USDA Foreign Agricultural Service
GAIN Report
Global Agriculture Information Network

Template Version 2.09

Required Report - public distribution

Date: 7/27/2004

GAIN Report Number: EG4016

Egypt

Livestock and Products

Annual

2004

Approved by:
Asif J. Chaudhry
US Embassy

Prepared by:
Fred Giles & Sherif Ibrahim

Report Highlights:
Egyptian live imported cattle and frozen beef declined in 2003 due to the continuing devaluation of the Egyptian pound. In 2004, beef liver imports dropped to 5,000 MT from 33,000 MT in 2003, as a result of the beef ban against U.S. suppliers.

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

Table of Contents

Production

Egypt's livestock sector has shown improvement in recent years despite a dramatic decline in the importation of live cattle. The herd population in 2003 increased slightly due to the continuing success of the National Buffalo Project (NBP). The objective of this project is to fatten buffalo calves to a live weight (LW) of 450-500 kilograms in order to reduce reliance on importing live animals or frozen meat. In 2003, the NBP accounted for about six percent of the total herd. It is estimated that the total number is currently 340,000 heads. 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. The remainder is fattened up to 450 kg. The total number of animals slaughtered for meat in 2003 is estimated at 1,990,000 heads, (656,700 cows and 1,333,300 buffaloes). Total meat production in 2003 is estimated at 440,000 MT, and it is expected to increase to 453,000 in 2004 due to the growth in beef fattening operations and the decrease in meat imports.

The major impediment to development of the livestock sector in Egypt is the fragmented nature of the national herd. Approximately 90 percent of all cattle and buffalo populations are 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. The land base in Egypt is small; therefore, farmers do not have the luxury of permanent pastures. This means all animals must be maintained and fed under confined conditions.

Herd improvement through artificial insemination is practiced on large dairy farms, with farms mixing their own feed rations on site. The rations consist of corn, cottonseed meal, wheat bran and farm by-products (rice straw, rice hulls, bean straw, and barely straw), molasses, limestone, and vitamins and salt. According to government feed regulations, growth hormones are not permitted in the manufacture of animal feed.

The lack of adequate packaging, sanitation, and quality control are some of the problems that impact the efficiency of meat production in Egypt. There are 355 slaughter houses in operation. Most of these are small one-room operations, but there are eight industrial facilities located in Cairo and Alexandria where about 40 percent of the slaughtering takes place. Most slaughtering (50 percent of cattle and buffalo, 60 percent of calves) takes place in farms or in villages, not in specialized slaughter houses.

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 consumers tend to think of imported frozen meat as an inferior product. As a result, the consumption of imported meat for this group tends to go down as incomes rise. 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 the importation of red meat for direct consumption (e.g., the seven percent maximum fat limitation on imported frozen meat).

Imported beef liver is positioned as a relatively cheap source of protein. It is estimated that about 60 percent of imported livers are 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 Uruguay and Brazil and briskets from the European Union. However, in December 2003, Egypt banned the importation of beef and beef products including ruminants, due to the BSE case found in Washington State. Several other countries placed an immediate ban on the importation of U.S. beef products, including shipments already on the water. This lead to trade disruption in several U.S. beef export markets. The Office of Agricultural Affairs provided up-to date information about the situation in the United States to Egyptian regulators and convinced them to allow entry of U.S. beef products already in transit. This action saved millions of dollars for U.S. exporters. As a result of this ban, the wholesale price of imported beef liver increased recently from LE 8 per kg to LE 15 per kg from South American countries, and the retail price increased from LE 10 to LE 9/kg.

Prices

Locally produced buffalo meat currently (July 2004) sells at LE 22 per kg in public sector stores (cooperatives). Prices in private sector shops for locally-Produced meat vary between LE 27-38 per kg (regardless of the type of meat (beef or buffalo). Prices of imported frozen beef for processing (with maximum fat content of 20 percent) during May-June 2004, are reported at $1,750 per MT/CIF for hindquarters, and $1,500 per MT/CIF for forequarters as compared to $1,700 per MT/CIF and $1,500 per MT/CIF respectively, for the same period last year. The importation of Indian buffalo meat is banned by the Ministry of Agriculture due to frequent SPS violations. Imported frozen beef from South American countries currently retails at between LE 15 and LE 17 per kilogram. Imported frozen beef liver from Argentina and Brazil is currently imported at $950 per MT/CIF and retails at LE 18-19 per kg, compared to LE 35 per kg for fresh liver.

Trade

With restrictions still in place for most European countries due to BSE and FMD, the devaluation of the Egyptian pound, and the severe shortage of foreign exchange live imported cattle have become uncompetitive with local production. From Australia alone, total beef cattle imports, total beef cattle imports were 5,000 heads in 2003, compared to 153,000 heads in 2002.

