

# THE UGANDA COFFEE TRADE FEDERATION

## *Code of Conduct*

Uganda Coffee Trade Federation  
1997

## 1.0 INTRODUCTION

- 1.1 When the programme of liberalization in coffee marketing was announced in 1990, up to then the coffee industry had gone through two decades of very difficult times. The incentives which had existed in the industry in 1960s had almost all virtually disappeared. Liberalization brought new hope to the industry with far reaching reforms, with the replacement of the Coffee Act 1969, by the UCDA Statue, 1991. The elaborate system of strict regulations and controls originally in the Coffee Act were dispensed with so as to give freedom to the industry to be guided by market forces and to introduce its own self-regulating mechanisms.
- 1.2 In November 1994, the minister of Trade and Industry issued the Coffee Regulations (1994) which concentrated on giving the general guidelines, in line with the policy of liberalization, and lesser bureaucratic controls. This left room therefore for the industry to introduce its own self-regulating mechanisms to complement the Government's move. The Uganda Coffee Trade Federation is hereby, therefore, establishing a Code of Conduct for its members, in connection with the coffee trade in Uganda. The code shall not be static, but shall be subjected to review at least once annually, in response to the developments in the trade and its environment both locally and internationally, through such means and procedures as shall be determined by the Board of Directors of the Uganda Coffee Trade Federation.
- 1.3 This Code sets forth the standards of good marketing practice by all persons, including partnerships or corporations located in Uganda and directly and substantially engaged in the coffee business primarily as dealers in green coffee, roasters of green coffee, or processors or soluble coffee, and processors or exporters of green coffee. This code shall apply to all allied operations rendering services in the buying, storage, processing, and transportation of coffee in Uganda.
- 1.4 This code gives general principles, and states the expected professional behaviour of all those involved in the coffee trade in Uganda, in upholding as well as achieving the highest possible standards in the handling of coffee through all the internal marketing system, in order to preserve and promote the high standing and image of Uganda coffee in terms of quality, in the market both local and international.

- 1.5 The Federation shall not act as the enforcement arm of Government in terms of adherence to the legislation or any law(s) affecting the coffee trade in Uganda, but shall merely state the expected professional behaviour for its members, and how the interests of the Federation members might be furthered thereby. The enforcement of regulations shall be the responsibility of the Uganda Coffee Development Authority.
- 1.6 To a great extent, the content of this code lays emphasis on the members' compliance with an existing legislation, as expressed in the Coffee Regulations, 1994, and any other laws that may be enacted by the Government of Uganda. In addition to this, members will be expected to maintain certain standards as required by the trade internationally, which may change from time to time in response to the international standards, market demands and requirements.
- 1.7 It is in the interest of every operator to abide by this code and to demonstrate integrity in their trade operations. It is expected that any member of the Federation abiding by this code will invariably minimize the quality risks in the coffee business. Any operator not abiding by the existing legislation shall, consequently, be dealt with by the competent authorities as the law shall provide, and shall not be protected by the Federation in that regard.
- 1.8 The Federation shall not be held responsible for the acts or omissions of any members of the Federation, and this code shall not remove the responsibility of those that are legally or contractually required to execute any given tasks or responsibilities.

## **2.0 QUALITY CONTROL MEASURES**

- 2.1 In compliance with the Coffee Regulations, 1994, all coffee exported from Uganda shall conform to the Uganda Standards, set forth in the Coffee Regulations, 1994, or as amended from time to time, any other statutory instrument or legislation as may be issued from time to time by the Government of Uganda regarding the marketing and storage of Coffee.
- 2.2 In order to maintain high quality standards of Uganda's Coffee, every exporting company and coffee roaster shall employ or acquire the services of the certified quality controller, whose particulars shall be registered with the Federation's Secretariat. The certified quality controller shall advise, instruct or train the staff of the said company in matters related to coffee quality control. The certification of quality controller shall be the responsibility of UCDA or any other competent body and minimum requirements as well as qualifications of such quality controllers shall be agreed upon together with UCTF.
- 2.3 Each company's certified quality controller shall put in place a system to ensure that the coffee traded by the company meets the quality specifications required for Uganda's exportable coffee, in accordance with the coffee Regulations, 1994 or any other statute or law in force by the Government of Uganda, as may be enacted by Parliament from time to time.
- 2.4 However, since the quality controller may not be the overall decision maker of the company on matters even directly related to coffee quality, the management of the company shall be responsible for providing the necessary support to the quality controllers in matters of professional standards as required by the trade or by this code. The (top executive of the) company shall be directly responsible to the UCTF in the event of any query on the adherence to this code.

