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**Report Highlights:**

In market year (MY) 2022/23, cotton area harvested is forecast to increase 14 percent to 97,000 hectares (ha), from 85,000 ha in MY 2021/22. Post estimates MY 2022/23 production at 320,000 bales compared to 280,000 bales in MY 2021/22. Public spinners are still under renovation, limiting domestic use. However, Egypt plans to set up the world's largest spinning and weaving factory in Mahalla al-Kubra, at a cost of about EGP 900 million (\$57 million).

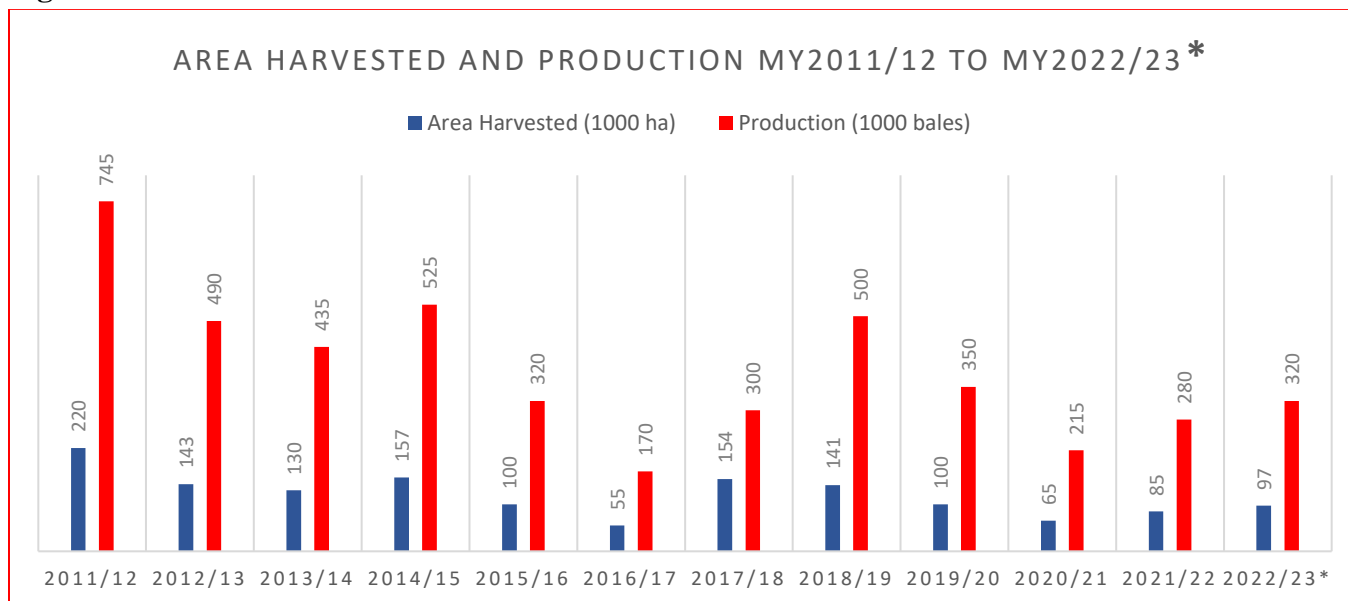
## Production

FAS/Cairo (Post) forecasts MY 2022/23 cotton area harvested to increase 14 percent to 97,000 hectares (ha), up from 85,000 ha in MY 2021/22. Post estimates MY 2022/23 production at 320,000 bales compared to 280,000 bales in MY 2021/22 (See Figures 1 and 2).

The increase in harvested area is mainly due to higher cotton demand in 2021, which has remained high into 2022. This led to a surge in prices, which incentivized farmers to continue planting cotton.

In early 2021, international cotton prices were \$1.03/libra and rose to \$1.95/libra (Note: 1 libra equals approximately one-third kilogram (KG)). Currently, the international cotton prices are \$2.27/libra. Similarly, Egyptian cotton prices at the start of 2021 were 1,900 EGP/quintar (\$120) for the long staple varieties. By the end of the season, cotton prices reached 2,500 EGP/quintar (\$160). This year, cotton prices in Egypt increased nearly 100 percent, with the upper-long staple varieties currently at 5,000 EGP/quintar (\$320). Lower-long staple cotton reached 3,000 EGP/quintar (\$192) (Note: 1 quintar equals 50 KG of lint cotton).

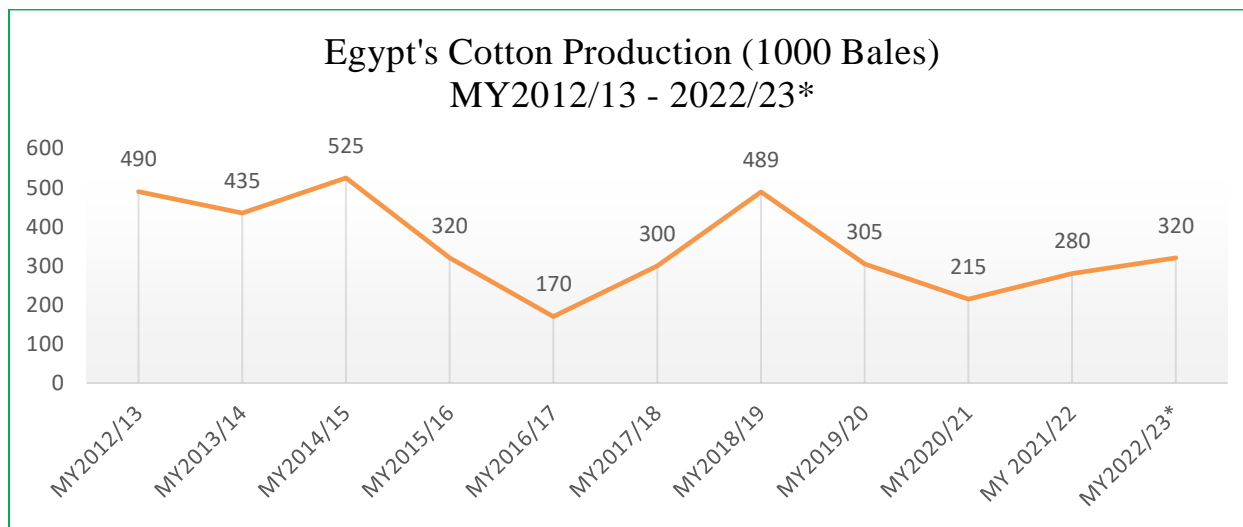
**Figure 1: Area Harvested and Production**



