THE SUGAR REGULATIONS, 2025

POPULAR VERSION

What You Need To Know!

April, 2026

Advocacy Coalition for Sustainable Agriculture (ACSA)
P.O Box 21556, Kampala Uganda, Email: acsa@acsa-ug.org, Web: www.acsa-ug.org

TABLE OF CONTENTS

1. ABOUT ADVOCACY COALITION FOR SUSTAINABLE AGRICULTURE (ACSA)

ACSA is a legally registered national network of Civil Society Organizations (CSOs) which works with smallholder farmers to promote sustainable agriculture, agricultural market development, and environmental conservation and undertakes research and advocacy. ACSA has a membership of 31 CSOs spread country wide in 55 districts with a Mission "to Empower civil society organizations (both Church and church actors) working with smallholder farmers to advocate for favorable agrarian policy environment for sustainable communities" and a Vision of "Smallholder farmers living in a Sustainable Environment". ACSA's focus areas are; Advocacy and Lobbying, Research and documentation, Capacity building of member organizations, Capacity building of ACSA secretariat, Networking and partnership Building, which are undertaken under the overall Goal of: "Relevant agriculture policies and services for Small Holder Farmers (SHFs) are implemented to foster profitable sustainable agriculture enterprises.

2. INTRODUCTION

The Sugar Regulations 2025 of Uganda are a set of rules issued by the Ministry of Trade, Industry and Cooperatives to put into effect and clarify how the country's sugar industry should operate under the existing Sugar Act. These regulations were developed under the framework of the Sugar Act, 2020, and are meant to provide detailed guidance on how the industry should be governed, including matters such as licensing, registration of growers, production standards, and market operations. They were formally tabled before Parliament in October 2025 as part of the government's efforts to bring order, fairness, and increased efficiency to the sector.

3. ABOUT THE SUGAR REGULATIONS 2025

Before the Sugar Regulations, 2025, Uganda's sugar industry suffered from significant governance challenges. The Sugar Act, 2020 created a regulatory body called the Sugar Board, but it was never properly operationalized. This left a regulatory vacuum where licensing, pricing disputes and expansion of mills were often handled inconsistently or not at all, leading to conflicts between sugarcane growers and millers.

The Sugar Regulations 2025 were developed under the Sugar Act, Cap. 42, and officially published in September 2025. They set out detailed rules for how the sugar industry should be run, filling in gaps that existed in the older law. The regulations give clear definitions (such as what qualifies as a sugar "**miller**" or "**out-grower**") and explains how industry activities from licensing mills to registering growers must be done. These regulations also introduce important systems for oversight, including involving the Sugar Industry Stakeholder Council (a body made up of growers, millers, and government officials) in setting policies and guiding industry practice. These regulations work alongside the Sugarcane (Amendment) Act, 2025 to give clearer direction to industry players and help harmonize business practices across the value chain.

4. WHY THE SUGAR REGULATIONS 2025?

- To give effect to the provisions of the Sugar Act, 2020 by prescribing procedures, requirements and standards necessary for the effective administration and regulation of the sugar industry.
- To regulate the establishment, licensing, operation, suspension and cancellation of sugar mills in order to ensure orderly development of the sugar industry and prevent unsustainable expansion.
- To provide for the registration, classification and recognition of sugarcane growers for purposes of planning, coordination and protection of their participation in the sugar value chain.
- To govern the relationship between sugarcane growers and millers, including supply arrangements and contractual obligations, in order to promote transparency, predictability, and fairness in the sugarcane market.
- To safeguard sugarcane growers from unfair trade practices, unlawful deductions, and exploitative arrangements, and to enhance their rights and welfare within the sugar industry.
- To operationalize the functions of the Uganda Sugar Industry Stakeholder Council and provide a framework for coordination, oversight and decision-making among stakeholders in the sugar sector.
- To establish procedures for the resolution of disputes arising between sugarcane growers, millers and other stakeholders in order to minimize conflicts and ensure continuity of operations.
- To provide for inspection, monitoring, compliance and enforcement measures to ensure adherence to the Act and these Regulations.
- To facilitate collection and use of industry data and promote efficient, sustainable, and competitive development of the sugar sector in line with national development objectives.

