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## **Report Name:** Grain and Feed Annual

**Country:** Egypt

**Post:** Cairo

**Report Category:** Grain and Feed

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### **Report Highlights:**

FAS Cairo (Post) forecasts Egypt's wheat imports in marketing year (MY) 2023/24 (July – June) to increase by almost 2.9 percent from the previous marketing year due to population growth. Egypt's wheat production is likely to remain unchanged from the previous marketing year. The war between Russia and Ukraine has caused disruptions of wheat and corn supplies to the Middle East and North Africa region including Egypt. The impacts of the war have also influenced the availability of forex needed for imports and the release of shipments of commodities. This has led to a decrease in wheat imports and a significant reduction in corn imports during the current marketing year. Egypt's corn production in MY 2023/24 is forecast to increase in response to high prices, and similarly, rice production is also forecast to increase as planted area expected to increase. Consequently, both corn and rice imports are forecast lower.

## Executive Summary

FAS Cairo (Post) forecasts Egypt's wheat production in marketing year (MY) 2023/24 (July – June) at 9.8 million metric tons (MMT), unchanged from Post's estimate in marketing year 2022/23. MY 2023/24 area harvested is set to remain at 1.53 million hectares (HA) like the previous marketing year.

On January 18, 2023, the Government of Egypt (GOE) set a guaranteed procurement price of the Egyptian pound (EGP) 1,250 per ardeb or USD 273.2/MT (USD 1.00 = EGP 30.5) based on quality and moisture. This price is subject to increase when the harvest starts depending on international prices. The GOE has raised the price of local wheat procurement for the new harvest season (which starts in April 2023), by 42 percent compared to the previous year.

FAS Cairo forecasts Egypt's wheat imports in MY 2023/24 (July – June) at 10.8 MMT, up by approximately 2.9 percent from MY 2022/23. MY 2022/23 Egyptian wheat imports are forecast at 10.5 MMT, the second lowest during the past ten years since MY 2013/14 imports of 10.15 MMT. The decrease is attributed to the economic fallout from the war in Ukraine which generated an ongoing foreign currency challenge, causing disruptions for Egypt's wheat trade.

FAS Cairo forecasts corn production in MY 2023/24 (October – September) at 7.6 MMT, up from MY 2022/23 (October – September) estimate by 2.1 percent. The increase is attributed to a possible increase in planted area by 20,000 hectares. High prices of corn in the domestic market will encourage many farmers to plant more corn during the summer of 2023.

FAS Cairo forecasts Egypt's corn imports in MY 2023/24 (October – September) at 6.5 MMT, up by 500,000 MT from Post's estimate in the previous marketing year. Post estimates corn imports at 6.0 MMT in MY 2022/23, sharply down from MY 2021/22 corn import estimate by 38.5 percent. The sharp decline in imports is attributed to the impacts and repercussions of the Russia-Ukraine war which significantly impacted the availability of forex needed for the release of corn shipments from ports, thus impacting corn import volumes.

During the period (October – February) of 2022/23, around 1.75 MMT of corn was exported to Egypt, a 61.5 percent decrease from the same period last year, and the lowest level for the period since 2008/09.

FAS Cairo forecasts Egypt's milled rice production and area harvested in MY 2023/24 (October – September) to increase by 5 percent from Post's estimates in MY 2022/23. This increase is attributed to high prices of rough and milled rice currently in the market which could motivate farmers to increase areas of the crop. FAS Cairo forecasts Egypt's rice imports in MY 2023/24 (October – September) at 250,000, down by 300,000 MT from Post's MY 2022/23 estimate due to expected higher local production.

## WHEAT

### PRODUCTION

FAS Cairo (Post) forecasts Egypt's wheat production in marketing year (MY) 2023/24 (July – June) at 9.8 million metric tons (MMT), unchanged from Post's estimate in marketing year 2022/23. MY 2023/24 area harvested is set remain at 1.53 million hectares (HA) like the previous marketing year.

The Agricultural Research Center (ARC) of the Ministry of Agriculture and Land Reclamation (MALR) announced a wheat varietal policy before planting which suits each geographical region in terms of climate, water, and land resources. Optimum wheat planting dates range between November 15-30 in the Delta and November 10-25 in Upper Egypt.