Source: FAS/PSD, \*FAS forecast

In MY 2018/19, improved cottonseed varieties pushed yields upward, while during the same period area harvested increased to 141,000 ha. This is compared to just 55,000 ha in MY 2016/17. The improved seed varieties produced an extra two quintar per feddan, or 0.17 bales/ha. As a result, supply outstripped demand, forcing prices down to 2,050 EGP/quintar (\$567/bale) in March 2019. Due to these low prices, farmers and industry decreased production in MY 2019/20 in order to raise prices and preserve the industry's reputation as a supplier of high-quality cotton. However, prices remained low. Average price averages that year were 2,100-2,300 EGP (\$133-\$146) for extra-long varieties and 1,900-2,100 EGP (\$120-\$133) for long-medium staple cotton.

**Figure 2: Egyptian Cotton Production**

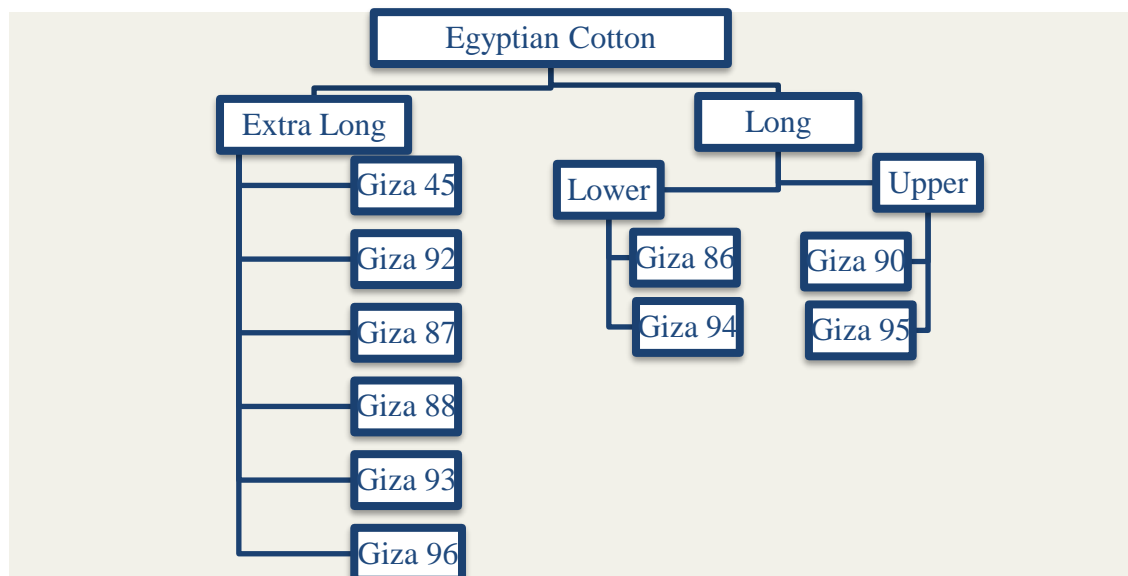


Source: FAS\PSD, \*FAS Forecast

### ***Egyptian Cotton Varieties***

The Cotton Arbitration and Testing General Organization (CATGO), which is affiliated with the Egyptian government, identifies ten different varieties of cotton that come under two categories: Extra Long Staple (ELS) cotton and long staple cotton. Long staple cotton is divided into lower-long staple varieties that grow in the Delta region and upper-long staple varieties that grow in Upper Egypt. However, traders and industry identify and market the upper-long staple cotton as medium staple cotton, as it is used to produce the same type of yarns that Upland produces. Figure 3 shows the different Egyptian cotton varieties.

