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Report Name: Egypt Temporarily Bans Sugar Imports

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Report Highlights:

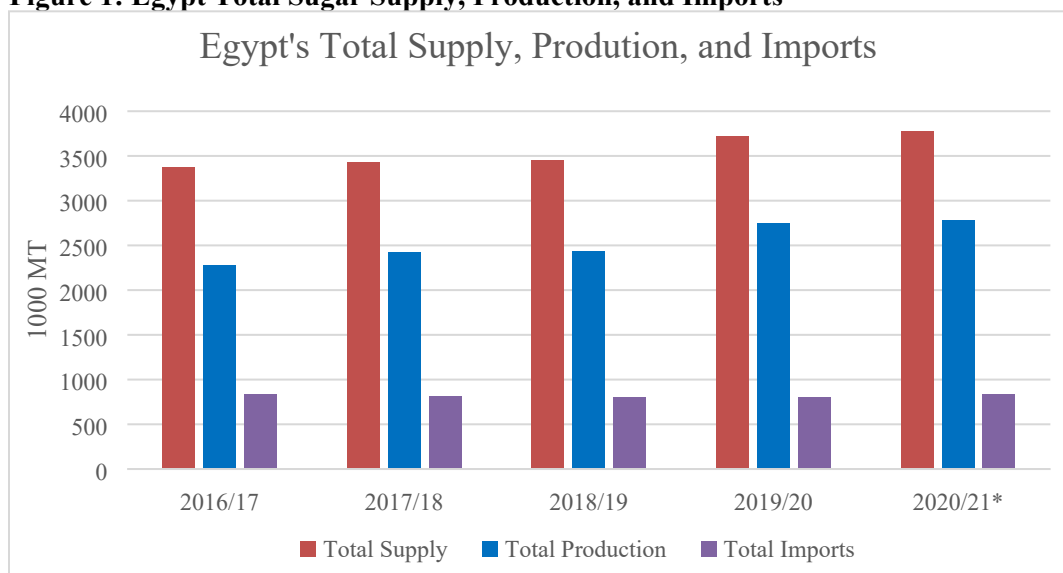
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EGYPT BANS SUGAR IMPORTS

On June 3, 2020, the Ministry of Trade and Industry issued a decree to temporarily ban sugar imports, including refined and raw sugar. The decision is to ban sugar imports for three months, subject to renewal if needed. The decree exempts white sugar imported for the pharmaceutical industry, though it is still subject to approval by the Ministry of Health.

Prior to this decree, there was no policy for sugar imports in Egypt. Typically, imported sugar quantities cover the gap between demand and domestic production. Egypt produces almost 80 percent of domestic sugar consumption demand and sources the remaining 20 percent from imports (Figure 1). Sugar imports accounted to almost \$450 million in 2019.