Wheat production in Egypt has improved through the development of breeding and cultivation practices. The use of these new practices, the spread of new high-yielding varieties, and the use of the raised bed planting method (instead of the old method of planting in basins) have made the largest contributions to increased yield.

ARC continues to focus on vertical expansion efforts (i.e., increasing yields by unit area). These efforts include:

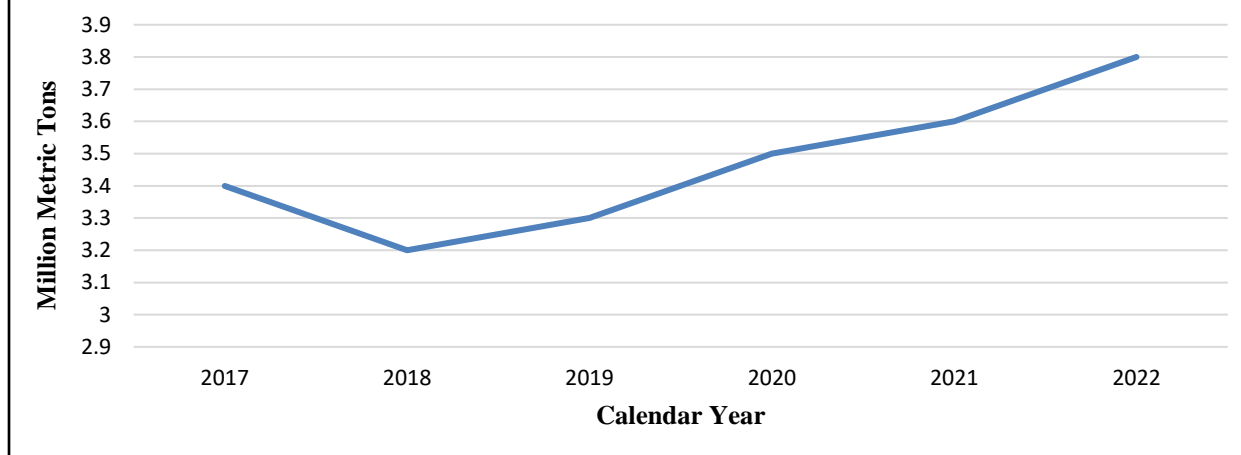
- Increase raised bed cultivation of wheat to reach 460,000 HA in marketing year 2023/24. Raised bed cultivation reduces water consumption by 25 percent, requires 15 percent less seeds, and produces a more uniform, higher yielding crop.
- Using early-maturing and high yielding varieties; leads to increased water use efficiency and achieving high crop intensification rates.
- Expanding the number of certified seeds and distributing to farmers with the aim of covering 70 percent of the planted area in MY 2023/24 compared to 50 percent the previous marketing year.
- Development of a national wheat campaign to showcase good agricultural practices across 7,000 extension wheat fields scattered nationwide to help farmers benefit from newly released high yielding varieties along with their recommended package of cultural practices.

**Domestic Wheat Procurement:** Wheat procurement season usually starts in mid-April and lasts until mid-July. FAS Cairo foresees Egypt in MY 2023/24 (July-June) procuring some 4 MMT of locally produced wheat. On January 18, 2023, the Government of Egypt (GOE) set a guaranteed procurement price of Egyptian pound (EGP) 1,250 per ardeb or USD 270.6/MT (USD 1.00 = EGP 30.8) based on quality and moisture.

This price is subject to increase when the harvest starts and depends on international prices. The GOE has raised the price of local wheat procurement for the new harvest season (which starts in April 2023), by 42 percent compared to the previous year.

The amount of locally produced wheat purchased by the Government of Egypt was 3.6 MMT in calendar year (CY) 2021 and 3.8 MMT in CY 2022 (Figure 1).