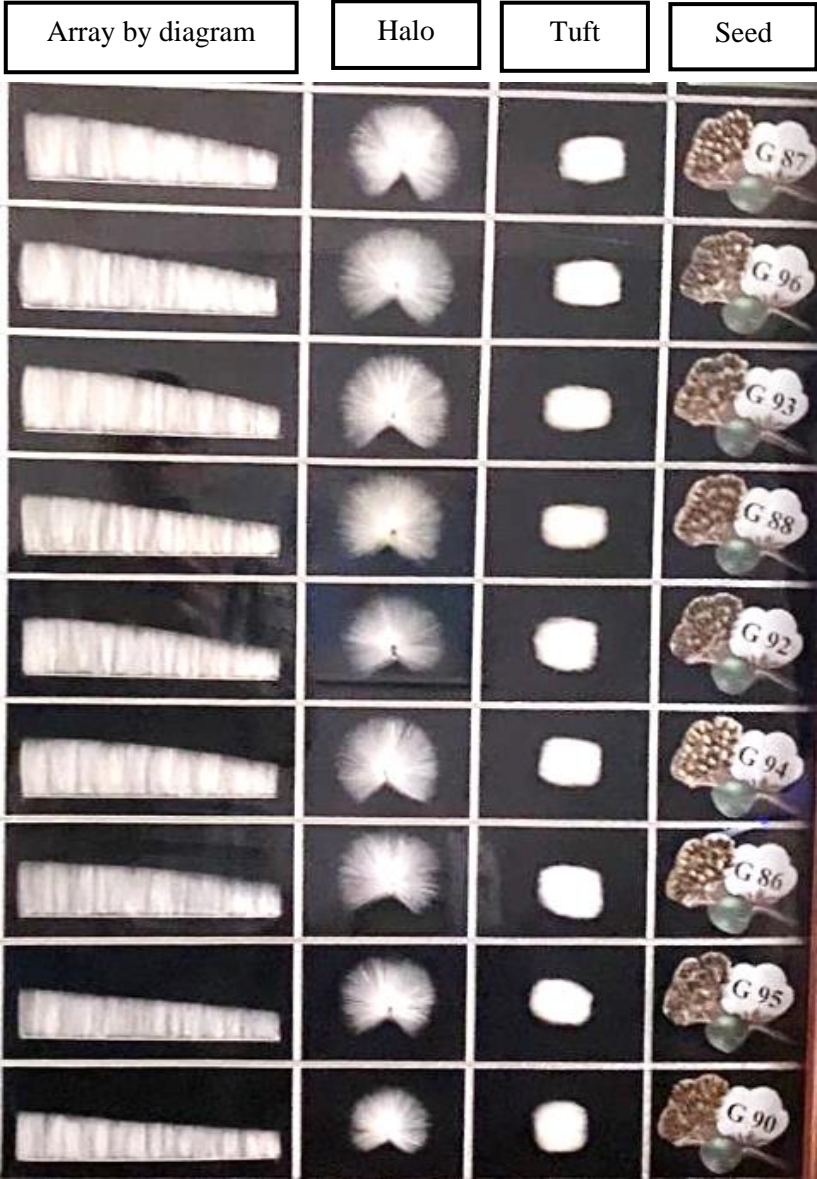
**Figure 3: Egyptian Cotton Varieties:**



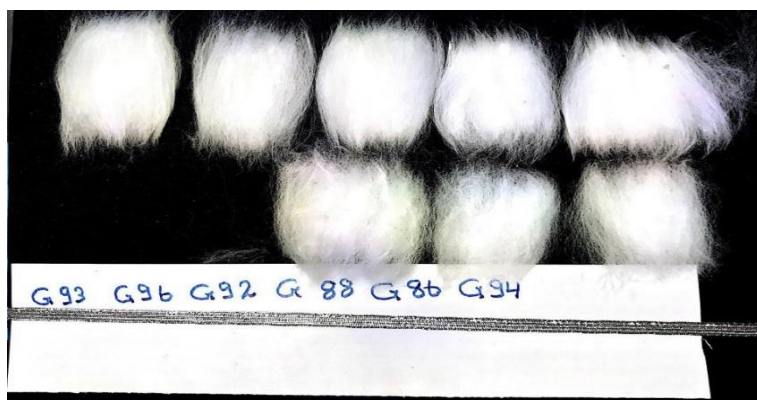
Source: FAS Cairo

Typically, two months before the onset of the annual planting season, the Minister of Agriculture issues a decree that identifies the cotton varieties allowed for planting by region. According to this decree, each variety must be grown only in the specified areas. The varieties of extra-long staple cotton include Giza 45, 87, 88, 92, 93 and 96. The varieties of long staple cotton include Giza 86, 94, 97 (a relatively new variety cultivated in very small areas), 90, and 95. Giza 86 and 94 are the long staple varieties that grow in the Delta region, while Giza 90 and 95 are the upper-long staple varieties grown in Upper Egypt. Figure 4 shows images of the different Egyptian cotton varieties.

**Figure 4: Images of the Egyptian cotton varieties:**



Source: CATGO



Source: CATGO

### ***Egyptian Cotton Prices Updates***

Previously, the government provided cash payments to the textile industry, which allowed them to pay a government-announced price for Egyptian cotton. Through a reform of that system, the government now announces an indicative price before the planting season commences. The indicative price is a subtle attempt to urge the textile industry to buy cotton from farmers at the indicative price; however, it is not a price support or commitment from the government to buy the crop.

In MY 2021/22, the government did not announce indicative prices for cotton. Giza 95 cotton reached 3,500 EGP (\$230)/quintar. Giza 94 started off at 4,800 EGP (\$305) and has now reached 5,600 EGP (\$357)/quintar. Prices for Giza 86 reached 5,500 EGP (\$350)/quintar. As for Giza 92, prices ranged from 5,300-6,060 EGP (\$337-\$385)/quintar. (See Table 1: Cotton Prices in MY 2020/21 and MY 2021/22 and Percent Change).

For the first time, in MY 2019/20 the government did not announce indicative prices, which had adverse effects on MY 2020/21 cultivation. In MY 2020/21, the government again did not announce an indicative price, and the prices varied widely throughout the season.

Prices for Giza 95 ranged from 1,600 EGP (\$102) at the beginning of the season to 2,100 EGP (\$134)/quintar at the end of the season. Giza 94 started off at 1,800 EGP (\$115) and reached 2,850 EGP (\$157)/quintar. The prices for Giza 86 ranged from 1,820-2,450 EGP (\$115-\$157)/quintar. As for Giza 92, prices ranged from 1,980-2,700 EGP (\$126-\$172)/quintar.

