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Report Highlights: Restrictions remain on the importation of live cattle from most European countries because of BSE and FMD. Meat import restrictions on European meat have been eased, but requirements raise costs to prohibitive levels. In April 2002, the Ministry of Agriculture suspended the issuing of import licences for beef liver from the U.S., reportedly to review Islamic slaughtering and began to permit importation of water buffalo livers from India. U.S. beef liver exports have dominated the Egyptian market.

Includes PSD changes: Yes
Includes Trade Matrix: Yes
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Production 2
Consumption 3
..... 3
 Prices 3
Trade 4
 PSD Table 5
 Cattle 5
 Import Trade Matrix Animal Numbers 6
 PSD Table 7
 Meat 7
 Import Trade Matrix Meat 7

Production

Egypt's livestock herd population increased slightly in 2001, primarily due to the continuing success of the National Buffalo Project (NBP). The objective of this project is to fatten the maximum number of buffalo calves to a live weight (LW) of 450-500 kilograms in order to reduce the need for importing live animals or frozen meat. In 2001, the NBP accounted for 320,000 heads or about 5% of the total herd. While most cow calves are fattened up to 360-450 Kg (LW), about 60 percent of buffalo calves are slaughtered at 70-80 kilograms live weight for veal production, and the balance are fattened up to 450 Kg. The total number of bovine animals slaughtered for meat in 2000 is estimated at 1,923,000 heads, (893,000 cows and 1,030,000 buffaloes). Total meat production in 2001 is estimated at 437,000 MT and it is expected to increase slightly in 2002, because consumer demand has strengthened with less concern about BSE and FMD.

The major impediment to the development of the livestock sector is the fragmented nature of the national herd. Approximately 90 percent of total cattle and buffalo population is held by small farmers, most of whom own one to five animals. For the most part, these farmers have few financial resources and an inadequate knowledge of animal breeding. In addition because the land base in Egypt is so small, farmers do not have the luxury of permanent pastures, meaning that all animals must be maintained under confined conditions.

Herd improvement through artificial insemination is only practiced in large dairy farms. Many farms currently mix their feed rations on the farm. These rations consist of corn, cottonseed meal, wheat bran and farm by-products (rice straw, rice hulls, beans straw, barely straw), molasses, limestone and, vitamins and salt. According to government feed regulations, growth hormones are not permitted to be used in manufacturing animal feed.

Some of the problems that impact the efficiency of meat production in Egypt rise from the lack of adequate packaging, sanitation, and quality control. Currently, there are 355 slaughter houses in operation in Egypt. Most of these are small one-room operations, but there are eight industrial facilities located in Cairo and Alexandria where about 40% of the slaughtering takes place. Animals are slaughtered according to Islamic requirements (Halal). About 50% of the slaughtered cattle and buffalo, and 60% of the slaughtered calves are killed outside specialized slaughter houses either on farms or in villages.

Consumption

The consumption of red meat in Egypt is comprised mainly of locally produced fresh meat and imported frozen meat. Egyptians prefer beef to other types of meat including poultry and lamb. They also prefer fresh over frozen beef. The poorest segments of the population prefer to buy imported frozen meat because it is cheaper. On the other hand, the more affluent consumer tends to think of imported frozen meat as an inferior product. The exception to this high quality frozen beef imported for high class restaurants. The per capita consumption of red meat is estimated at slightly over 8 Kg/year, which is quite low compared to consumption levels in other countries. The low figure is mainly due to the high price of locally produced meat, and continuing constraints on importation of red meat for direct consumption (e.g., the 7% maximum fat limitation on imported frozen meat) in addition to restrictions imposed on meat imports from the

EU countries.

Imported beef liver is established as a relatively cheap source of protein. It is estimated that about 60 percent of imported livers is sold by street vendors for sandwiches, while 40 percent is consumed at home. Competition to beef livers comes from other sources of comparatively cheap animal protein such as imported frozen fish and low price beef cuts from India and China such as briskets.