**Figure 1: Locally Purchased Wheat  
(Million Metric Tons- MMT)**



The General Authority for Supply Commodities' (GASC) governmental wheat purveyors for calendar year (CY) 2022 are likely to be the same wheat purveyors in CY 2023 and they are:

- 1- The Holding Company for Food Industries
- 2- The Egyptian Holding Company for Silos and Storage
- 3- The General Company for Silos and Storage
- 4- The Egyptian Agriculture Bank

## CONSUMPTION

FAS Cairo forecasts Egypt's wheat consumption in MY 2023/24 at 20.5 MMT, up by almost 2.0 percent from the MY 2022/23 estimate of 20.1 MMT. Post attributes the increase to a 2.1 percent increase in food, seed, and industrial use (FSI) consumption.

The rise in FSI wheat consumption is attributable to population growth. Egypt has a population of more than 104 million and expected to reach 124 million by 2030, according to the Central Agency for Public Mobilization and Statistics (CAPMAS). Egypt is also host to an estimated ten million migrants from Iraq, Syria, Libya, Yemen, and Sudan.

MY 2022/23 wheat consumption estimate is revised down by 1.95 percent from MY 2021/22 estimate of 20.5 MMT due to higher prices of flour, baked products, cakes, biscuits, wafers, croissants and pastries, etc., as well as an increase in the price of European and white flat bread (non-subsidized). According to CAPMAS, baked products and cereals have increased by 76.7 percent in February 2023 compared to the same month in CY 2022.

In Egypt, consumer price inflation has been on the rise in recent months due to rising prices in food and other services because of the fallout from the Russia-Ukraine war, including commodity price increases, supply chain disruptions, hard currency shortages, and the devaluation of the Egyptian pound. Higher consumer prices will likely continue throughout 2023.

According to CAPMAS the annual headline inflation rate accelerated to 31.9 percent in February 2023, up 25.8 percent in January 2023. The figures significantly surpass the target set by the Central Bank of Egypt at seven percent ( $\pm 2$  percent) through the end of the year. CAPMAS attributed the spike in annual inflation mainly to the increase in the prices of food and beverages by 61.5 percent, and restaurants and hotels by 50.3 percent; this is negatively impacting the purchasing power of many Egyptian households.

Despite inflated prices of cereals and baked products, no wheat, flour, bread, or baked products shortages have been observed in bakeries, local markets, or at commercial retail stores.

**The Egyptian Commodity Exchange Egycomex Starts Operations:** As of November 27, 2022, the long-awaited Egyptian Commodities Exchange Egycomex started operations. The General Authority for Supply Commodities (GASC) offers wheat for the private milling sector to purchase through Egycomex. Wheat quantities are offered for sale twice a week, with traders selling and buying commodities.

The decision to launch Egycomex is in line with government efforts to cover the needs of private wheat mills from wheat with affordable prices and to rebalance the market in the wake of rising prices amid the Russian-Ukraine war.

On Egycomex's first day of work, GASC offered 12,000 metric tons of Russian wheat to private mills in the first transaction. The mills placed orders to buy 22,000 metric tons. After bidding the price per metric ton was 9,750 EGP (316.5 USD) per metric ton.

More than 350 companies, including 90 private mills registered on the exchange platform, and more than 420,000 have been sold to private sector mills since the launch of the exchange took place. The government is currently studying the possibility of trading yellow corn on the exchange to be the second commodity after wheat.

**The Bread Subsidy System Remains Unchanged:** Total bread subsidies is expected to reach 90 billion EGP by the end of FY 2022/23. Despite this huge increase, the state has not raised bread prices. Egypt allocates 150 loaves of subsidized bread per month to recipients (i.e., five loaves of bread per day). *Baladi* (i.e., common, traditional) bread is sold at a subsidized price of 0.05 EGP per loaf (\$0.0016 per loaf); this is less than one tenth of the actual cost. The government compensates bakeries for the difference in production cost. The current cost of subsidizing one loaf of *baladi* bread is 0.60 EGP (\$0.02).

The current subsidy system permits beneficiaries who consume less than the quota amount to convert their bread savings into points (1 point = EGP 0.01). Points are redeemable, and beneficiaries can use points to choose from 32 other food and non-food items sold at 20-30 percent discounted prices, offering a more diversified food basket similar in quality to that found in retail outlets.

