

Voluntary Report – Voluntary - Public Distribution

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Report Name: Egypt Increases Price for Subsidized Bread for First Time in 36 Years

Country: Egypt

Post: Cairo

Report Category: Grain and Feed, Agriculture in the Economy, National Plan, Policy and Program Announcements, Agriculture in the News

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Report Highlights:

In late May 2024, the Egyptian Government announced its intention to increase the price of subsidized bread (from 5 piasters {\$.001} per loaf to 20 piasters {\$.004} per loaf) as of June 1, 2024 -- marking the first increase in the price of subsidized bread in Egypt in 36 years. The Government reports the increased price will reduce its subsidy costs – savings which will be used to improve the utilization of bread and reduce waste.

General Information

The Egyptian government's food subsidy program includes two components: 1) the bread subsidy program and 2) a ration card (also known as a smart card) which allows the consumer to access subsidized commodities.¹ Both programs are integrated on a smart card. Nearly 71 million people (among Egypt's 111 million citizens) are participants in the Egyptian subsidized bread program, while 62 million participate in the ration card commodities system.

Egyptian Bread Subsidy Program

The program's operations remain unchanged despite the price change for subsidized bread implemented on June 1, 2024 (i.e., increasing the price for subsidized bread from 5 piasters {\$.001²} per loaf to 20 piasters {\$.004} per loaf – marking the first increase in the price of subsidized bread in Egypt in 36 years). Each beneficiary is permitted 150 loaves per month or five loaves per day. The revised price means the government will charge program participants 16 percent of the cost of production. NOTE: the Egyptian government compensates bakeries for the difference (84 percent) in the production costs. Prior to June 1, 2024, the government subsidized 96 percent of the cost of producing the bread and the beneficiary paid four percent.

Unused Egyptian Bread Subsidies Can be Reallocated.

The subsidy system also continues to permit beneficiaries who consume less than the quota amount to convert their bread savings into points for use on a smart card (1 point = EGP 0.01 {\$.00021}). The points are redeemable at roughly 40,000 stores – including private grocery stores that the Ministry of Supply and Internal Trade (MoSIT) partners with (in both rural villages and urban cities) and in the 1,300 state-owned subsidized food retail outlets (primarily found in urban areas). Those that save points can use the saved monies on 32 other food and non-food items sold at 20-30 percent discounted prices. According to the Government's 2024/25 budget, the point system is expected to cost approximately EGP 2.0 billion (\$42 million) in the 2024/25 budget.

Alternate Egyptian Flour Subsidy Program

In addition to the subsidized bread program, the Egyptian system permits beneficiaries to obtain 10 kilograms of subsidized flour per month, per person, at a price of EGP 30 pounds (\$0.63), as an alternative to subsidized bread. This is commonly utilized in rural villages in [Upper Egypt](#) where there are flour warehouses but fewer bakeries. The cost of the flour subsidy totals EGP 5.2 billion (roughly \$109 million) in the 2024/25 budget.

Ration Card (also known as a Smart Card) Commodities Program

This program provides cash benefits of EGP 50.00 (\$1.05) per beneficiary, per month. The program offers beneficiaries a choice of discounted food items (i.e., including cooking oil, sugar, rice, pasta etc.). The program offers a more diversified food basket – similar in quality to that found in retail outlets. The card is accepted at the private grocery stores that the MoSIT partners with and in the 1,300 state-owned subsidized food retail outlets. The proposed cost of the ration card commodities program is EGP 36.1 billion (roughly \$760 million) in the 2024/25 budget.

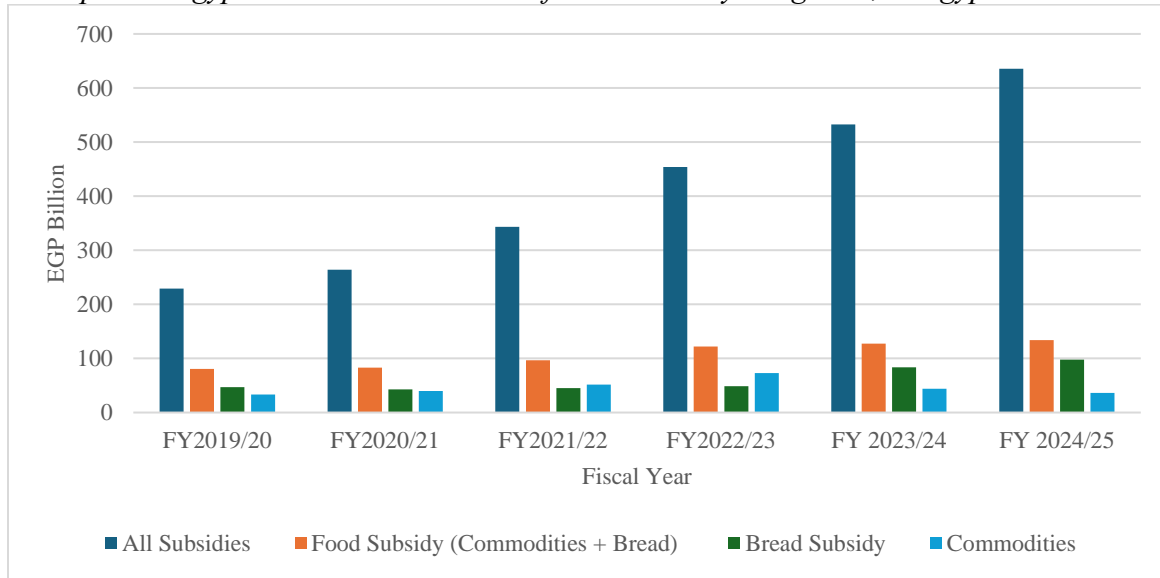
¹ For more information, see, e.g., <https://sdgs.un.org/partnerships/ration-system>

² For purposes of this report, \$1.00 USD is equivalent to EGP 47.53.

Total Cost of Food Subsidies in Egypt:

The state budget allocates 15.4 percent (\$2.05 billion) of the total EGP 635.9 billion (\$13.3 billion) fiscal year 2024/25 (July 2024-June 2025) food subsidy budget to the bread subsidy program. The remaining funds are spread across the other programs outlined above.

Chart 1 – Reported Egyptian Fiscal Year Costs of Food Subsidy Programs, in Egyptian Pounds



Source: Egyptian Ministry of Finance

NOTE: Egypt, one of the world’s largest importers of wheat, consumes roughly 8.5 million metric tons (MMT) of wheat each year for its bread subsidy program – 3.5 MMT is procured from local production at a cost of roughly \$1 billion and the remainder (5.5 MMT) is imported via international tenders operated by the [General Authority for Supply Commodities \(GASC\)](#).

Attachments:

No Attachments.