5. WHAT ARE THE PROPOSED PROVISIONS IN THE REGULATION?

Clause 4: License to Establish & Operate a Mill

No individual or company can set up or run a sugar mill unless they are licensed by the authorities. License refusals can be based on inadequate cane supply, environmental risk, or lack of sustainable resources. This means that if someone wants to open a sugar factory, they must get official permission first.

Clauses 5-9: Application Process, Council Consideration, Minister's Grant

It specifies application forms, required information, Council review procedures and timelines for licenses. People applying for a license must fill forms, provide information and the Sugar Council and Minister will review before granting a license.

Anyone wanting to run a sugar mill must officially apply, giving details about the factory, how they will get sugarcane, and how they will manage the business. The government checks everything before saying yes.

Clauses 10-12: Validity, Supervision, Suspension/Revocation

Licenses are valid for a set time and the sugar council supervises mills. A license can be suspended or canceled if the mill stops production, breaks rules, or fails to follow conditions.

Clause 13: Commencement of Business after License

A licensed mill must start operating within three years after getting permission from the authorities.

Clause 14: Modification of Mill or Plant

A licensed mill cannot expand, reduce or alter its processing capacity without approval from the council. For example, factories cannot change how much sugar they make unless the Sugar Council agrees.

Clause 22: Qualification for registration of out growers

Provides that to register as a sugarcane out grower, a person must be growing cane or plan to start within six months, have at least one hectare of land (or get provisional registration if smaller), have previously supplied a licensed mill and be able to deliver cane. For new or expanding out growers, the Council checks that the mill can handle the cane and that the land is suitable for sustainable sugarcane farming.

Out growers are required to supply all their sugarcane to the registered mill, maintain the land area specified in their registration, and notify the mill and Council at least twelve months before expanding or reducing their sugarcane area. They must enter into a production contract with the licensed mill and provide reports, data, or information to the Council whenever requested.

Clause 23: Deregistration of sugarcane out growers

The Council can deregister an out-grower who fails to follow registration rules, but may first give them time to fix the problem. Once deregistered, the out-grower must stop operating. If unhappy, they can appeal to the Minister within 60 days, who will decide within another 60 days. Deregistered out-growers can later reapply under conditions set by the council.

Clauses 25-26: Sugarcane Pricing & Weighing

Provides that the price paid for sugarcane must be determined strictly in accordance with the statutory pricing formula provided for under the Sugar Act.
Prices must follow the law, and all cane must be weighed in accordance with the law at the mill.

Clauses 27-28: Registration & Permits for Importers/Exporters

Anyone importing or exporting sugar must be registered and have a valid permit.
People who bring sugar into the country or send it abroad must follow the rules and get official permission. This stops illegal sugar from entering or leaving the market.

Clauses 29-31: Inspection, Release, Monthly Returns

Controls physical verification of consignments, release orders, and reporting. Meaning that Sugar consignments are subject to physical inspection and release orders must be issued before sugar enters the market. And also importers/exporters must submit monthly reports of their activities.

Clauses 32-34: Repackaging/Rebranding & Smuggling

Regulates repackaging/rebranding of sugar consignments and prohibits smuggled sugar.
Factories or traders cannot just change sugar packaging or brand without approval. Selling sugar illegally is against the law.

Clause 38: Sugar Industry Agreement

Farmers, buyers, and financiers can make contracts, but these must be registered with the Sugar Council.

6. WHAT THE REGULATION DOES NOT ADDRESS

Smallholder Farmer Inclusion: While registration is required, the regulation does not provide mechanisms to ensure that small-scale or informal farmers are supported, included, or protected, leaving them vulnerable to exclusion.

Timely Payment Mechanisms: There's no provision to guarantee that farmers are paid promptly or fully for their sugarcane, which could affect livelihoods and trust in the system.

Detailed Enforcement Framework: The law lacks a clear, practical framework for monitoring compliance, inspections and penalties at the mill and local level especially for smallholder farmers and emerging mills.

Sustainability: The regulations do not outline strategies for climate-smart or regenerative farming, renewable energy adoption, soil health, or environmental protection which are crucial for the sector's future.