Prices

Locally produced buffalo meat currently (June 2002) sells at LE 18 /Kg in public sector stores (cooperatives). Prices in private sector shops for locally produced meat vary between 20 and 32 per Kg (regardless of the type of meat (i.e., beef or buffalo). The prices of imported frozen beef for processing (with maximum fat content of 20 percent) during May -June 2002, are reported to be \$ 1,750 MT/CIF for hindquarters, and \$ 1,500 MT/CIF for forequarters as compared to \$ 2,000 MT/CIF for hindquarters and \$1,600 MT/CIF for last year prices at the same period, while Chinese beef is currently imported for \$ 2,100 per MT/CIF the same as during the same period of last year. Indian Buffalo meat is currently imported for \$ 1,250 MT/CIF compared to \$1,400 MT/CIF during the same period of last year. Imported frozen beef currently retails between LE 9.50 and LE 14 per Kg. Imported frozen beef liver is currently imported at \$950 per MT/ CIF and retails at LE 10 per Kg, compared to LE 30 per Kg for fresh liver.

Trade

Restrictions remain on the importation of live cattle from most European countries because of BSE and FMD. The restrictions have affected Ireland the most. Ireland has been the major supplier of ready-for-slaughter cattle to Egypt (because it is the only European country that can meet Egyptian veterinary regulations). Importation was re-opened in 2002 for imports of meat from Ireland, but restrictions were severe that imports may not be price competitive. One importer tried to purchase a shipment of Irish beef but abandoned the effort, saying the new procedures are too expensive. Australia continues to be the major supplier for beef cattle followed by Romania. Total beef cattle imported in 2001 are estimated at 238,593 head of which 208,469 head from Australia and 21,648 head from Romania. For 2003, imports of beef cattle are expected to be mostly from the same two countries. No dairy cattle imports occurred during 2001. However, 1,000 head of Australian pregnant heifers were imported in early June 2002 reportedly, at import prices between \$1,350 and \$ 1,400 CIF per head with 7,000 liters for first season lactation. Many of Egypt's modern dairy herds were built with imported U.S. Holstein cattle. Until June 2001, U.S. dairy cattle imports were affected by the MOA decree # 1355 of 1998, which required that imported cattle must to be from a country or area declared as Unexotic Bovine Leukosis (EBL) free. Since the U.S. is not declared as EBL free, importation of U.S dairy cattle into Egypt was effectively banned. However, as a result of joint efforts between the U.S. industry, importers, FAS/Cairo, and APHIS, the Egyptian government established new testing requirements which permitted resumption of imports. However, the cost of these (unnecessarily strict) requirements, coupled with other market conditions, made imports economically infeasible. No dairy cattle imports from the U.S have taken place. Egyptian dairy farmers, continue to favor U.S. dairy cattle for their higher milk production (27 Kg/day in their first lactation) compared with 16 Kg/day for other cattle from other sources. According to Egyptian importers, the prices of U.S dairy cattle are currently \$3,000 CIF for non registered and about \$3,300 CIF for registered cattle, or about the double of the landed

price for Australian cattle. As a result, importers are forced to consider imports of less productive animals from other countries such as Australia, Canada and New-Zealand.

Egyptian imports of frozen beef in 2001 declined dramatically and were estimated at 84,507 MT, compared to 141,792 MT in 2000. This decline was due to decree # 1082/2000 issued December 20/2000 by the Ministry of Agriculture which banned imports of frozen meat from all European countries for four months. This decree was extended June 7,2001 for another four months, then extended until the present. The ban followed extensive coverage by the Egyptian media of the public debate over BSE, FMD and Dioxin grew. U.S, Canada, Australia, Paraguay, New-Zealand and certain states in India and China were approved to export meat to Egypt. Since most meat processing factories depend on imported frozen beef as raw materials , it's reported that about 40 percent of meat processing plants are currently closed and the rest are operating at about 50 percent of their capacity.

Currently, the U.S. is not a major beef supplier to Egypt due to the lack of price competitiveness with other exporters as well as a restriction of the maximum fat content to 7% of imported beef for direct consumption. U.S. beef exports to Egypt are limited to high quality cuts with extra trimming mostly for tourist facilities and hotels. Egypt imports about 250 MT of high quality beef from the U.S per year.

In 2001, total Egypt's beef liver imports were estimated at 32,000 MT all from the U.S, about the same level of 2000 imports. In 2002 imports of Indian buffalo liver was permitted and U.S. liver licenses were halted, reportedly because of a desire to review Halal Islamic slaughter procedures. As a result, the wholesale price of imported beef liver increased from LE 6 per Kg to LE 9 per Kg. An Egyptian team will visit the U.S. in July to review Halal slaughter for beef liver. The Egyptian labeling requirements included in the Decree # 465 for 1997 stipulate that exporters must insert the name of the importers inside and outside the products' package restrictions. This increases the costs of the U.S beef livers because U.S. suppliers now have to pack specially for the Egyptian market as well as add insurance cost against rejection. Unlike other meat suppliers, Indian slaughterhouses must pay for Egyptian veterinary teams to be present during the entire slaughter process for every shipment.