Beneficiaries make their purchases at roughly 40,000 stores which are MoSIT-partnered private grocery stores that are distributed in rural villages and urban cities, as well as 1,300 state-owned consumer complexes which are mainly in urban cities.

**Bread Subsidy on the Rise:** In fiscal year (FY) 2022/23 (June – July), the government allocated 90 billion EGP (\$5.69 billion) for bread and food subsidies compared to 87 billion EGP (\$5.5 billion) in the previous fiscal year (USD= EGP 15.8). Of this amount, roughly 49 billion EGP (\$3.1 billion) was allocated for bread subsidy. Because of the fallout of the Russian war on Ukraine and the devaluation of the Egyptian pound, the current fiscal year's budget (FY 2022/23) on bread alone is expected to reach 90 billion EGP (2.9 billion USD).

The war has led to a trade disruption of major commodities in world market, and significant price hikes; thus, Egypt has felt the squeeze of these ramifications as Russia and Ukraine are major suppliers of wheat to Egypt. The high prices of wheat have prompted the government to consider addressing the bread subsidies system. However, with the current high inflation rate, it has made it harder to replace the current subsidy system with a conditional cash bread subsidy.

**Milling Capacity:** The *baladi* bread program uses both imported and locally grown wheat. In practice, the two types of wheat are blended together before milling. As a result, blending with imported wheat is important to achieve the right quality of flour.

Egypt currently has more than 410 public, public/private, and private sector mills with total investments of more than \$1.5 billion. Public mills and public/private mills produce 82 percent extraction flour, which is used for making the subsidized *baladi* bread. They produce 70 percent of all the flour going to the *baladi* bread subsidy program, while private mills produce the remaining 30 percent.

The private sector mills that produce 82 percent extraction flour for the bread subsidy program are not allowed to produce the 72 percent extraction flour produced by other private sector mills, which is used in the production of European and white flat bread (non-subsidized) as well as baked products, cakes, biscuits, wafers, croissants, and pastries, etc. Currently, there are 5,000 private bakeries producing these baked products.

Currently, 30,000 bakeries produce from 250 million to 270 million subsidized loaves of bread each day. Egypt depends profoundly on wheat for producing subsidized bread, a main staple of the Egyptian diet, with citizens consuming almost 100 billion loaves of bread annually.

**Pasta Use:** Egypt produces around 1.25 MMT of pasta between packaged and unpackaged pasta. The packaged pasta production constitutes around 60 percent of total production while the unpackaged pasta constitutes the rest. Pasta consumption is about 1 MMT and the rest of production is being exported to Arab and African nations. Pasta saw a sharp increase in price, following a surge in the price of flour.

Prices have gradually increased in Egypt aggravated by the disruption of wheat imports from Russia and Ukraine. Beneficiaries under the subsidy system can purchase 800 grams (gm) of packaged pasta at a price of 10.5 EGP and 400 gm of packaged pasta at a price of 5.25 EGP.

Subsidized pasta is currently distributed at a price 30 percent lower than retail market prices depending on the brand. The private sector will continue supplying the subsidy system with an average of 20,000 MT of pasta per month during CY 2023.