Research and Innovation Support: There's no guidance on supporting research into improved sugarcane varieties, pest and disease management or innovative processing and farming technologies.

Trade and Market Development: The regulations do not specify measures to boost exports, regulate imports strategically or help Uganda compete regionally and internationally.

Institutional Clarity: The roles of local governments, the Sugar Council and other authorities are not fully clarified, particularly regarding dispute resolution and coordination.

Public Awareness: There's no structured plan to educate farmers, cooperatives and private actors about the regulations, their rights and responsibilities.

Financial and Risk Protection: The law does not address mechanisms to protect farmers and small millers from market shocks, pricing disputes or operational risks.

7. WHO ARE THE WINNERS AND LOSERS, AND POTENTIAL IMPACT TO FARMERS, PRIVATE SECTOR, GOVERNMENT AND ITS AGENCIES AND CONSUMERS?

Category	Anticipated Positive Impact/ Pros	Anticipated Negative Impact/ Cons
Farmers	Through mandatory registration of sugarcane growers, farmers become officially recognized by the Sugar Council which strengthens their bargaining position in the country.	Farmers with very small plots, no land titles and are unregistered may be denied access to mills. They are at a risk of being left out of the supply chain and may miss protections under the law.
	The regulation requires that the sugarcane prices be set strictly according to the statutory pricing formula which prevents mills from changing prices and improves income stability for farmers.	Although pricing follows a statutory formula, that formula may not account for rising costs of inputs including fertilizers, labor etc. So the price may be fair but not profitable.
	Licensing of sugar mills is tightly regulated and licenses can be refused if there is insufficient cane supply which prevents situations where mills collapse and leave farmers unpaid. A stable milling sector means reliable market for farmers.	The regulation is weaker on enforcing timely payments to farmers. Farmers may still wait weeks or months to be paid.
	The regulation allows industry agreements between farmers, millers, buyers or financiers. This provides better protection for out-growers and contract farmers who often lack legal power.	Contract registration does not automatically mean the contracts are fair. Farmers may be locked in unfavorable terms.
	Tighter controls on sugar imports, exports, repackaging and smuggling helps protect the local market which supports stable demand for locally produced cane.	Adjusting to the regulation can impose new costs on farmers such as registration fees, compliance with delivery standards and transport to licensed mills. This may be a great burden to remote farmers.
Private sector (millers & investors)	The regulation provides certainty on where an investor should establish a sugar mill. This reduces the risk of investing in the wrong place.	The regulations fix sugarcane prices using a statutory formula, which reduces millers' flexibility to negotiate prices in response to market conditions, efficiency, or seasonal changes, and this can reduce their profit margins.

Category	Anticipated Positive Impact/ Pros	Anticipated Negative Impact/ Cons
Private sector (millers & investors)	The regulation provides protection from market saturation which prevents too many mills chasing the same farmers and enhances profitability and operational efficiency.	Compliance with the regulations raises operating costs due to registration, inspections, reporting, permits, and approval processes which are manageable for large firms but burdensome for small and medium operators hence reducing their competitiveness.
	The statutory pricing formula minimizes conflicts between farmers and mills which increases productivity.	Approval processes involve multiple steps and authorities which can delay investments, increase project costs and lead to missed business opportunities for private firms.
	Improved access to finance. A regulated sector is more attractive to banks and investors. There is better access to credit and insurance.	Strict licensing requirements for establishing or expanding sugar mills limit market entry, create slow response to business opportunities and can discourage private investment especially when approvals are delayed or denied.
	The regulation controls smuggled sugar and unlicensed imports in the country which reduces unfair competition and creates stable markets.	
Government and its agencies	The government benefits by gaining stronger control, coordination, and accountability in the sugar sector, as registration of all actors provides accurate data for better planning, policy-making, enforcement and reduction of informality.	Enforcing the regulations requires significant resources. Monitoring all sugar mills, growers, importers and exporters, inspecting deliveries, reviewing applications, and supervising compliance is costly and labor-intensive. If the government lacks sufficient staff, funding, or capacity, the regulations may be only partially enforced, limiting their intended impact.
	Licensing sugar mills lets the government control investments, prevent overexpansion, reduce conflicts and protect resources which supports national development and sustainability.	Strict rules can slow down investment and expansion in the sugar sector. Delays in licensing, approvals for mill modifications, or export permits may discourage private investors which can reduce economic growth, potential revenue and job creation that the government relies on.

