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## Egypt

### Grain and Feed

### Annual

### 2008

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**Report Highlights:**

Wheat imports are forecast to remain around 7.5 million tons through 2008/09, while corn imports are expected to remain at just over 4 million tons. U.S. market share in wheat imports is forecast to rebound to about 40 % in 2007/08. U.S. corn imports will continue to dominate the market. Rice exports are expected to decline during 2007/08, due to local exporters' self-imposed suspension of exports.

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Includes PSD Changes: Yes  
Includes Trade Matrix: Yes  
Annual Report  
Cairo [EG1]  
[EG]

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## PSD Wheat

<b>PSD Table</b> <b>Wheat</b> (1000 HA)(1000 MT)(MT/HA)									
	2006	Revised		2007	Estimate		2008	Forecast	
	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New
Market Year Begin		07/2006	07/2006		07/2007	07/2007		07/2008	07/2008
Area Harvested	1286	1286	1286	1290	1290	1287	0	0	1288
Beginning Stocks	4006	4006	4006	4120	4000	4120	3330	3880	4128
Production	8274	8274	8274	8320	8320	8275	0	0	8277
MY Imports	7300	7300	7473	7000	7350	7528	0	0	7540
TY Imports	7300	7300	7473	7000	7350	7528	0	0	7540
TY Imp. from U.S.	2280	1900	2280	0	2000	2404	0	0	2350
Total Supply	19580	19580	19753	19440	19670	19923	3330	3880	19945
MY Exports	10	0	10	10	0	15	0	0	15
TY Exports	10	0	10	10	0	15	0	0	15
Feed Consumption	50	75	50	50	80	60	0	0	60
FSI Consumption	15400	15505	15573	16050	15710	15720	0	0	15870
Total Consumption	15450	15580	15623	16100	15790	15780	0	0	15930
Ending Stocks	4120	4000	4120	3330	3880	4128	0	0	4000
Total Distribution	19580	19580	19753	19440	19670	19923	0	0	19945
Yield	6.433904	6.433904	6.433904	6.449612	6.449612	6.429681	0	0	6.426242

## Production

Wheat area and production remain relatively stable, and output is projected at just under 8.3 million tons in 2008/09. For the 2008/09 crop, the government has recently announced the procurement price at LE 2,533 per ton (\$460 per ton), hoping to purchase 3 million tons this marketing year. As a comparison, the current landed price for Russian wheat is about \$432/ton, compared to \$218/ton during February 2007.

The total quantity of locally produced wheat sold to the Ministry of Industry and Foreign Trade in 2007/08 is estimated to be 1.7 million tons, compared to 2.7 million tons in 2006/07. This drop in GASC purchasing quantity is due to the higher price offered to farmers by the private sector. The private sector offered LE 1,900 and LE 2,000 per ton while the government procurement price was LE 1,250 per ton. Most observers are skeptical that GASC will achieve its target due to expected higher prices will be offered by the private sector.

## Consumption

Per capita consumption of wheat in 2007/2008 is expected to reach 198 Kg. To keep pace with population growth, a slight increase in total consumption is forecast for 2008/09.

## Trade

Since the beginning of 2007/08 (July 2007) through the end of February 2008, Ministry of Supply (GASC) purchased 5.3 million tons of imported wheat to produce 82 percent extraction flour used for the subsidized baladi bread. This represents about 2 million tons over the quantity imported during the same period last year. The increase in imports by GASC is mainly due to less quantity purchased from local producers coupled with the increased demand for subsidized bread. The budget for the subsidy on baladi bread has had to be increased dramatically due to increased world wheat prices. The budget for the subsidy on baladi bread in 2007/08 is estimated at LE 8 billion (\$1.5 billion) as compared to LE 3.8 billion last year. During the same period, private sector companies purchased 2 million tons of imported wheat to produce 72 percent extraction flour used in the production of high quality flat bread and European type bread, pastries and pasta.