PSD Table
Cattle

PSD Table						
Country:						
Commodity:						
		2001		2002		2003
	Old	New	Old	New	Old	New
Calendar Year Begin		01/2001		01/2002		01/2003
Total Cattle Beg. Stks	6300	6280	6350	6387	0	6389
Dairy Cows Beg. Stocks	4160	4148	4200	4150	0	4151
Beef Cows Beg. Stocks	0	0	0	0	0	0
Production (Calf Crop)	2070	2165	2100	2167	0	2168
Intra EC Imports	0	0	0	0	0	0
Other Imports	200	239	180	230	0	225
TOTAL Imports	200	239	180	230	0	225
TOTAL SUPPLY	8570	8684	8630	8784	0	8782
Intra EC Exports	0	0	0	0	0	0
Other Exports	0	0	0	0	0	0
TOTAL Exports	0	0	0	0	0	0
Cow Slaughter	550	560	530	540	0	535
Calf Slaughter	150	163	145	150	0	155
Other Slaughter	1200	1224	1250	1356	0	1358
Total Slaughter	1900	1947	1925	2046	0	2048
Loss	320	350	350	340	0	340
Ending Inventories	6350	6387	6355	6398	0	6394
TOTAL DISTRIBUTION	8570	8684	8630	8784	0	8782
Calendar Yr. Imp. from U.S.	0	0	0	0	0	0
Calendar Yr. Exp. to U.S.	0	0	0	0	0	0

Import Trade Matrix Animal Numbers

Import Trade Matrix		Animal Numbers		
Country:			Units:	1000 MT CWE
Commodity:			Partial Begin:	Jan
			Partial End:	May
Exports for	2000	2001	2001	2002
	Full	Full	Partial	Partial
U.S.				
Others				
Australia	108,805	208,469	75,870	80,365
Germany	34,381	2,378	2,378	
Romania	51,420	21,648	20,998	
Italy				
Hungary	9,914	1,792	1,792	
Ukrania	4,469			
Poland	4,341			
Portugal		1,605		
Indonesia		2,701		
Total for Others	213330	238593	101038	80365
Others not listed			2,260	
Grand Total	213330	238593	103298	80365

PSD Table
Meat

PSD Table						
Country:	Egypt				<-Conversion factor for CWE	
Commodity:	Cattle					
		2001		2002		2003
	Old	New	Old	New	Old	New
Calendar Year Begin		01/2001		01/2002		01/2003
Slaughter (Reference)	1900	1947	1925	2046	0	2048
Beginning Stocks	0	0	0	0	0	0
Production	427	437	442	458	0	460
Intra EC Imports	0	0	0	0	0	0
Other Imports	75	85	130	65	0	75
TOTAL Imports	75	85	130	65	0	75
TOTAL SUPPLY	502	522	572	523	0	535
Intra EC Exports	0	0	0	0	0	0
Other Exports	0	0	0	0	0	0
TOTAL Exports	0	0	0	0	0	0
Human Dom. Consumption	502	522	572	523	0	535
Other Use, Losses	0	0	0	0	0	0
TOTAL Dom. Consumption	502	522	572	523	0	535
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	502	522	572	523	0	535
Calendar Yr. Imp. from U.S.	0	0	0	0	0	0
Calendar Yr. Exp. to U.S.	0	0	0	0	0	0

Import Trade Matrix Meat

Import Trade Matrix		Meat		
Country:			Units:	MTCWE
Commodity:			Partial Begin:	Jan
			Partial End:	May
Exports for	2000	2001	2001	2002
	Full	Full	Partial	Partial
U.S.				
Others				
Ireland	82,147		38,321	
Australia				
Netherlands	23,655		14,224	
Germany	3,913			
France	2,521			
India	25,020	30,667	10,591	24,957
Brazil	1,576	30,950		14,810
U.K	1413			
China		6,226		1,366
Total for Others	140245	67843	63136	41133
Others not listed	1,547	17,157	8,564	1,211
Grand Total	141792	85000	71700	42344