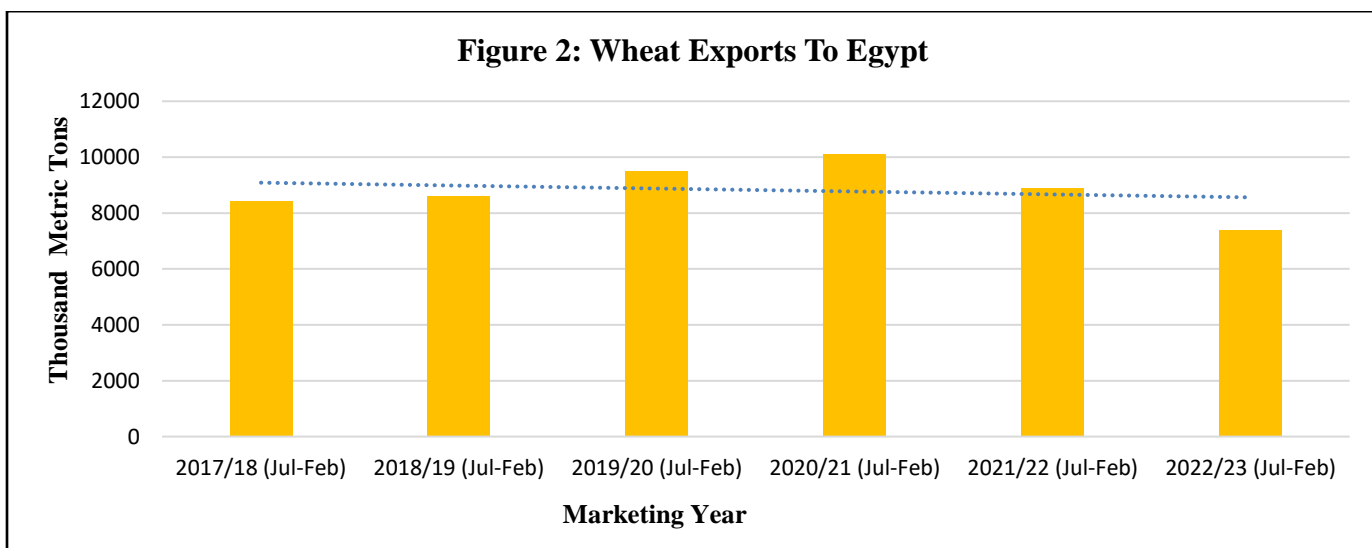
## TRADE

FAS Cairo forecasts Egypt’s wheat imports in MY 2023/24 (July – June) at 10.8 MMT, up by approximately 2.9 percent from MY 2022/23. MY 2022/23 Egyptian wheat imports are forecast at 10.5 MMT, the second lowest during the past ten years since MY 2013/14 imports of 10.15 MMT. The decrease is attributed to the economic fallout from the war in Ukraine which generated an ongoing foreign currency challenge, causing disruptions for Egypt’s wheat trade.

**Egypt’s Wheat Trade Influenced by the War in Ukraine:** Russia’s invasion of Ukraine has relentlessly disrupted international trade of wheat, pounding a global economy that had since been improving robustly from the COVID-19 pandemic. Already high wheat prices have risen even higher as a result. Egypt was not isolated from these catastrophic events, which significantly affected its imports of wheat from Ukraine. CY 2022 wheat purchases from Ukraine fell by 73.6 percent compared to CY 2021 (Source: Trade Data Monitor LLC).

Economic fallout from the war also generated a foreign currency crunch in Egypt. The country’s hard currency shortage, particularly in the US dollar, is in part due to the exit of roughly \$25 billion in indirect investments (hot money) amid the Russian-Ukraine War. The predicament has impelled the Egyptian authorities to apply curbs on import finance, leading to a slowdown in overall imports and a backlog of shipments of essential food commodities in ports, causing significant increases in prices of cereals, flour, pasta and private baked goods.

