Foreign Agricultural Service
GAIN Report
Global Agriculture Information Network

Required Report - public distribution

Date: 8/30/2001

GAIN Report #EG1022

Egypt

Solid Wood Products

Annual

2001

Approved by:
Thomas Pomeroy
U.S. Embassy
Prepared by:
Ali Abdi & Sherif Ibrahim

Report Highlights:
Egypt's total lumber imports in 2000 increased by about 6 percent compared to 1999. For the year 2001, softwood lumber imports are expected to decline by 15 percent while hardwood lumber imports are expected to remain about the same level as 2000.

Includes PSD changes: Yes
Includes Trade Matrix: Yes
Unscheduled Report
Cairo [EG1], EG

Consumption and Utilization

With no significant forest production, Egypt imports virtually all of its wood requirements. Total lumber imports (softwood and hardwood) in 2000 are estimated at 2.8 million cubic board or about 6 percent higher than the 1999 level. While softwood lumber imports increased by 7 percent, hardwood lumber imports decreased by about 5,000 CBM. However, for the year 2001, softwood lumber imports are expected to decline by 15 percent while hardwood imports are expected to remain about the same level as last year. The expected decrease in softwood lumber imports are primarily due to the following reasons: (1)There is a general economic slowdown the country and this has led to weak demand in the construction and furniture sectors, which are the primary wood consumers. (2) The government recently (Aug 2001) devalued the pound against the dollar (to LE 4.25/$) in an attempt to put more foreign exchange liquidity in the banking system, and this will likely lead to higher import prices, particularly for hardwood lumber and veneer. (3) Importers are experiencing a credit crunch as banks are being instructed by the government to collect 100% of the value in order to open letters of credit. (4) The increase in utilization of MDF in the furniture sector as a cheap substitute for hardwoods. Egyptian soft and hard wood imports for 2002 are projected to be the same level as 2001, unless the government implements its new mortgage law which may spur the construction sector. However, this is not expected to occur befor the spring of 2002.

Tropical hardwood lumber consumption has been declining in the last several years, with a few small shipments being imported from West Africa mostly for the manufacturing of luxury furniture. Mahogany, Teak, Euroco, Samba and Sabelli are the commonly imported species, but Mahogany is the most preferred choice. Tropical hardwood veneer consumption is also declining due to increased substitution with artificial veneers. Egypt's total veneer imports during 2000 are estimated at 12,000 CBM of this amount about 3,000 CBM was imported from the U.S (mostly red oak). Some veneer importers are considering to import logs for veneer production.

Concrete, rather than wood, continues to be the main building material used in construction in Egypt. Softwoods, including some plywood, are used extensively for scaffolding, forming and joinery. Approximately 70 percent of softwood imports are consumed by the construction industry. The balance is used in making doors, windows and other items including low quality furniture. According to industry sources, about 30% of all redwood is used by the furniture industry, 20 % is used in non-structural construction, 18% in structural construction, 15% for joinery, and 17% for other purposes. About 35%of all imported whitewood is used in concrete forming, 25% for scaffolding, 14% for packaging, 8% in furniture, 6% for joinery and 12% for other purposes. All grades of lumber are used in Egypt. No.2 Grade accounts for about 10% of total imports, No.3 Grade; 15%; No.4 Grade, 30%; No5 Grade 30 %; and NO.6 Grade 15%. A small amount of unsorted grades are used for joinery. These grades are similar to the Scandinavian Grades Nos. 5 and 6, and Russian Grades Nos. 4 and 5.

The most commonly used thickness is 50 mm, but 25 mm, and 75 mm are also used. Most importers prefer to order at least 50% of their shipments with the 50 mm thickness. Four widths dominate the market, and the 200 mm, accounts for approximately 15% of total usage; 175 mm, about 10% of the total; 150 mm is by far the most popular width with some 60% of the total; and 100 mm size takes up about 15% of total usage. The lengths in greatest demand run 2.70 meters and up, usually in increments of 30 cm. The longer lengths clearly dominate the market; a mere 2-3% of total lumber usage include lengths running between 1.80-2.40 meters. The preference for importers and end users alike is for lumber to be imported pre-cut and in rough form, the final size to be determined after kiln drying. Importers and end users normally do not deal in nominal sizes; rather, goods must be invoiced and delivered in actual metric sizes. Moisture content should not exceed 19% at the time of import inspection.