Post anticipates that in MY 2022/23, farmers will respond to higher returns by increasing the area harvested and production. Table 1 illustrates the price changes from MY 2020/21 to MY 2021/22.

***Table 1: Cotton Prices in MY 2020/21 and MY 2021/22 and Percent Change***

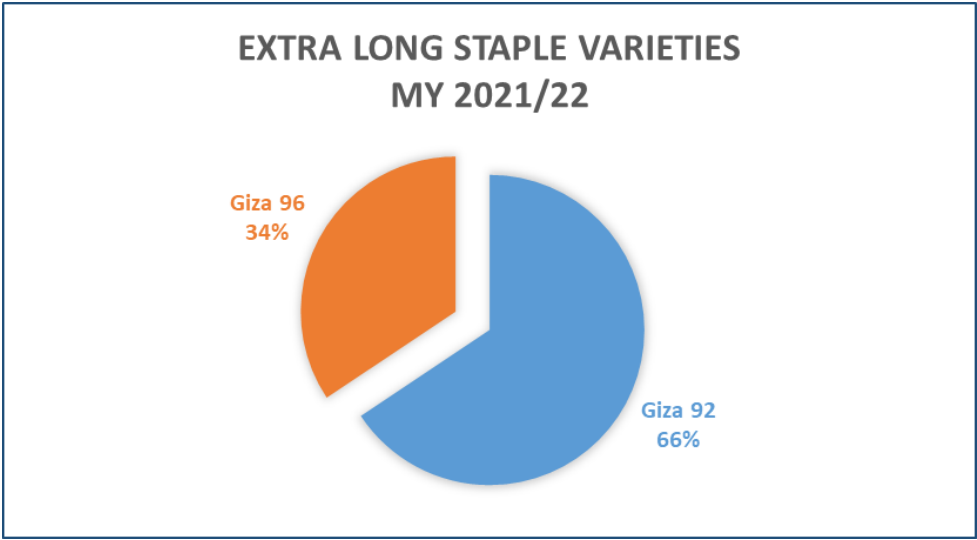
	<i>MY 2020/21 Price per Bale in EGP</i>	<i>MY 2021/22 Price per Bale in EGP</i>	<i>Percent Change</i>
<b><i>Extra-Long Staple Varieties</i></b>	11,349	23,690	+208%
<b><i>Long-Staple Varieties</i></b>	10,476	20,160	+192%

In MY 2021/22, four varieties of the six extra-long staple varieties were cultivated. The cultivation was around 5,000 ha, and Giza 92 was the dominant variety planted at 65 percent of the total ELS cultivations, followed by Giza 96 at 34 percent.

Of the lower-long staple varieties grown in the Delta region, Giza 94 is the most widely grown, accounting for 80 percent, or 75,607 ha, compared to 56,520 ha in MY 2020/21. Giza 86 accounts for 12.5 percent of Egypt’s total cotton production, or 11,740 ha, compared to 10,000 ha in MY 2020/21.

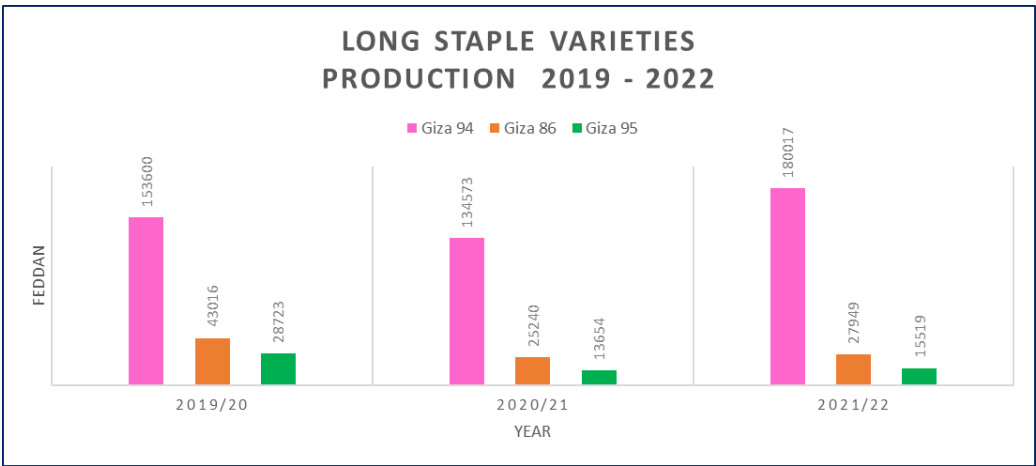
Of the upper-long staple varieties grown in Upper Egypt, which are generally used as medium staple cotton, Giza 95 is the most widely grown, accounting for 6.9 percent of Egypt’s total cotton production with a total area of 6,517 ha, compared to 5,700 ha in MY 2020/21 (See Figures 5 and 6)

**Figure 5: Area of Cotton Varieties Planted for ELS Varieties**



Source: CATGO

**Figure 6: Area of Cotton Varieties Planted for LS Varieties**



Source: CATGO

### ***Government Efforts to Improve Cotton Quality***

In 2017, the Egyptian government took control of the production and distribution of cottonseed, which in the past was handled by the private sector. The government was forced to intervene, as Egyptian cotton's reputation and quality had deteriorated significantly due to a lack of effective quality assurance systems by local seed companies that resulted in inferior, mixed variety output.

The quality and the physical properties of the MY 2018/19 cotton harvest improved significantly, and improved again in MY 2019/20 as a result of the government's intervention. Analysis on the physical fiber properties of Egyptian cotton varieties released by CATGO confirmed that the length, strength, firmness, color, trash count and maturity continued to improve in cotton produced through MY 2021/22.