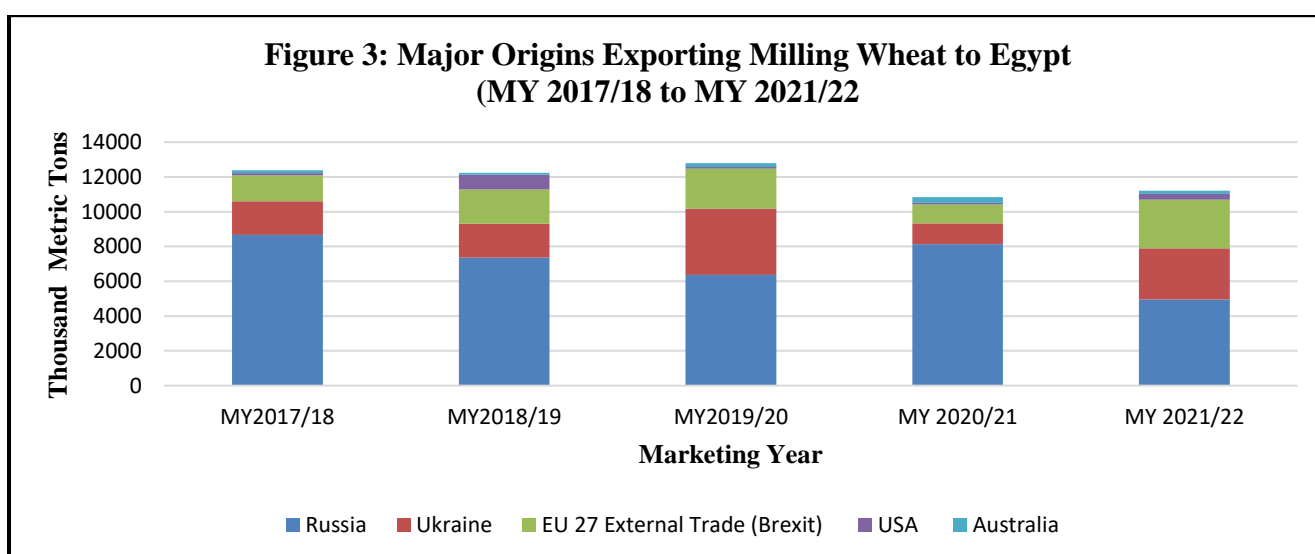
During the period (Jul– Feb) of 2022/23, roughly 7.4 million tons of wheat was exported to Egypt, a 16.7-percent decrease from the same period last year, and less than an average of the previous 5 marketing years by 18.8 percent (Figure 2).



Source: Trade Data Monitor LLC and FAS Cairo Research

Despite this economic fallout generated by the war, Egypt has worked to diversify its wheat import sources and has been able to secure a stable wheat supply from diverse markets for its bread subsidy program via international tenders or making direct wheat purchases from several origins. The private sector was also able to diversify some of its purchases, with rare shipments from India, Brazil, Germany, and the United States.

The largest foreign suppliers to the Egyptian market in MY 2021/22 (July – June) were Russia (4.96 MMT), Ukraine (2.93 MMT), EU 27 (2.8 MMT), U.S. (330,000 MT) and Australia (179, 000 MT). Egypt’s imports of wheat over the last five marketing years amounted to 59.5 MMT, with 59.7 percent from Russia and 19.85 percent from Ukraine (79.5 percent combined), both major suppliers to the Egyptian market (Figure 3). Egypt relies on Russian and Ukrainian wheat due to competitive prices, lower freight costs, and less time reaching Egyptian ports compared to other origins.