Category	Anticipated Positive Impact/ Pros	Anticipated Negative Impact/ Cons
Private sector (millers & investors)	The regulations also improve revenue collection and fiscal oversight. Formal registration, permits, and reporting make it easier for government agencies to monitor production, imports, exports, and sales, which supports taxation and reduces revenue losses from smuggling and under-reporting.	If farmers or small millers are excluded due to strict registration and compliance requirements, the government may face political pressure or social unrest. This can undermine the perceived fairness of the regulations.
	The regulations set clear rules for pricing, weighing sugarcane, and registering contracts between farmers and millers. This clarity reduces arguments and disputes which supports national development.	
Consumers	Consumers get sugar at fair and more predictable prices since sugarcane pricing is regulated and mills must follow official formulas instead of facing sudden spikes caused by unfair trade.	The rules don't regulate the retail price of sugar or ensure cheaper sugar for households since they mainly focus on mills and farmers.
	Consumers are protected from low-quality, adulterated, or smuggled sugar since mills and sugar shipments are monitored and inspected.	Sugar prices in stores may still be high because the law protects farmer income, not consumer prices.
	Consumers can rely on a steady supply of sugar because mills must meet production standards and cannot operate illegally.	Rules against smuggling and unregistered trade mostly protect the industry, not the consumer. While it may prevent illegal sugar from reaching the market, it doesn't guarantee lower prices or wider availability.

8. KNOW YOUR ROLE IN THE REGULATION

Farmer: The regulation encourages farmers to register with the Sugar Council as official sugarcane growers and supply their cane to licensed mills in accordance with the terms of their signed contracts.

Private sector (exporters, millers): The regulation requires private sector actors to run licensed sugar mills, comply with regulations, pay farmers fairly, register agreements and report activities in the industry.

UNBS and MAAIF: Licensing bodies have the power to monitor and guide farmers and millers on the rules of the Sugar regulation 2025.

Farmer cooperatives: Farmer cooperatives are responsible for organizing and supporting their farmers through facilitating registration, coordinating cane delivery, providing technical and input support, representing farmers in agreements, strengthening their bargaining power and access to resources.

District Local Government: The district local government is responsible for enforcing the regulations locally by registering and monitoring farmers and cooperatives, ensuring compliance, resolving disputes between farmers and millers and supporting extension services.

NARO/NACRRI: Conduct research to develop better sugarcane varieties and farming practices to promote sustainability, higher yields, improved quality and a more resilient sugar industry.

Development Partners and Civil Society: Provide technical & financial support in building strong farmer institutions (groups, associations, cooperatives) with a collective voice and bargaining power in the sugar sector.

9. RECOMMENDATIONS

- Stakeholder Engagement: Strengthen multi-stakeholder platforms with farmers, cooperatives, millers, regulators, establish regular feedback and consultation mechanisms.
- Sustainability: Promote climate-smart and regenerative sugarcane farming practices, including soil conservation, efficient water use and renewable energy adoption.
- Regulation and Compliance: Simplify registration and reporting procedures, strengthen enforcement of pricing, weighing and licensing rules and provide capacity-building for regulatory staff.
- International Trade: Support exporters with clear guidance, facilitate access to regional and global markets and encourage value addition to increase competitiveness.
- Public Awareness: Conduct awareness campaigns and workshops to educate farmers, cooperatives and private actors about their rights, obligations and sustainable farming practices.

Advocacy Coalition for Sustainable Agriculture
P.O Box 21556, Kampala Uganda
Tel: +256 414 670 400
Email: acsa@acsa-ug,org
Web: www.acsa-ug.org

Ministry of Agriculture, Animal Industry and Fisheries
Plot 14-18 Lugard Avenue
P.O Box 102 Entebbe, Uganda
Tel: +256 414 320004
Web: www.agriculture.go.ug