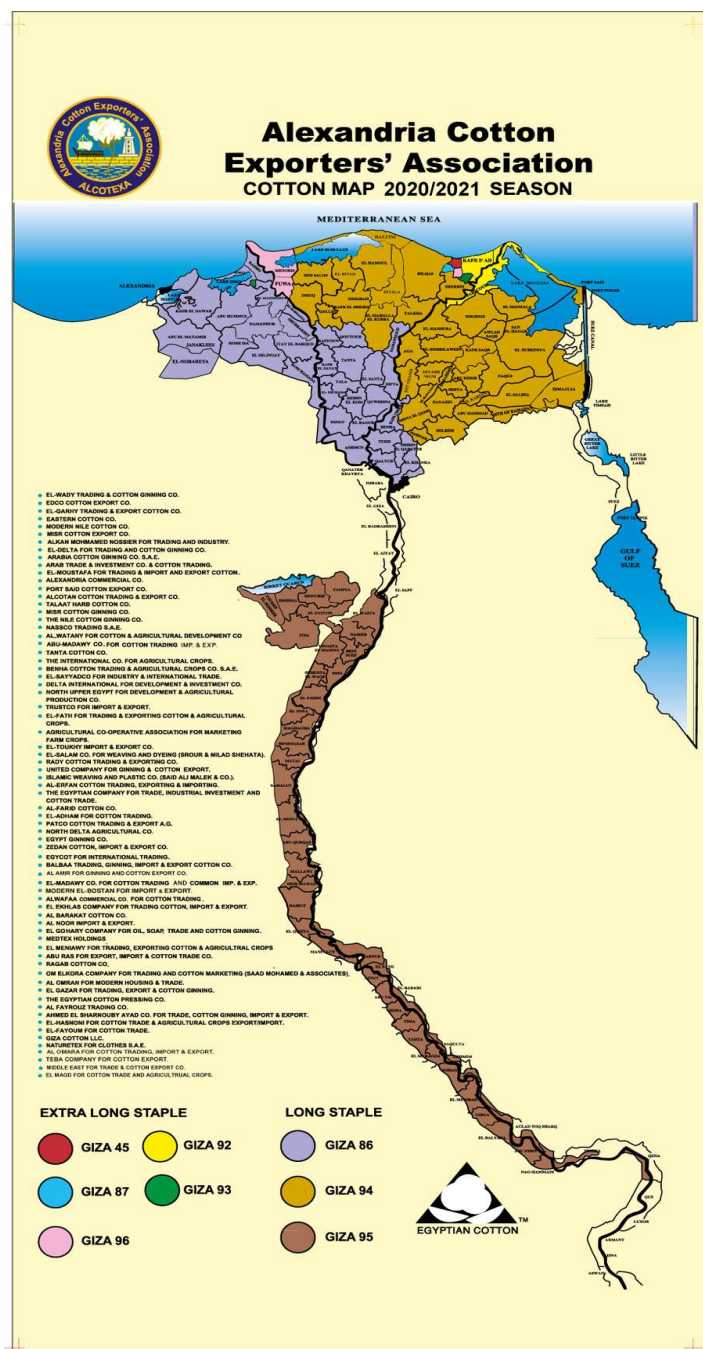
### ***Cotton Production Policy Revised***

In early 2017, the government announced the 19-Step Plan, an effort aimed at reversing the Egyptian cotton industry's decline. More information on the reform efforts is available [here](#). The Ministry's efforts have been largely successful, and have:

- Provided high quality seeds to increase yields and quality: The length, strength, firmness, color, trash count and maturity all improved in cotton produced in MY 2018/19. The better-quality seeds were also reflected in the increased yield per area cultivated.
- Developed the local spinning and weaving industries: Industry contacts indicate that the government used the expertise of a foreign consulting agency to conduct a feasibility study and provide recommendations on means to develop spinning and weaving facilities. The recommendations include vertical integration of spinning and weaving, as well as updating existing equipment.
- Helped to encourage the use of good agricultural practices.
- Prepared annual economic studies that determine the production area needed based on demand. The Ministry's decision to decrease the planted area for the first time in MY 2019/20 is a response to this effort, given the decrease in prices in MY 2018/19.



Figure 7: Cotton Map 2021/22



Source: ALCOTEXA



## **Consumption**

Post forecasts MY 2022/23 consumption to decrease nine percent, or 50,000 bales, to 500,000 bales. Post attributes the decrease in local consumption to the decline in demand from public spinners due to the renovation program the Egyptian government recently initiated, which are not operating at full capacity. Additionally, local prices are considerably higher than imported cotton.

Local media continues to report on Egypt's plans to set up

<https://gcc02.safelinks.protection.outlook.com/?url=https%3A%2F%2Fegyptindependent.com%2Fegypt-to-establish-worlds-largest-textile-factory-in-mahalla%2F&data=05%7C01%7C0marSR%40state.gov%7C0f5500a8685a48ae392308da2202d0b7%7C66cf50745afe48d1a691a12b2121f44b%7C0%7C1%7C637859692737575881%7CUnknown%7CTWFpbGZsb3d8eyJWljiMC4wLjAwMDAiLCJQIjoiV2luMzliLCJBTiI6IjEhaWwiLCJXVCi6Mn0%3D%7C3000%7C%7C%7C&sdata=it4duCjxkBJC6sF0ZILTzS60MiQ74j6g4560TqGB0Tg%3D&reserved=0>

a large spinning and weaving factory in Mahalla al-Kubra, at a cost of about EGP 900 million (\$57 million). More information on the media report is available [here](#). However, there is no reporting on the status of the project. The project, if finalized, will mark a major step towards further developing the Egyptian textile industry by investing more than EGP 21 billion (\$1.3 billion) over two years. There are still plans to develop similar factories in Cairo, Kafr al-Dawar, and the Delta region in the future.

