes regulation

In Europe, EUDR is presented as a technical climate policy covering seven commodities: coffee, cocoa, palm oil, soy, wood, rubber, and cattle. EU officials argue the law is meant to ensure EU consumption does not drive deforestation.

Compliance means mapping millions of coffee farms, estimated at three to five million, and building a digital trail from garden to exporter. This includes checking land-use history, proving no post-2020 deforestation, confirming ownership, and mapping boundaries.

In a country where land titles are rare, inheritance disputes common, and cooperatives weakened, these technical demands quickly become social and political ones. For Tumuhimbise, the idea of mapping his land is unsettling, not because he opposes forest protection, but because he does not know how that information might be used.

EUDR forces Uganda to confront land rights, power dynamics, and deep mistrust between farmers and the State. And there is a distrust that runs deep. Coffee has never been taxed directly, so registration feels suspicious. Some fear it is a backdoor to taxation. Others fear land grabbing. Bibanja holders worry GPS mapping could expose them to eviction.

"People fear that when they give coordinates of their gardens, someone will come and say the land is not yours… how do we register in such a situation?" Dr Abubakar Muhammad Moki, an economist, observes.

Producers push back

Uganda isn't alone. Producing countries argue Europe is imposing strict rules without enough time, money, or technology. Indonesia has called the regulation "unworkable," urging a delay to 2028. Malaysia warns it risks becoming a "de facto barrier to trade." At the World Trade Organisation, Brazil, Côte d'Ivoire, and Vietnam have challenged the EU's unilateral approach.

The private sector disagrees. But multinationals such as Nestlé, Ferrero, Olam, and Lavazza have invested millions of dollars in traceability systems and want strict enforcement. To them, delays "reward laggards and penalise early movers."

Uganda is caught between producer countries demanding fairness and corporations demanding certainty.

Institutionally, Uganda is struggling. Café Africa, the institution that is meant to lead preparations is overstretched. And without strong leadership, Uganda risks entering the most consequential regulatory shift in its coffee history without the structure it once had before the agency overseeing coffee was absorbed during government rationalisation.

Paradox

Under the EU's definition, a forest is any area larger than 0.5 hectares with trees taller than five meters and at least 10 percent canopy cover. Coffee trees do not meet that definition. Yet, coffee is still classified under EUDR as a deforestation-risk commodity.

COCOA

The problem is that progress has focused on coffee. Cocoa, also covered under European Union Deforestation Regulation (EUDR), has lagged due to regulatory challenges. While EUDR targets coffee and cocoa, broader EU sustainability laws like the Corporate Sustainability Due Diligence Directive (CSDDD) apply across sectors. Uganda must therefore expand compliance beyond single commodities.

Data from Uganda Forestry Authority shows that deforestation is mainly caused by sugarcane expansion, charcoal production, timber harvesting, and infrastructure development. Coffee, by contrast, is grown on long-established smallholder plots, often under shade, and in many areas helps preserve tree cover through agroforestry.

"Why is coffee singled out when sugarcane is cutting forests more aggressively?" asks Robert Turyakira, the executive director at the African Green Health Network. "EUDR focuses narrowly on commodities Europe imports. That tells you something."

Uganda recently earned $31m (Shs109.8b) from the Green Climate Fund for verified emissions reductions, according to the Finance ministry. However, this progress doesn't reduce the burden of EUDR compliance. Uganda must still build a national system capable of tracing every coffee bean to a specific plot of land. Many reckon Uganda should rethink its approach by promoting Kisansa (Liberica), a climate-resilient indigenous coffee that grows naturally under forest shade. Despite its potential, the crop receives little policy support.

Evidently, the challenge for Uganda is not only to meet Europe's rules, but to do so in a way that strengthens its long-term economic and climate goals.

Value addition

For more than a century, Uganda has remained in the same place in the global coffee value chain: exporting raw beans while Europe roasts, packages, brands, and captures most of the value.