### **3.0 FUMIGATION AND PEST CONTROL.**

- 3.1 All operators or their agents, involved in the marketing of coffee shall ensure that adequate pest control measures are taken to avoid infestation of the coffee they are holding, thereby preserving the quality of such coffee.
- 3.2 All coffee for export shall be fumigated using such conventional and accepted methods as the law shall provide, and as set by the Federation or determined by the contract for sale of such coffee, or other internationally acceptable standards. The fumigation of coffee produced and marketed as organic shall conform to such the acceptable biological and environmentally friendly methods as guided by the International Standards Organisation and according to the requirements of the market.

### **4.0 MOISTURE CONTENT**

- 4.1 All Operators or their agents involved in the procurement of coffee shall ensure that such coffee for export meets the quality specifications of a maximum moisture content of 12.5% for dry processed robusta coffee, and a maximum moisture content of 13.0% for specialty coffee(wet processed) of robusta type. All exportable coffee of the Arabica type, whether washed or dry processed, shall conform to a maximum moisture content of 12.0%
- 4.2 Moisture content for export coffee shall be in accordance with the Uganda Coffee Export Grading Standards, set forth in the Coffee Regulations, 1994, or as amended from time to time, and any other statutory instrument or legislation as may be issued from time to time by the Government of Uganda.

### **5.0 STORAGE OF COFFEE**

- 5.1 In accordance with the law, coffee shall be stored by all operators in stores or warehouses approved by the coffee Regulations 1994, or as amended from time to time, and by any statutory instrument or legislation as may be issued from time to time by the government of Uganda regarding the marketing, storage or warehousing of coffee.
- 5.2 Notwithstanding the above statutory requirements, the Federation may make recommendations, upon advice from the Association of Quality Controllers and the Federation's Quality and Standard Committee, in

response to changing market demands and requirements, both local and international, for higher standards, aimed at maintaining good quality or marketed coffee. Each operator shall, therefore, make appropriate arrangements to take such measures as deemed necessary to ensure that high standards of quality are maintained in the storages of coffee.

## **6.0 PROCESSING OF COFFEE**

- 6.1 As stipulated by the law, all coffee shall be processed in an approved processing unit or factory, in accordance with the coffee Regulation 1994, or as amended from time to time, and/or in accordance with any other statutory instrument or legislation as may be issued from time to time by the Uganda Government regarding the processing and marketing of coffee.
- 6.2 Notwithstanding, the above statutory requirements, the Federation may make recommendations, in response to changing market demands and requirements, both local and international, for higher standards, aimed at maintaining good quality of marketed coffee.
- 6.3 Exporters shall be required to cooperate in maintaining high standard of quality, aimed at projecting a positive image of Uganda coffee in the world market, and shall discourage any acts that would compromise the quality of Uganda's coffee.

## **7.0 TRANSPORTATION OF COFFEE**

- 7.1 Given that coffee that has been dried can be dangerously contaminated if re-wetted, all operators shall ensure that coffee that is being transported shall be safeguarded from being re-wetted, arising from rain, water or moisture, or any other contamination.
- 7.2 Transportation of coffee shall ensure that such coffee shall not be mixed with other produce which may lead to cross infestation with parasitic insects that would affect the quality of the coffee.
- 7.3 Coffee shall not be loaded into containers that have been used for ferrying petroleum products, other oils or oil-based products, products with pungent odours or smell, and such like.
- 7.4 Transportation arrangements shall, therefore require that the exporter, processor, middleman, transporter or any other coffee trader, take reasonable care to use such means of conveyance as shall provide sufficient

protection for coffee from any contamination through the above noted, or any other causes, which are within normal means of control and where it make business and professional sense to take the required due measures such as the necessary to protect the coffee from contamination.

## **8.0 INTERNAL MARKETING OF COFFEE**

- 8.1 All transactions for buying and selling of coffee for internal marketing shall be conducted in a professional way and shall, for purposes of protecting all parties involved, be governed by the Regulations provided in the Internal Marketing Contract (IMC) as set forth by the Uganda Coffee Trade Federation, and modified from time to time, in line with the requirements of the trade and existing statutes or legislation in force enacted by the Uganda Government.
- 8.2 The Internal Marketing Contract shall be recommended as a basis for arbitration in case of disputes arising from transactions involving a member of the Federation, and the UCTF Rules of Arbitration shall apply for all arbitrations held by the Federation. Notwithstanding, since the industry is still going through a transition following liberalization, it shall not expressly be a requirement for every operator to use Internal Marketing Contract, as many will invariably continue the practice of unsigned contracts. However, for all disputes that will be settled through the Federation's arbitration system, use of the Internal Marketing Contract will be recommended.