Most of the domestic cotton consumed locally is upper-long staple varieties, whether Giza 90 and 95 produced locally or varieties imported from Greece, Burkina Faso, Benin, and Sudan. Some spinners use Egyptian extra-long and long staple varieties, while others depend on imported U.S. Pima cotton upon requests from their international buyers.

## **Trade**

### ***Imports***

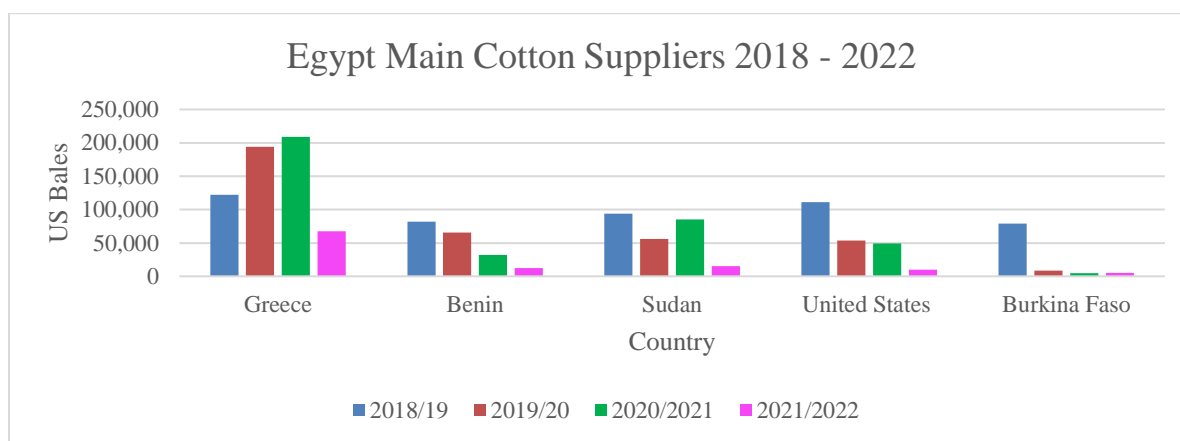
In MY 2022/23, cotton imports are forecast to remain unchanged at 550,000 bales. Post attributes this stability to continued decreased demand of domestic use due to the renovation of public spinners, as previously discussed.

Cotton import demand does not solely depend on domestic production levels. Egypt's spinners need certain qualities and specifications that imports provide and are not available in domestic supplies. This season, along with the higher prices of domestic cotton, traders and yarn manufacturers prefer to source their needs from abroad.

In MY 2021/22, Greece, Benin, Sudan, the United States, and Burkina Faso were Egypt's main cotton suppliers and are expected to remain the same in MY 2022/23.

Local traders and yarn manufacturers appreciate the quality of U.S. Pima and upland cotton. One of the biggest domestic yarn manufacturers told Post that even with the relative high prices of imported Pima cotton, his yarn importers in Europe are requesting yarn produced from Pima cotton and are willing to pay a premium due to its high quality. However, the high shipping costs of U.S. origin upland cotton has led traders and yarn manufacturers to source from neighboring countries like Greece and Sudan, as well as West African suppliers.

**Figure 8: Egyptian Cotton Imports MY 2018/19 to MY 2021/22**



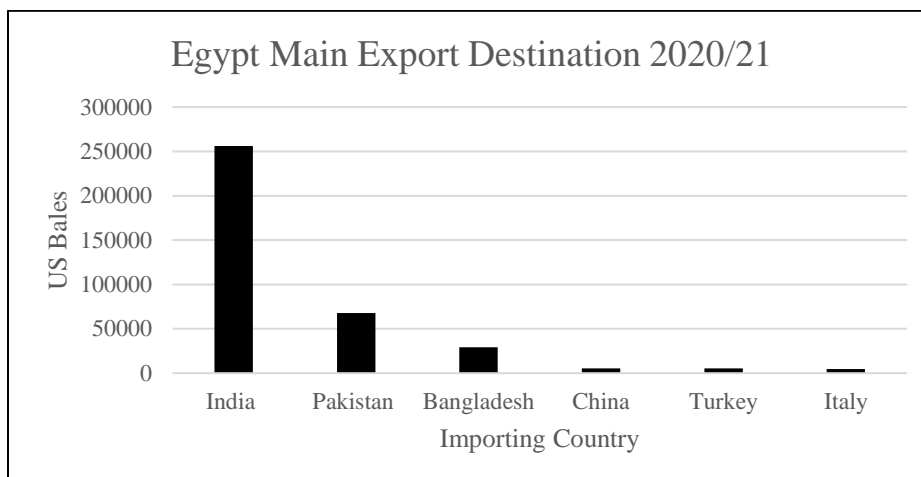
Source: Central Administration for Plant Quarantine (CAPQ)/GATS

### **Exports**

Post forecasts Egypt's total lint exports in MY 2022/23 to decrease by six percent, or 20,000 bales, to 300,000 bales. In MY 2021/22, the exports of cotton lint were higher than expected. In July 2021, Post revised export quantities to 320,000 bales from the initial projection of 260,000. Post attributed this increase mainly to higher cotton demand in 2021 as result of pandemic shutdown recovery. The demand is still high, though stabilizing, and is why exports are forecasted higher than normal, but slightly less than last year.