Russia continues to be the largest wheat supplier to the Egyptian market. From the beginning of 2007/08 through the end of February 2008, Russian exports accounted for 49 percent (2,650,000 tons) of Egyptian wheat imports. Although U.S. market share has increased in 2007/08 relative to the previous year, U.S. market share continues to lag below levels of a few years ago. From the beginning of 2007/08 through the end of January 2008, U.S. exports accounted for 46 percent (2,475,000 tons) of wheat imports; and the remainder was imported from Kazakhstan and Canada. U.S. wheat sales may decline through the end of 2007/08. This expected decrease is mainly due to GASC's preference to purchase locally from the private sector importers who in turn favor Black Sea origins. In addition, the Egyptian government is currently negotiating a barter deal with Syria to import 300,000 tons of Syrian wheat against 150,000 tons of Egyptian rice to Syria. Most private sector wheat traders import small vessels from the Black Sea area. In its last tender, dated Feb 2, 2008, the Ministry of Supply purchased 115,000 tons of wheat from Russia at a reported price of LE 2,355 per ton (\$425/ ton), and 30,000 tons of SRWW at a reported price of LE 2,398/ton (\$432/ton).

For MY 2008/2009, Egyptian wheat imports are expected to reach 7.540,000 tons, with GASC projected to import nearly 5.9 million tons, and the rest to be imported by the private sector. This increase in GASC imports is expected because of the increased amount of wheat imported for the production of 82 percent flour. Imports of wheat flour are insignificant and are now limited to international donations such as the 20,000 tons donated by France during this marketing year.

## Trade Matrix

<b>Import Trade Matrix</b> Egypt Wheat			
Time Period	MY 2005/06	Units:	My 2006/07
Imports for:			1
U.S.	1,247	U.S.	2,405
Others		Others	
Russia	2,719	Russia	2,796
Australia	1,143	Canada	602
France	1,292	France	423
Syria	227	Kazakhstan	420
		Ukraine	319
		Australia	188
		Syria	178
		Romania	96
		Bulgaria	46
Total for Others	5381		5068
Others not Listed	571		
Grand Total	7199		7473

## Stocks

The Ministry of Supply and Domestic Trade tries to maintain five months supply of strategic stocks. However, due to limited storage capacity that constrains the government from reaching this target, the strategic stocks are now redefined to include wheat import purchases in the pipeline, usually in the range of three months of annual consumption. Currently, total covered storage capacity for wheat is estimated at one million metric tons, including about 350,000 tons in silos at three different ports, 250,000 tons in inland silos and 400,000 tons in open storage, mostly in metropolitan areas. In addition to government storage facilities, several private sector traders and mills currently have their own receiving and storage facilities, estimated at 500,000 tons.

## PS&amp;D Corn

<b>PSD Table</b> <b>Corn</b> (1000 HA)(1000 MT)(MT/HA)									
	2006	Revised		2007	Estimate		2008	Forecast	
	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New
<b>Market Year Begin</b>		10/2006	10/2006		10/2007	10/2007		10/2008	10/2008
Area Harvested	725	725	717	730	730	720	0	0	725
Beginning Stocks	645	478	645	885	270	670	665	205	665
Production	5940	5940	6149	5980	5980	6174	0	0	6175
MY Imports	4800	4250	4256	4500	4270	4220	0	0	4100
TY Imports	4800	4250	4256	4500	4270	4220	0	0	4100
TY Imp. from U.S.	3517	3800	3198	0	3700	0	0	0	0
Total Supply	11385	10668	11050	11365	10520	11064	665	205	10940
MY Exports	0	0	0	0	0	0	0	0	0
TY Exports	0	0	0	0	0	0	0	0	0
Feed Consumption	8500	8398	8380	8600	8265	8299	0	0	8090
FSI Consumption	2000	2000	2000	2100	2050	2100	0	0	2300
Total Consumption	10500	10398	10380	10700	10315	10399	0	0	10390
Ending Stocks	885	270	670	665	205	665	0	0	550
Total Distribution	11385	10668	11050	11365	10520	11064	0	0	10940
Yield	8.193103	8.193103	8.576011	8.191781	8.191781	8.575	0	0	8.517241