Figure 1: Egypt Total Sugar Supply, Production, and Imports

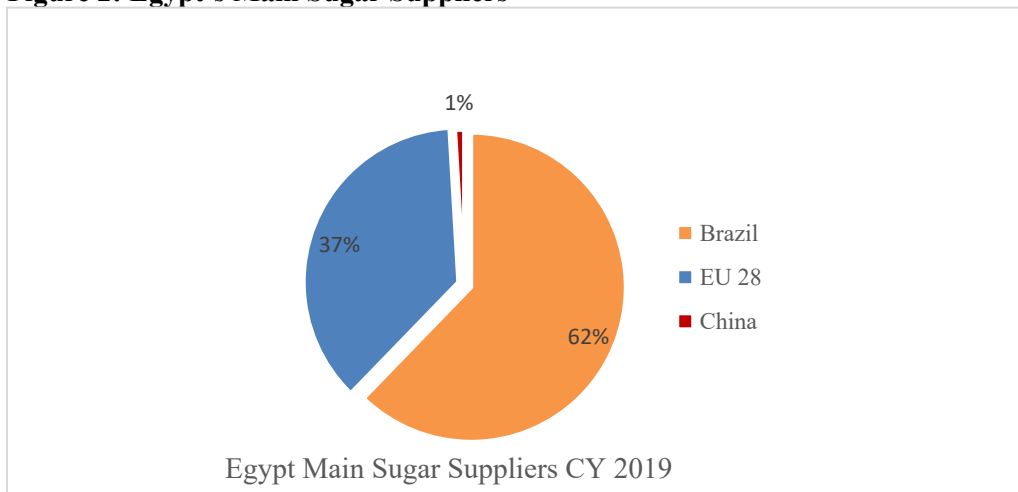


Source: FAS research – PSD/ GAIN reports; 2020/21* FAS forecast

Post forecasts that total sugar import estimates for market year (MY) 2020/21 will remain the same as MY 2019/20 at 830,000 MT ([See GAIN Report EG2020-0017; 2020 Sugar Annual](#)) Imports are forecasted unchanged due to a steady production increase. Even with the current ban on sugar imports, Post’s forecast would remain unchanged. Egypt sources the difference between production and demand through imports, and will still import its needs either before or after the ban is in place. The majority of sugar imports are usually imported through the Egyptian Sugar and Integrated Industries Company, which operates as a subsidiary of the Egyptian Holding Company for Food Industries.

Egypt imports both refined white sugar and raw sugar, the majority of which are sourced from Brazil, reaching 62 percent in MY 2019/20. The remaining sugar imports are sourced from the European Union and small quantities are imported from China (Figure 2). U.S. sugar is not imported in Egypt.

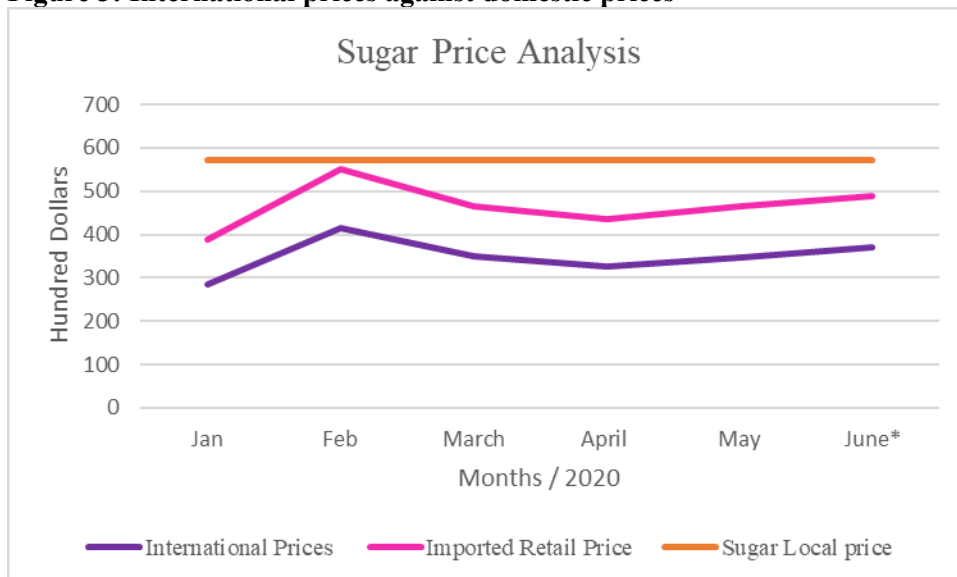
Figure 2: Egypt's Main Sugar Suppliers



Source: Trade Data Monitor (TDM)

The decision to ban sugar imports came in light of the COVID-19 crisis and the subsequent downturn in global oil prices that also led to a 30 percent decline in sugar prices – especially raw sugar prices. The government intends to protect domestic industry from imports. Figure 3 analyzes the prices of imported white sugar against locally produced sugar in 2020. Imported sugar is subject to a 25 percent tax and a shipping cost of \$25/MT.

Figure 3: International prices against domestic prices



Source: Office research/International Sugar Organization (ISO) – June* (first of June through June 20)

It is also worth noting that there has been a recent surplus in production in order to cover market needs through August. Moreover, in the previous period, there was a surge in sugar imports that caused overstocking. However, this decree to ban sugar imports was adopted beyond the obligations that should be met under the World Trade Organization.

Attachments:

No Attachments.