For the first half of 2004, no beef cattle imports occurred. Imports of beef cattle are expected to remain the same through out the year. The same applies to dairy cattle. No dairy cattle imports occurred during 2003 or the first half of 2004. Until June 2001, U.S. dairy cattle imports were affected by the MOA Decree # 1355/1998, which requires imported cattle must to be from a country or area declared as Unexotic Bovine Leukosis (EBL) free. Since the United States 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 officials, importers, FAS Cairo, and APHIS, the Egyptian government decided to allow the importation of breeding cattle come from bios cured farms under the supervision of Egyptian veterinary authorities. To date, no dairy cattle imports from the United States have taken place due to cost constraints. 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 cattle from other sources. The high prices of U.S. dairy cattle are currently $3,000 CIF for non registered and $3,300 CIF for registered cattle. This is almost double the landed price for Australian dairy cattle. The occurrence of BSE in the United States has forced importers to seek alternative sources.

Egyptian imports of frozen beef in 2003 declined to an estimated 93,000 MT, compared to 107,792 MT in 2002. This decline was due to the continuing devaluation of the Egyptian pound which made imports more expensive. Brazil and Argentina continue to be the major suppliers of imported frozen meat to Egypt. Meat processing facilities that rely on imported frozen imports continue to run short on supply. Industry sources indicate that 40 percent of these facilities have closed and the remaining facilities are operating at about 50 percent of their capacity.

Currently, the United States is not a major beef supplier to Egypt. This is due to lack of price competitiveness, and also a government imposed restriction that fat content be no more than seven percent on 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 usually imports about 1,000 MT of high quality beef from the United States every year.

In 2003, Egypt's total beef liver imports declined to an estimated 32,728 MT practically unchanged from 2002 levels. The United States was the sole supplier in 2003. However, in 2004 imports of beef liver dropped to 5,000 MT, (all coming from Brazil and Argentina) due to the beef ban against U.S. suppliers.

PSDTable Cattle

PSD Table

Country: Egypt

Commodity: **Cattle**

	2003		2004		2005	
	Old	New	Old	New	Old	New
Calendar Year Begin		**01/2003**		**01/2004**		**01/2005**
Total Cattle Beg. Stks	6400	6400	6438	6440	0	6319
Dairy Cows Beg. Stocks	4160	4170	4180	4186	0	4190
Beef Cows Beg. Stocks	0	0	0	0	0	0
Production (Calf Crop)	2200	2205	2215	2217	0	2220
Intra EC Imports	0	0	0	0	0	0
Other Imports	100	5	100	0	0	50
TOTAL Imports	100	5	100	0	0	50
TOTAL SUPPLY	8700	**8610**	8753	**8657**	0	**8589**
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	528	530	540	528	0	530
Calf Slaughter	154	160	155	170	0	175
Other Slaughter	1280	1300	1358	1360	0	1365
Total Slaughter	1962	1990	2053	2058	0	2070
Loss	300	280	300	280	0	270
Ending Inventories	6438	6340	6400	6319	0	6249
TOTAL DISTRIBUTION	8700	**8610**	8753	**8657**	0	**8589**
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:	**Egypt**		Units:	1000 MT CWE
Commodity:	**Cattle**		Partial Begin:	Jan
			Partial End:	May
Exports for	**2002 Full**	**2003 Full**	**2003 Partial**	**2004 Partial**
U.S.				
Others				
Australia	152,870	5,000	3,000	0
Germany				
Romania				
Italy				
Hungary				
Ukrania				
Poland				
Portugal				
Indonesia				
Total for Others	152870	5000	3000	0
Others not listed				
Grand Total	152870	5000	3000	0

PSD Table Meat

PSD Table

Country:	**Egypt**				<- Conversion factor for CWE	
Commodity:	**Cattle**					
		2003		**2004**		**2005**
	Old	New	Old	New	Old	New
Calendar Year Begin		**01/2002**		**01/2003**		**01/2004**
Slaughter (Reference)	1962	1990	2053	2056	0	2070
Beginning Stocks	0	0	0	0	0	0
Production	432	440	452	453	0	455
Intra EC Imports	0	0	0	0	0	0
Other Imports	70	93	75	70	0	75
TOTAL Imports	70	93	75	70	0	75
TOTAL SUPPLY	502	533	527	523	0	530
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	533	527	523	0	530
Other Use, Losses	0	0	0	0	0	0
TOTAL Dom. Consumption	502	533	527	523	0	530
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	502	**533**	527	**523**	0	**530**
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:	**Egypt**		Units:	MTCWE
Commodity:	**Cattle**		Partial Begin:	Jan
			Partial End:	May
Exports for	**2002 Full**	**2003 Full**	**2003 Partial**	**2004 Partial**
U.S.		1,070		
Others				
Ireland				
Uragway	3,530			30,000
Netherlands				
India	32,847			
Brazil	44,311	80,877	50,369	5,000
China	21,963			
Argantina		9,042	3,253	
Total for Others	102651	89919	53622	35000
Others not listed	5,321	2,011	4,854	
Grand Total	107972	93000	58476	35000