Concerning hardwoods, about 65% of all hardwood lumber imports are of two-inch thickness; and 20% are of one-inch thickness; and 15% are of 1.5 inch thickness. Preferred widths are 15 cm and up. Preferred lengths are normally not be less than 1.8 meters. The grade common #2 for the U.S. oak is normally acceptable in Egypt. There is a preference for the grade common #1 or the "select" grade, but high prices limit the quantity imported.

TRADE

All of Egypt's lumber imports are handled by the private sector. Sweden, Finland, and Russia continue to be the main suppliers of softwood lumber to the Egyptian market. In 2000, Sweden and Finland, together, controlled about 60 percent of the softwood market, while Russia had about 27 percent market share.

Romania, Croatia, Yugoslavia and Greece are the main suppliers of hardwoods to Egypt. In 2000, Romania, continued to be the major supplier of beechwood capturing about 52 percent of total Egyptian imports. About 40% of beechwood import shipments are now directed to the port of Damietta which is the hub of the furniture industry in Egypt. U.S hardwood exports to Egypt in 2000 are estimated at 10,000 CBM compared to 11,000 CBM in 1999. Most U.S. hardwood lumber exports to Egypt consisted of oak in addition to panels and veneers, and small quantities of Ash and walnut. Most buyers import poor quality wood, with about 50 percent below normal exportable quality. The other 50 percent is fairly good quality, and competitive in price. However, a few importers are buying good quality oak from the U.S. According to importers U.S. oak is required for the manufacture of luxury furniture. It is reported that the quality of U.S. oak is better than Yugoslavian oak in addition to being kiln dried and free of insects. Trade sources say that U.S. oak imports come in with moisture content of 8-10 percent as compared to between 20 to 30 percent for Yugoslavian oak.

Importers prefer that all wood shipments be kiln dried, cut in metric sizes, and their name be printed on the side of each bundle. The dimension, length, grade, cubic meters, and number of pieces must be indicated on each bundle. In addition, Egyptian importers do not accept sale contracts made in nominal sizes; rather the wood must be invoiced and delivered in actual sizes with moisture content not exceeding 19 percent at the time of export shipment inspection. Detailed origins in the trade matrix refer to imports into Alexandria port only.

PRICES

Egypt has imported Scandinavian wood for many years with Sweden being the main supplier . As a consequence, the price of Scandinavian wood is often used as a benchmark for comparing the price of softwoods from different origins. In August 2001, the average price of Scandinavian whitewood (SPF) was reported to be about $180 per CBM/C&F , compared to $ 220 per CBM/C&F Alexandria in August 2000. During the same year Russian, Canadian and Chilean white woods were imported at an average price of $140, $130, 130 per CBM, respectively C&F Alexandria. The average price of Scandinavian and Russian wood grades 5 and 6 in August 2001 is between $ 130 and $140 CBM/C&F, compared to $ 170 and $180 CBM/C&F in August 2000 (All prices depending on the quality). It is reported that, low quality Russian grades are being imported at $ 80 CBM/C&F. Romanian Beechwood is being imported at between $ 280/CBM/C&F for long, $230 /CBM/C&F for short and $170 CBM/C&F for super short . These prices are about $ 40 per CBM lower than August 2000. Average prices of imported Oak from the U.S. vary between $300 and $800 CBM/CIF depending on the grade of the imported product. It is reported that the current price (August,2001) for common #2 is about $300/ CBM/CIF, while the price for the common #1 is between $500 and $ 600 CBM/CIF. Appalachian oak is reported being imported at about $800 CBM/CIF. European oak from Yugoslavia is currently being imported for between $290 and $300 CBM/CIF.