## **9.0 REGISTRATION OF COFFEETRADE OPERATORS**

- 9.1 Upon agreement with the Uganda Coffee Development Authority, or any other Government mechanism for licensing of operators in the coffee industry, the Federation shall have allowance to make recommendations on the licensing of coffee exporters and any other operators directly involved in the marketing of coffee in Uganda. Those recommended for issuance of license shall have been admitted as members of the Federation, or shall have renewed such membership, and commitment to abide by the Code of Conduct. Provided that membership shall not be withheld from anybody fulfilling the eligibility criteria as stated in the Memorandum and Articles of association of the UCTF LTD.
- 9.2 The Executive Director of the Federation shall submit to the Managing Director of UCDA a statement of recommendation for issuing or renewal of a license to any operator or applicant fulfilling the Federation's requirement as generally stated in this code, and specifically as required by any of Rules of the Federation. Any coffee operator who is found to

consistently breaking this Code of Conduct may face disciplinary action as provided for in the UCTF Articles of Association, be removed from the Register of members of the Federation and consequently, shall not be recommended for renewal of their operating license, until a favourable change has been evident, in adherence to this Code.

- 9.3 At the coming into force of this code, and for any inadequacies found thereafter in any member's operation, reasonable time shall be given to all operators to rectify any deficiencies. The time given for a member of the coffee trade to rectify any deficiencies shall be determined by the UCTF Board of Directors and its Standing Committees, depending on the level of deficiency and the time required to rectify such deficiency. The Federation shall recommend to the member the ways of rectifying the deficiency and where possible assist the member, in line with the objectives of the UCTF. The member will, however, be expected to cooperate, otherwise the Federation will not recommend the renewal of license for an existing exporter who fails to rectify the identified deficiencies.
- 9.4 Notwithstanding, nothing in this code shall be used to discriminate or interpreted as promoting discrimination against applicants, in the consideration for licensing by the Ugandan Coffee Development Authority (UCDA), or any other body or agency which might be vested with such responsibility, This code, therefore shall not be used for discrimination of coffee operator on the basis of sex, race, colour origin or other sectarian tendencies.

## **10.0 INTEGRITY OF MEMBERSHIP OF THE FEDERATION**

- 10.1 Membership of the Ugandan Coffee Trade Federation shall be treated with high honour, and members will be required to uphold high standards and shall be expected to operate with high standards of professionalism as befits the trade. All members shall therefore be expected to act with integrity so as to project a positive image of the Federation and the coffee industry in Uganda as a whole.
- 10.2 In view of the above, members of the Federation will be required to distance themselves from activities which are illegal, unethical or generally in contravention of the Penal Code, according to laws of Uganda. A member shall be advised not to conduct business with a company or individual whose conduct or activities are questionable, and where the integrity of the member may be compromised.
- 10.3 Every company member shall dissociate themselves from actions or intents meant to defraud another member of the Federation and shall take

appropriate measures to protect other members from any fraudulent conduct of a purchaser or supplier of coffee to any member of the Federation by informing the secretariat so that such matter is committed to scrutiny by the membership committee.

- 10.4 Any person performing duties as an authorized agent or official representative of a member of the Federation shall be expected to conduct themselves with such discipline as is required by this code. Any member of the Federation shall be held responsible if their integrity is brought into disrepute by their official, representative or agent, and where a fine is applicable it shall be levied upon the member.
- 10.5 In view of the above, a member of the Federation shall be required to undertake the following:
- (a) Maintain the highest standards of integrity at all times, towards other members of the Federation that they shall transact with, as well as others with whom they shall trade with or enter into contacts or other transactions;
  - (b) Use their best efforts to execute all contracts or undertakings, working in a competent and timely manner, and shall not take on contractual obligations which they do not reasonably believe that they will be able to carry out to the satisfaction of their clients; and
  - (c) Honour all contracts which shall be entered into freely by the members with any other members being a supplier of coffee or other services to the member, or other party being an importer of Uganda coffee, or any supplier of goods or services to the member. The member shall honour all their undertakings until such understandings are performed, released or excused.