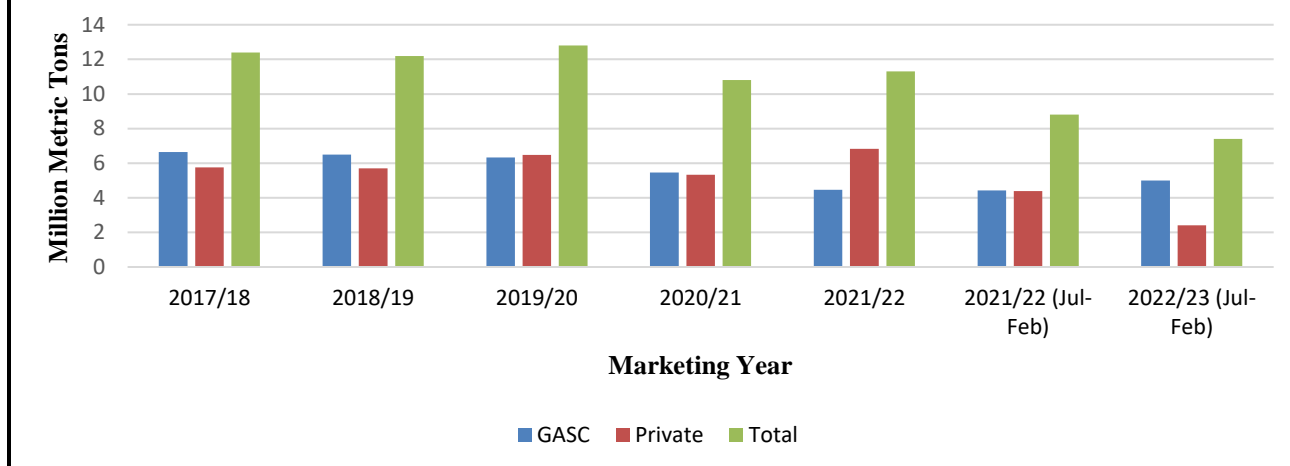
Source: Trade Data Monitor LLC

In MY 2021/22 GASC imported 4.47 MMT of milling wheat accounting for 40.6 percent of total wheat imports. GASC’s major suppliers were Romania (1.92 MMT), Russia (1.37 MMT) and Ukraine (1.13 MMT). The private sector share during this marketing year was 59.4 percent of total wheat imports.

Private industry became a major player in the wheat market in Egypt during the past five years, gaining more market share every year in the wheat trade. Private sector share however of total wheat imports, during MY 2022/23 (July-February) dropped by 54.3 from the same period last year because of the repercussions of the war in Ukraine (Figure 4).



**Figure 4: Wheat Imports by GASC & Private Companies  
(MY 2017/18- MY 2022/23)**



Source: Trade Data Monitor LLC and FAS Cairo Research

From July 1, 2022, to February 23, 2023, GASC purchased 4.83 MMT of wheat, accounting for 68.6 percent of total imports going up from 53.7 percent during the same period of MY 2021/22. The largest foreign suppliers to GASC in MY 2022/23 (July – February) include Russia (3.12 MMT), France (910,000 MT), Romania (540,000 MT) and Bulgaria (130,000 MT).

Currently, there are 18 origins approved by GASC to participate in its international tenders – United States, United Kingdom, Canada, France, Australia, Germany, Argentina, Russia, Ukraine, Romania, Poland, Bulgaria, Serbia, Latvia, Hungary, Paraguay, Kazakhstan, and India. The largest four origins supplying wheat to GASC via its international tenders during the last five marketing years are Russia, Romania, Ukraine, and France.

## STOCKS

FAS Cairo forecasts Egypt’s ending stocks in MY 2023/24 at 3.1 MMT, down by 8.7 percent from Post’s MY 2022/23 estimate due to a forecasted increase in consumption.

Wheat Market Year Begins Egypt	2021/2022		2022/2023		2023/2024	
	Jul 2021		Jul 2022		Jul 2023	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	1400	1400	1530	1530	0	1530
Beginning Stocks (1000 MT)	4162	4162	3618	3618	0	3418
Production (1000 MT)	9000	9000	9800	9800	0	9800
MY Imports (1000 MT)	11256	11256	11000	10500	0	10800
TY Imports (1000 MT)	11256	11256	11000	10500	0	10800
TY Imp. from U.S. (1000 MT)	0	0	0	200	0	200
Total Supply (1000 MT)	24418	24418	24418	23918	0	24018
MY Exports (1000 MT)	300	300	400	400	0	400
TY Exports (1000 MT)	300	300	400	400	0	400
Feed and Residual (1000 MT)	1300	1300	1300	1300	0	1300
FSI Consumption (1000 MT)	19200	19200	19300	18800	0	19200
Total Consumption (1000 MT)	20500	20500	20600	20100	0	20500
Ending Stocks (1000 MT)	3618	3618	3418	3418	0	3118
Total Distribution (1000 MT)	24418	24418	24418	23918	0	24018
Yield (MT/HA)	6.4286	6.4286	6.4052	6.4052	0	6.4052

(1000 HA), (1000 MT), (MT/HA)

MY = Marketing Year, begins with the month listed at the top of each column

TY = Trade Year, which for Wheat begins in July for all countries. TY 2023/2024 = July 2023 - June 2024

## CORN

### PRODUCTION

FAS Cairo forecasts corn production in MY 2023/24 (October – September) at 7.6 MMT, up from MY 2022/23 (October – September) estimate by 2.1 percent. The increase is attributed to a possible increase in planted area of 20,000 hectares. High corn prices in the domestic market will encourage many farmers to plant more corn during the summer of 2023.