In MY 2021/22, India remains the number one importer of Egyptian cotton, with Pakistan, Bangladesh, Turkey, and Italy also importing Egypt's production (See Figure 9).

**Figure 9: Egypt Main Cotton Export Destinations from September 2020 – September 2021**



Source: Alexandria Cotton Exporters' Association (ALCOTEXA)

In MY 2021/22, Egypt mainly exported lower-long staple varieties. Out of the long staple varieties exported, 70 percent was Giza 94 and 14 percent was Giza 86. Upper-long staple variety, Giza 95, made up 13 percent of the total long staple varieties exported.

In MY 2020/21, Egypt mainly exported long staple varieties grown in Lower Egypt in comparison to seasons before 2017/18, where more upper varieties were exported. In MY 2019/20, out of the long staple varieties exported, 75 percent was Giza 94 and 19 percent was Giza 86. Four percent of the total exports were extra-long staple, mainly Giza 92 and Giza 96.

The Egyptian Ministry of Industry and Trade (MoIT) and the Alexandria Cotton Exporters' Association (ALCOTEXA), owners of the Egyptian Cotton trademark logo (See Figure 10), formed the Cotton Egypt Association (CEA). The purpose of the CEA is to improve the marketing and image of Egyptian cotton through the licensing of their logo. Licensing of the logo is intended to certify the authenticity of Egyptian cotton through DNA analysis, in an effort to prevent fraud and ensure consumers are purchasing genuine Egyptian cotton products.

To accomplish this, CEA established a monitoring system covering the entire supply chain of their licensees. The organization monitors the quantities purchased and sold by each licensee, mapping their sales and establishing a traceability system. They verify and ensure that quality and standards in using the logo are met and conduct random audits to licensee premises. Moreover, CEA checks websites that promote Egyptian cotton products and works to notify them of their proper usage. CEA regularly collects samples of products that are promoted as Egyptian cotton from retailers, tests them, and follows up with the manufacturers and retailers if issues arise.

**Figure 10: Egyptian Cotton Logo**



The contract signed by MoIT and ALCOTEXA with CEA – that gave the latter the sole rights to market the Egyptian Cotton logo – ended in June 2017. ALCOTEXA’s expressed concerns after CEA licensed the Egyptian cotton logo to an Indian company that was accused of misusing the Egyptian cotton label. It is not clear if MoIT will renew the contract with the CEA, though sources indicate it is in favor of its renewal, as it feels that the licensing of the Indian company was a prudent business decision.

### ***Trade Policy***

Importers must apply for an import permit from the Ministry of Agriculture and Land Reclamation (MALR) Central Administration for Plant Quarantine (CAPQ), which is valid for one year. Egypt imposes zero import tariffs on raw cotton and cotton lint (HS: 520100) and 5 percent import tariffs on carded or combed cotton (HS: 520300).

According to CAPQ regulations, importers should request import permits before importation, identifying the port of entry and date of arrival to reserve the equipment required for fumigation. In addition, the shipment must be accompanied by a fumigation certificate from the quarantine authorities at the port of origin less than three months from the date of issuance to the date of arrival. If the three-month validity period is exceeded, the shipment must be returned to its origin and the fumigation should be repeated, or the product may be re-exported to a third destination.

Egypt’s cotton import regulations stipulate that imported cotton should be free from whole or broken seeds and foreign materials (Annex 15: of the Egyptian Plant Quarantine Rules & Regulations: Ministerial Decree 562/2019 attached, Annex1). When a shipment is found to have whole or broken seeds, even if one seed is found in baled cotton, it will not be released. The importer can either destroy it under the supervision of CAPQ, re-export it to another destination, or return it to the country of origin. If the importer decides to re-export, CAPQ issues to the importer a certificate stipulating the reason for its rejection, which would need to be presented to authorities at the final port of destination.

Egypt also requires that cotton exported to Egypt be fumigated at the country of origin specifically using methyl bromide, magtoxin, or phostoxin at specified concentrations found in the import permit. Fumigating the shipment at country of origin does not exclude it from being fumigated at Egyptian ports. The following statement must be in the certificate: “The cotton is free from boll weevil -

*Anthonomus grandis*”. The government also recommends an optional pre-shipment inspection at origin. If this is selected, two plant quarantine inspectors travel and inspect the shipment and supervise fumigation prior to its departure from the port of origin. Although pre-shipment inspection is optional, some importers prefer to bear the cost, which serves as an insurance policy of sorts to avoid delays at the port of entry.

***Better Cotton Pilot Project Launches in Egypt***

The United Nations Industrial Development Organization (UNIDO) has launched a multi-stakeholder pilot project in Egypt to train cotton farmers on the Better Cotton Initiative’s holistic approach to sustainable cotton production. The pilot comes as part of a renewed drive in the country to increase sustainability and improve conditions for Egyptian cotton producers.

Funded by the Italian Agency for Development Cooperation, the project is implemented by UNIDO in collaboration with the Ministry of Trade and Industry, the Ministry of Agriculture and Land Reclamation as well as with local and international textile private sector stakeholders. The Better Cotton Initiative (BCI), in coordination with selected implementing partners, supported UNIDO on the activation of the pilot in select areas in Egypt during the 2018/19 cotton season. BCI provided guidance, shared knowledge, developed materials and provided relevant agricultural and cotton experts.

Approximately 5,000 smallholder cotton farmers were involved in the initial pilot project, receiving training on the Better Cotton Principles and Criteria. By adhering to these principles, existing (licensed) BCI Farmers around the world produce cotton in a way that is [measurably better](#) for the environment and farming communities.