**Production**

The total corn area for the MY 2007/2008 is estimated at 720,000 HA, slightly increased from 2006/2007 level. The small increase in corn acreage is attributed to increasing demand for corn silage for livestock feed production. A further increase in corn acreage is expected in 2008/2009. This expected growth is mostly attributed to the increased price for imported yellow corn. The same factor is expected to lead farmers to switch from rice to corn. In 2007/2008, total corn production is estimated at about 6.1 million tons. For 2008/2009, total corn production is expected to increase and reach 6.2 million tons.

**Consumption and Utilization**

While total corn consumption did not change significantly during the last two years, corn consumption for feed has continued to decrease. In 2007/08 corn feed consumption is estimated at about 8,299,000 tons, compared to 8,380,000 tons in the previous year. The majority of the local corn crop is utilized for animal feed (mostly consumed on farms) and about 1.5 million tons is

used for food purposes (either milled or consumed fresh). Large commercial end-users and feed mills rely on imported yellow corn to meet their requirements.

Corn use in feed is forecast to remain depressed in 2008/09 as the poultry industry is still reeling from Avian Influenza (AI), which began in February 2006. Continued outbreaks in 2008 in backyard flocks and several commercial farms cloud prospects for the industry, and temper expectations for further increases in demand for corn. In addition, as a result of increased international prices for corn, soybean meal and other feed ingredients, coupled with constant output (milk and beef) prices, some dairy farms and feedlots have gone out of business. In 2007/08, about 500,000 tons of locally produced white corn is expected to be delivered to the Ministry of Social Welfare for the production of subsidized baladi bread. In 2008/09, the total white corn delivery is expected to reach 600,000 tons. In addition, there is a small, but growing demand for food products containing corn (snack food). This, in addition to the increase in demand for corn oil, has helped to partially offset the decrease in demand for corn in the feed industry.

As a direct result of AI, and the loss of some dairy and beef farms, use of imported corn by the poultry and livestock sectors is forecast to drop to about 8.09 million tons in 2008/09. However, this drop will be offset by growth in use of imported corn in the processing sector.

## Trade

Total corn imports for 2007/08 are expected to decrease due to the problems mentioned earlier in both poultry and livestock sectors. Total corn imports since the beginning of 2007/08 (October 2007) until the end of December 2007 are estimated at 782,921 tons compared to 918,157 tons during the same period of the previous year. U.S. market share accounted for 75 percent compared to 96 percent in 2005/06 and will continue to dominate the market. Argentina's market share increased against U.S. share in MY 2006/07, supplying 16 percent in 2006/2007 versus 3 percent in MY 2005/06. However U.S. market share is expected to rebound 2007/08, and accounted for 86 percent as of the end of December 2007. For 2008/09, a further decrease in corn imports is expected. Competition from Argentina and other suppliers of yellow corn is expected to continue to be modest in 2008/09; the price gap between U.S. and other suppliers is expected to be marginal.

## Trade Matrix

# Import Trade Matrix

## Corn

Time Period	MY2005 /06	Units:	MY2006 /07
Imports for:			1
U.S.	4,035	U.S.	3,198
Others		Others	
Argentina	128	Argentina	689
Ukraine	9	Ukraine	170
Bulgaria	33	New Zealand	70
		Uruguay	54
		Brazil	31
		South Africa	24
Total for	170		1038
Others			
Others not Listed			20
Grand Total	4205		4256