## **11.0 COMPLIANCE**

- 11.1 All members of the Federation will be deemed to have subscribed to this Code of Conduct, to observe the standards set out herein. It shall be the responsibility of each member to ensure that its officials, employees, representatives, or agents abide by the requirements of this code.
- 11.2 Once it shall be established that, any company whose employee or agent is found to act contrary to this code, the Executive Director, shall require the company to give an explanation for the misconduct, and if it is established to be an action of neglect or deliberate misconduct, the matter shall be brought

to the attention of the Board and a warning shall be issued to the defaulting member.

11.3 Any member who shall be issued a second warning, on account of similar misconduct, shall be required to pay such fine(s), as shall be determined by the Board from time to time, a schedule of which shall be made available at the Federation's offices, and communicated to members accordingly. On the third account of misconduct, the company shall be listed among defaulters on this code, and will face disciplinary measures as shall be determined by the Board from time to time, or may be expelled from the Federation.

## **12.0 INSOLEVENCY OR FINANCIAL FAILURE OF A MEMBER**

12.1 If, at any time a person, company, corporation or association, being a member of the Ugandan Coffee Trade Federation shall meet with creditors because of inability generally to make payment of obligations when due, or shall suspend such payments, fail to meet his general trade obligations in the regular course of business, shall file a petition in bankruptcy or, for an arrangement, shall become insolvent, or commit an act of bankruptcy, then the Executive Director shall put such member on a suspense list, and declare to other members of the Federation the aforesaid.

12.2 The provisions in the Laws of Uganda, applying to insolvency and bankruptcy shall apply to any member who is so declared, and such member shall cease to be a member of the Federation.

## **13.0 ARBITRATION**

13.1 Any disputes arising from disagreements in the execution of a member's responsibilities relating to contracts or other commitments shall be resolved by arbitration, using rules and procedures as shall be set up by the Federation.

13.2 Any member who is dissatisfied with any decision taken in relation to their non-compliance with this Code of Conduct shall file a petition, in accordance with Article 3(8) of the Federation's Memorandum and Articles of Association.

## **14.0 ACCREDITATION**

14.1 The Federation shall keep an up-to-date register of its members who have subscribed to this Code of Conduct, and shall make the list available to

Coffee Associations in the Importing countries for their reference. In line with this, given the prevalence of dubious companies and individuals in the coffee trade world-wide, all members of the Federation shall be advised to transact with companies duly registered and accredited by recognised Coffee Associations (or in their absence Chambers of Commerce) in the importing country.

- 14.2 Following a thorough investigation, according to guidelines set by the UCTF Board of Directors, the Federation shall black-list any company that is found to have acted deliberately unprofessionally, defrauded a member of the Federation, or demonstrated other unethical conduct of business towards a member of the Federation.
- 14.3 Any company that is black-listed, as provided herein, shall only be released after the Board of Directors has received satisfactory explanation, written apology, or any other requirements as may be set by the Board from time to time, regarding the disposition of such cases.

## **15.0 INTERPRETATION**

- 15.1 Any dispute as to the interpretation of this code of conduct shall be resolved by a meeting of the Board of the Directors, the Advisory and Policy Committee, the Marketing, Quality and Standards Committee and any other committee(s) or members as may be invited by the Board, for that purpose whose decision shall be final and binding.
- 15.2 In this Code of Conduct, unless the context requires otherwise:
- (a) "Federation" means the Uganda Coffee Trade Federation Ltd.
  - (b) "Board" means the Board of Directors of the Uganda Coffee Trade Federation Ltd., established under the provision of the Memorandum and Articles of Association of the Uganda Coffee Trade Federation Ltd.
  - (c) "Code" means this Code of Conduct of the Uganda Coffee Trade Federation Ltd., as originally framed or as from time to time modified.
  - (d) "Member" means a member of the Uganda Coffee Trade Federation Ltd., admitted to membership in accordance with the provisions of the memorandum and Articles of Association of the Uganda Coffee Trade Federation Ltd.

- (e) “Agent or representative” means someone who is appointed in writing to act exclusively for a member.
- (f) Words importing either the masculine or feminine gender shall include both genders.

#### **DECLARATION**

We, being members of the Uganda Coffee Trade Federation Ltd., commit ourselves to abide by the Federation’s Code of Conduct, in order to maintain order and discipline in the coffee trade in Uganda, and so as to build a better image of Uganda’s coffee.

This Code shall be administered according to the Rules set therein and as shall be guided by the Memorandum and Articles of Association of the Uganda Coffee Trade Federation Ltd., and with the overall supervision of the Board of Directors of the Uganda Coffee Trade Federation Ltd.