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Market Brief - Apples

Egypt : Egyptian Apple Market

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Introduction

Imported apples are becoming increasingly popular consumer items in Egypt. With the rise in per capita income for large segments of middle income groups, imported apples are no longer a luxury item for many Egyptian consumers. In 1998, Egypt imported about 39,000 MT of fresh apples, or about 34 percent higher than the import level in the previous year. U.S. apple exports into Egypt, despite their higher prices compared to other competitors, have increased significantly in recent years. Egyptian importers think highly of U.S. varieties and the number of importers willing to import from the United States continues to increase. The growth of the apple import market, however, may significantly slow down in 1999, mainly due to some new GOE import laws and regulations.

Import Requirements

All shipments of imported apples into Egypt must be inspected by the office of Plant Protection Quarantine (PPQ) of the Ministry of Agriculture (MOA) as a safety measure against quarantine pests. Shipments of fresh apples must be free of live insects, but in few instance the PPQ did not allow apple shipments that contained dead insects and unknown pests or species nonexistent in Egypt. At present, there is a protocol between the Egyptian MOA and USDA/APHIS which governs the importation of U.S. apples into Egypt. According to this protocol, U.S. apple shipments to Egypt must be subjected (after harvest, grading and packing) to a period of exposure to low temperature storage to satisfy the Egyptian PPQ requirements. To facilitate the clearance process for the imported shipments by the PPQ office, some Egyptian importers sponsor the travel of PPQ inspectors to the United States to supervise the packing and loading of their imported shipments. Though this is not a mandatory requirement for the importation of U.S. apples into Egypt, many traders believe it is a necessary cost to avoid the delay in clearing their shipments.

Trade

The apple import season in Egypt starts in October and ends in late April. However, the statistical data we have for apple imports is on calendar year basis. In CY 1998, Egypt's apple imports are estimated at 39,000 MT, with total value of $21 million, significantly higher than the export level in 1997, estimated at 29,000 MT and valued at $18 million. In 1998, Syria had the largest market share of the Egyptian apple market, with 15,000 M, followed by the U.S. with 9,000 MT, Turkey with 6,000 MT and Lebanon with 5,000 MT. Other apple exporters to Egypt include France, Chile and Iran. Most of the apples imported into Egypt are red varieties, with the exception of Syrian exports which are mostly of the Golden variety.

Country	***Quantity CY 1998***	**Country**	***Quantity CY 1997***
Syria	15,000 MT	Syria	1,000 MT
United States	9,000 MT	United States	9,200 MT
Turkey	6,000 MT	Turkey	4,000 MT
Lebanon	5,000 MT	Lebanon	5,000 MT
Others	4,000 MT	Others	9,800 MT
Grand Total	39,000 MT	Grand Total	29,000 MT

The strong growth of Egypt's apple imports in the last two years is expected to slow down in 1999. There are two reasons for this. First, in November 1998 the GOE issued the decree # 619 which restricts transhipment from third countries into Egypt and requires certification of origin with each import shipment. Some large Egyptian apple importers believe that this decree may help increase direct U.S. apple exports to Egypt. However, the fact that a large segment of Egyptian apple imports comes via transshipment from Dubai (mostly by small importers) suggests that total U.S. exports to the region may at best remain the same or may even decline. Second, due to a recent shortage of foreign currency reserves and increasing negative trade balance, Egypt's Central Bank instructed all commercial banks not to open letters of credits (LCs) for the importation of consumer goods unless they have 100 cash coverage to be paid at the opening of the LCS.

Import Tariffs

Apple imports to Egypt are subject to 50 percent customs tariffs, 3 percent administrative charges and one percent tax. Shipments larger than 500 MT are granted 7 percent reduction in the customs tariffs. A free trade agreement between Egypt and Lebanon was signed late 1998 to reduce the tariff on Lebanese apple exports to zero starting January 1, 1999. However, this agreement has not been implemented.

Import Prices

Prices of apples imported from the U.S. are reportedly to be the highest in the Egyptian market throughout the current marketing year, at $600 per MT/Fob. Both Syrian and Lebanese apples prices have been much lower, at $450 MT/FOB, while Turkish apples are currently being imported at $ 520 MT FOB. The transportation cost from the U.S. (mostly Washington State) to Alexandria or Port Said is estimated at $240 per MT, compared to the transportation costs from Syria, Lebanon and Turkey which are estimated at $85, $95 and $200 per MT, respectively. Egyptian importers indicated that apple exporters from Syria, Lebanon and Turkey provide credit facilities up to four months after the shipment's arrival, while U.S. exporters do not provide any credits. GSM-102 credits could be a possibility if the new letter of credit restrictions mentioned above are lifted.