## PS &amp; D Rice

Rice, Milled (1000 HA)(1000 MT)(MT/HA)									
	2006	Revised		2007	Estimate		2008	Forecast	
	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New
Market Year Begin		10/2006	10/2006		10/2007	10/2007		10/2008	10/2008
Area Harvested	668	668	669	675	675	670	675	675	672
Beginning Stocks	502	502	502	364	255	370	397	438	485
Milled Production	4135	4135	4383	4383	4383	4385	4380	4380	4387
Rough Production	6362	6362	6743	6743	6743	6746	6738	6738	6749
Milling Rate (.9999)	6500	6500	6500	6500	6500	6500	6500	6500	6500
MY Imports	28	0	100	100	100	20	0	100	20
TY Imports	28	0	100	100	100	20	0	100	20
TY Imp. from U.S.	0	0	0	0	0	0	0	0	0
Total Supply	4665	4637	4985	4847	4738	4775	4777	4918	4892
MY Exports	958	1039	1232	1150	1000	900	950	800	947
TY Exports	958	1039	1232	1150	1000	900	950	800	950
Total Consumption	3343	3343	3383	3300	3300	3390	3400	3668	3400
Ending Stocks	364	255	370	397	438	485	427	450	545
Total Distribution	4665	4637	4985	4847	4738	4775	4777	4918	4892
Yield (Rough)	9.523952	9.523952	10.07922	9.98963	9.98963	10.06866	9.982222	9.982222	10.04315

## Production

With irrigation water provided free of charge and a much higher profitability of rice cultivation compared to other traditional summer crops (i.e. corn and cotton), farmers normally exceed the area targeted by the government for rice cultivation, despite the prospect of fines of LE 600/ feddan for those who violate their targeted areas. The government rarely imposes this fine on farmers.

The total rice area for 2007 is estimated at 670,000 HA, about the same as in 2006. However, following a sharp decrease in cotton prices in 2007/08, some farmers are expected to replace cotton with rice. Total rough rice production in 2007 is estimated at about 6.7 million tons. For 2008, total rough rice production is expected to increase slightly.

## Trade

Egypt is a net rice exporter. It imports a very small quantity of high quality name-brand packaged rice to sell in up-scale supermarkets. Rice exports are estimated at 1,231,000 tons during 2006/07. However, for 2007/08, rice exports are expected to decrease to 900,000 tons. This expected decrease in rice exports is mainly due to the recent decision by the Rice Exporter's Association members to stop exporting rice indefinitely. This decision was taken after the consumer price of rice topped 4 Egyptian pounds/Kg, which is equivalent to about \$730/ton, and about 30 percent higher than traditional levels. This increase reflects the high prices for rough rice, which are currently about \$325/ton, compared to about \$220/ton last year. The steep rise in prices has led to allegations that some domestic traders are speculating and storing rice awaiting further price increases. The Association is hoping that the halt in rice exports will result in traders releasing more rice, leading to an easing of prices, or at least that it will stop the increase. No specific time-frame has been set for when exports will resume.

As of September 15, 2007 (the beginning of rice export marketing year) through the end of January, 2008, Egypt exported 370,000 tons, about 100,000 tons less than the same period of last year. Due to this slow pace, plus the announcement of the ban, rice exports in 2007/08 are forecast at 800,000 tons. The current average export price for Egyptian rice is \$500/ton FOB.

## Trade Matrix

### Export Trade Matrix

#### Rice, Milled

Time Period	2005/06	Units:	2006/07
Exports for:			1
U.S.		U.S.	
Others		Others	
Syria	214,445	Syria	215,104
Turkey	153,644	Libya	179,386
Libya	86,903	Turkey	139,912
Ukraine	85,899	Jordan	194,430
Romania	72,425	Saudi-Arabia	61,744
Sudan	63,733	Sudan	56,377
Jordan	41,541	U A E	35,486
Saudi-Arabia	20,145	Ukraine	27,517
Lebanon	19,923	Romania	26,770
Portorico	20,480	Singapore	37,716
Total for	779138		974442
Others			
Others not Listed	260,488		257,203
Grand Total	1039626		1231645

## Consumption and Stocks

Rice consumption is relatively constant, as consumers continue to prefer wheat based products. There is no stock-holding policy, with levels reflecting pipeline supplies.