In May 2020, Egypt officially became a BCI Program country, following the successful trial project and completion of the necessary new country start-up process. Together with the Cotton Research Institute and implementing partners, Alkan and Modern Nile Cotton, UNIDO will ensure that farmers receive the knowledge and tools to improve their agricultural practices through the collaboration with Cotton Connect, a specialized organization in implementing BCI programs worldwide.

Starting in MY 2020/21, Egyptian farmers who participated in the BCI Program were eligible to receive a license to sell their cotton as “Better Cotton.” However, iFn 2022, the project phased out in order to allow Egyptian cotton growers and traders to continue to work on the sustainability of the initiative.

**Table 2: Statistical Position of Egyptian Cotton**

*Statistical Position of Egyptian Cotton*  
*Season 2021/2022*  
*From beginning of season until March 3, 2022*

Variety	Beginning Stock at Season 2021/2022	Estimated Crop season 2021/2022 (ton)	Total supply season 2021/2022	Distributed		Total Distributed	Remaining in 13/3/2022	Shipping Season 2021/2022 Until 12/3/2022
				Mills deliveries Season 2021/2022 until 08/03/2022	Exports Commitment season 2021/2022 until 12 /3/2022			
Giza 45	13	11	24		21	21	3	21
Giza 70								
Giza 87	144	3	147		73	73	74	73
Giza 88	201		201		200	200	1	201
Giza 92	353	2337	2689	324	567	891	1798	101
Giza 93	2	112	114		110	110	4	50
Giza 96	107	1227	1334	116	675	791	543	501
<b>Total Extra long</b>	<b>820</b>	<b>3689</b>	<b>4508</b>	<b>440</b>	<b>1646</b>	<b>2086</b>	<b>2422</b>	<b>947</b>
Giza 86	463	8540	9003	1962	3999	5961	3042	1754
Giza 97	1	616	617		392	392	224	163
Giza 94	694	55076	55769	5342	40806	46148	9621	26547
<b>Total lower Egypt</b>	<b>1157</b>	<b>64231</b>	<b>65388</b>	<b>7304</b>	<b>45197</b>	<b>52501</b>	<b>12887</b>	<b>28464</b>
Giza 90	36		36				36	
Giza 95	148	6022	6170	308	5862	6170		5509
<b>Total upper Egypt</b>	<b>184</b>	<b>6022</b>	<b>6206</b>	<b>308</b>	<b>5862</b>	<b>6170</b>	<b>36</b>	<b>5509</b>
<b>Total long staple</b>	<b>1341</b>	<b>70253</b>	<b>71594</b>	<b>7612</b>	<b>51059</b>	<b>58671</b>	<b>12923</b>	<b>33973</b>
<b>Et</b>		<b>250,00</b>	<b>250,00</b>	<b>10,00</b>	<b>29,00</b>	<b>39</b>	<b>211</b>	<b>29,00</b>
<b>Under Trial</b>	<b>6</b>	<b>3</b>	<b>9</b>				<b>9</b>	
<b>Total</b>	<b>2167</b>	<b>74194</b>	<b>76362</b>	<b>8062</b>	<b>52734</b>	<b>60796</b>	<b>15565</b>	<b>34949</b>
mixed & Low Mixed	37	500	537,00				537	
<b>Grand Total</b>	<b>2205</b>	<b>74694</b>	<b>76899</b>	<b>8062</b>	<b>52734</b>	<b>60796</b>	<b>16103</b>	<b>34949</b>

Source: Cotton Arbitration & Testing General Organization/ CATGO

**Table 3: Production, Supply, and Distribution**

Cotton	2020/2021		2021/2022		2022/2023	
Market Year Begins	Aug 2020		Aug 2021		Aug 2022	
Egypt	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted (1000 HA)	0	0	0	0	0	0
Area Harvested (1000 HA)	65	65	100	85	0	97
Beginning Stocks 1000 480 lb. Bales	294	294	149	125	0	75
Production 1000 480 lb. Bales	215	215	330	280	0	320
Imports 1000 480 lb. Bales	600	630	600	550	0	550
MY Imports from U.S. 1000 480 lb. Bales	0	0	0	0	0	0
<b>Total Supply</b> 1000 480 lb. Bales	<b>1109</b>	<b>1139</b>	<b>1079</b>	<b>955</b>	<b>0</b>	<b>945</b>
Exports 1000 480 lb. Bales	400	250	350	320	0	300
Use 1000 480 lb. Bales	550	615	550	550	0	500
LOSS 1000 480 lb. Bales	10	10	10	10	0	10
<b>Total Dom. Cons.</b> 1000 480 lb. Bales	<b>560</b>	<b>625</b>	<b>560</b>	<b>560</b>	<b>0</b>	<b>510</b>
Ending Stocks 1000 480 lb. Bales	149	125	169	75	0	145
<b>Total Distribution</b> 1000 480 lb. Bales	<b>1109</b>	<b>1000</b>	<b>1079</b>	<b>955</b>	<b>0</b>	<b>945</b>

Stock to Use % (PERCENT)	15.68	14.45	18.78	0	0	0
Yield (KG/HA)	720	720	718	0	0	0
(1000 HA) ,1000 480 lb. Bales ,(PERCENT) ,(KG/HA)						

**Table 4: Unit Conversions**

Unit	Equivalent
<b>1 Quintar</b>	50 Kg of lint cotton
<b>1 US bale</b>	480 lbs
	217.724 Kg
	Quintar/4.85
<b>1 Feddan</b>	0.42 Hectares
<b>1 USD</b>	<b>15.700</b> EGP

**Attachments:** [Ministerial Decree 562.2019, Annex 15, Article 24 - Importation and Treatment Controls for Importing Cotton Products.docx](#)