

## **The effects of price fluctuations on production and exports of vanilla crop in Mukono district.**

Omara Thomson. 2006

### **ABSTRACT:**

This dissertation on the effects of price fluctuations on production and export of vanilla crop was carried out in Mukono district. The study adopted both qualitative and quantitative designs in the data collection, analysis and presentation of the findings. Qualitative designs were used in presenting the findings in narrative forms using quotations from respondents, and quantitative methods were used in presenting findings in tabular form and use of graphs for easy interpretation.

The findings indicated that farmers in Mukono produce a variety of crops for home consumption and market purposes, asked on what type of crop farmers produce most, responses indicated that there is high production of vanilla for marketing as compared to other crops, the findings also showed that both farmers and the exporters responded differently to the changes in vanilla prices in that some farmers are withdrawing from the cultivation of vanilla but are willing to scale up their production when the prices start rising up again.

It was also revealed that the vanilla price changes have had more impact into the family set up in terms of brining conflict as a result of reduced income to meet family needs, school fees have become unaffordable as a result of reduced production. It was also discovered that, much as the price of vanilla is not stable in both the local and international markets, there has been continued production though at a reduced quantity for market for survival of farmers. The study found out that marketing of vanilla is mostly done either through middlemen or some farmers export it directly.

It was as well found out that Uganda Vanilla Association is in existence but it is not doing its role as it was established to perform. It was established to, train farmers and exporters on how to handle marketing challenges, market vanilla worldwide on behalf of farmers/producers and sensitize farmers on production and how to go about exporting vanilla directly outside the country without selling to the middlemen, but these are not being

done.

Basing on the study finding, the following recommendations were thereafter made:-

- There should be an established training program for farmers on the production, marketing procedure and processes of agricultural products since these agricultural products are frequently faced with price fluctuations that is why they are complaining a lot about the effect of these price changes onto their farm output.
- Exporters should also be trained on export regulations and how they can competitively capture the foreign export markets other than being out competed by large-scale commercial producers and exporters in other countries.
- Activities of Uganda vanilla Association should be strengthened and clearly made known to both farmers and exporters and registration of members should cut across both parties other than concentrating on only exporters and few prominent farmers. This will reduce the imbalance in promoting and protecting the interests of both farmers and exporters.
- Government should come in and encourage farmers to organize themselves into associations that can have a high bargaining power for the prices of their produce. This should be done through establishment of a price regulatory board that comprises of government officials and the committee members from the farmers associations so established.
- To help save both farmers and exporters from over exploitation, credits and soft loans should be availed to growing commercial farmers to establish processing plants within Uganda here so that before these vanilla are exported out, some value must have been added onto it. This can be done through either reviving of former cooperative societies or even forming new ones so that they are the ones to give out these soft loans to farmers other than them acquiring it from the numerous commercial banks here at high interest rates that may become difficult for them to repay it back thus worsening the situation for both farmers and exporters in the long run.