Tariffs

The import tariff on lumber is 5%. In addition, there is a 5% sales tax and 3% customs service fee.

MARKETING

The Egyptian wood market, particularly for softwood, is very price sensitive. The main constraint that faces U.S. softwood exports is continued to be the lack of price competitiveness. The Egyptian market has been dominated by Scandinavian and Russian softwoods and most U.S. softwood exporters are unable to meet the prices offered by these countries. In addition, several trial shipments of U.S. softwood that were introduced to the market few years ago were met with a negative reaction from Egyptian end-users due to confusion about grade specification and unrealistic expectations about the quality of lower grades.

Despite the complaints about the quality of U.S oak shipments received by two importers, most importers are satisfied with the high quality of U.S oak. However, the recent slowdown in Egypt's general economy has had a negative impact on the imports of U.S hardwoods. As a result, U.S hardwood imports into Egypt declined about 1,000 CBM from the previous year. According to traders, this situation is expected to continue during the rest of 2001 and 2002. While the market remains price sensitive, there is a segment of importers that is willing to pay for quality products.

PSD Tabls (Softwood)

PSD Table						
Country:	Egypt					
Commodity:	Softwood Lumber					
		2000		2001		2002
	Old	New	Old	New	Old	New
Market Year Begin		01/2000		01/2001		01/2002
Production	0	0	0	0	0	0
Imports	2430	2600	2440	2200	0	2300
TOTAL SUPPLY	2430	2600	2440	2200	0	2300
Exports	0	0	0	0	0	0
Domestic Consumption	2430	2600	2440	2200	0	2300
TOTAL DISTRIBUTION	2430	2600	2440	2200	0	2300

Import Trade Matrix (Softwood)

Import Trade Matrix			
Country:		Units:	
Commodity:			
Time period:			
Imports for	1999		2000
U.S.		U.S.	
Others		Others	
Sweden	895	Sweden	840
Finland	800	Russia	730
Russia	484	Finland	700
Estonia	60	Lativia	83
Lativia	50	Chile	59
Chile	42	Estonia	55
Canada	25	Romania	30
Romania	20	Canada	20
Lithuania	5	Lithuania	12
Total for Others	2381		2529
Others not listed	46		71
Grand Total	2427		2600

PSD Table (Temperate Hardwood)

PSD Table						
Country:	Egypt					
Commodity:	Temperate Hardwood Lumber					
		2000		2001		2002
	Old	New	Old	New	Old	New
Market Year Begin		01/2000		01/2001		01/2002
Production	0	0	0	0	0	0
Imports	235	235	240	240	0	243
TOTAL SUPPLY	235	235	240	240	0	243
Exports	0	0	0	0	0	0
Domestic Consumption	235	235	240	240	0	243
TOTAL DISTRIBUTION	235	235	240	240	0	243

Import Trade Matrix (Hardwoods)

Import Trade Matrix			
Country:		Units:	
Commodity:			
Time period:			
Imports for	1999		2000
U.S.	11	U.S.	10
Others		Others	
Romania	127	Romania	87
Croatia	52	Croatia	52
Yugoslavia	36	Greece/Yugos.	22
Greece	11		
Solvenia	3		
Total for Others	229		161
Others not listed			64
Grand Total	240		235

PSD Table (Tropical Hardwood)

PSD Table						
Country:	Egypt					
Commodity:	Tropical Hardwood Lumber					
		1997		1998		1999
	Old	New	Old	New	Old	New
Market Year Begin		01/1997		01/1998		01/1999
Production	0	0	0	0	0	0
Imports	3	3	0	4	0	5
TOTAL SUPPLY	3	3	0	4	0	5
Exports	0	0	0	0	0	0
Domestic Consumption	3	3	0	4	0	5
TOTAL DISTRIBUTION	3	3	0	4	0	5