"We started exporting coffee in 1902," says former Uganda Coffee Development Authority board chairman Ambassador Dr Paul Mugambwa. "They built an enormous roasting capacity. Now we tell them, move the roasting here so your factories in Europe go idle? They will not be happy at all."

His point reflects a simple reality. Moving value addition to Uganda would disrupt industries built over generations and employing thousands. Without strong consumer demand for Ugandan-roasted coffee, Europe has little incentive to give up that value.

Coffee exporter David Mugambwa argues Africa should be the next growth frontier. "We have to start with local consumption, then regional, then Africa. We can't keep bending over backwards without understanding our strengths and leverage."

His argument highlights market concentration risk. When a country depends on one major buyer, it becomes vulnerable. When that buyer changes the rules, bargaining power disappears. This is where EUDR creates a new danger. If exporters see the EU as too risky; because of penalties, shipment rejections, or high compliance costs, they may turn to markets with fewer rules. But those markets usually pay less, offer fewer premiums, and limit branding and quality upgrading, pushing Uganda deeper into the low-value end of the coffee chain.

Trade problem

Uganda still has a window to meet EUDR requirements, but only with fast, coordinated action. This means rebuilding systems that once supported the coffee sector. Reviving cooperatives is critical because they reach farmers at scale. Clarifying land rights is equally urgent because farmers cannot be mapped without secure ownership or documented user rights. Stronger data protection rules are also essential. Farmers will not share GPS coordinates unless they trust how the data will be used.

Then there is the money. Government allocated $13.2m (Shs46.7b) for the national traceability system, yet farmers say it is unclear how much has been released or how it is being used.

Regionally, Uganda cannot act alone. Working with the East African Legislative Assembly (EALA) on a common position would strengthen bargaining power and enable shared compliance infrastructure.

"If the EU wants deforestation-free supply chains, producer countries need the tools to build them. This is one of the greatest contributors to the economy," said Jonathan Lubega, a lawyer and policy analyst at the Southern and Eastern Africa Trade Information and Negotiations Institute (SEATINI) Uganda.

On December 4, the European Commission and Parliament agreed politically to extend the EUDR timeline by one year, potentially shifting implementation from January 2026 to 2027. However, as Brenda Akankunda, national coordinator of the International Trade Centre (ITC) Uganda, explains, the agreement is not yet binding and still requires formal approval. If that does not happen, EUDR will still take effect next year. "Either way, our focus now remains on how we prepare to ensure we meet the timelines."

Since 2023, the government, the private sector, and development partners have coordinated efforts to prepare. A key milestone is a national value chain compliance action plan supported by ITC. About 1.8 million coffee farms have been registered with support from ABI Finance, government, and development partners. A World Bank grant is supporting completion. While the initial target was 900,000 farms, estimates now suggest Uganda may have up to 2.5 million coffee farmers.

Uganda has also developed a national data warehouse to centralise EUDR-related information. Despite debates over data governance and trust, it marks a major step forward. For now, the data is housed by Pula, a contracted firm, with plans to transfer it to government management. Traceability efforts are underway, with five service providers being piloted to build a centralised system, informed by lessons from Ghana's cocoa sector.

Cost, however, remains a concern and compliance must not exclude smallholders. Through the national EUDR task force, EU buyers have indicated willingness to contribute up to $30 (Shs106,246) per container of exported coffee, mainly to support the data warehouse, according to the ITC. This figure is based on a sector study funded by Trademark Africa and IDH and conducted by the Uganda Coffee Platform, which estimated annual costs of about $910,000 (Shs3.2b), benchmarked against Brazil, Colombia, and Indonesia.

"Building sustainable coffee value chains requires an inclusive platform that brings farmers, government ministries, departments, and agencies, cultural institutions, private sector, civil society and the media together," says Herbert Kafeero, the head of programmes at SEATINI Uganda.

The larger task is to build a traceability system that goes beyond EUDR; serving coffee, cocoa, tea, palm oil, and future exports, and linking Uganda to carbon markets, sustainable finance, and higher-value supply chains.