On February 22, the government announced a guaranteed price of 9,000 EGP (292.2 USD) per metric ton of white corn and 9,500 EGP (308.4 USD) per metric ton of yellow corn to encourage farmers to increase corn areas. A guaranteed price for the crop is not the price of the final contract, but rather the minimum purchasing price, which is subject to be raised if corn prices increased in international markets, and it will not be reduced if prices decline. A contract farming framework will be implemented between farmers and stakeholders using the crop under the auspices of the contract farming sector of MALR.

ARC's strategy to increase feed corn acreage and yields incorporates improved extension services, the use of higher-yielding one-way and three-way cross hybrids, encouraging growers to plant during ideal times, and improving marketing channels.

Increasing the number of demonstration fields and showcasing new maize varieties of white corn and yellow corn is one of the major priorities of ARC, as well as demonstrating good agricultural practices to obtain higher yields and decrease post-harvest losses.

## CONSUMPTION

FAS Cairo forecasts Egypt's total corn consumption in MY 2023/24 (October – September) at 13.9 MMT, up by almost 3.0 percent from the MY 2022/23 (October – September) estimate of 13.5 MMT. The increase in consumption is attributed to a 3.6 percent increase in feed and residual consumption from Post's estimate in the previous marketing year.

MY 2022/23 corn consumption was revised down by 20.6 percent from MY 2021/22 estimate of 17 MMT. Post attributes the decrease to a significant decrease in MY 2022/23 feed and residual consumption.

Feed consumption in the current marketing year has been impacted greatly due to significant increases in raw feed material prices; therefore, poultry, large animal and fish feed prices increased significantly. During the past eight months, prices of corn went up from 8,000 EGP/MT to 19,000 EGP/MT while prices of poultry feed went up from 11,300 EGP/MT to 26,000 EGP/MT.

Economic fallout from the war in Ukraine spiked international prices higher and generated a foreign currency crunch in Egypt, coupled with the Egyptian pound losing almost half of its value against the US dollar since March 2022.

Such hurdles lead to a significant slow-down in the release of corn and soybeans from ports during the last quarter of CY 2022 and a backlog of corn and soybean shipments for the poultry industry which suffered the most.

Feed supply shortages impacted the poultry sector and have ramped up the cost of poultry production as well as the consumer price of poultry in the domestic market, thus placing a heavy burden on small- and medium-sized breeders in the past six months. As result of these repercussions, 50 percent of poultry producers to temporarily put their operations on hold.

On October 16, 2022, Egypt's Prime Minister, and the Vice Chairman of Egypt's Central Bank (CBE) met with the Union of Poultry Producers (UPP) to speed up release of corn and soybeans from ports. The UPP asked the government to intervene to facilitate yellow corn imports by providing the necessary forex liquidity for the release of feed ingredient imports from ports. The release of feed raw materials encouraged many breeders to resume production, and demand for chicks increased significantly causing a price increase per chick from 7 EGP to 28 EGP.

Despite these production challenges, the poultry and dairy sectors became one of the most profitable agribusinesses. Much of this profitability is due to scarcity of production and the slow-down of imports. Production scarcity came from the culling of chicks and the slaughtering of dairy cows by small size farms when profits were very low in the last quarter of CY 2022.

Large companies in the poultry/feed sector were the least affected by the current crisis, especially those that have integrated operations – broiler, mothers, grandparents, slaughterhouses, and chicks as well – which increases their ability to bear shocks. Some of these are large integrated projects in the desert areas away from the Nile Valley and the Delta and in isolated areas which can improve biosecurity.

Fully integrated operations are better off, as they can buy sustainably from international markets and sell their finished products at higher premiums, as many poultry producers are buying expensive feed and taking their final product costs to the consumer. Integrated operations as well are buying and leasing infrastructure from smaller producers.

The Egyptian poultry sector has shown great resilience in the past in face of price shocks by inputs needed from industry. The sector is able (like others), to face crises, and the investments operating in it are ready to bear the high prices of industry inputs given the increase in supply of such inputs to level with poultry production.

Post anticipates the poultry sector's feed consumption to grow by almost 2.5 percent in MY 2023/24, as the larger producers consolidate and vertical integration increases. Additional feed lines are coming online, adding to already existing aquaculture and cattle feed milling capacities.

MALR has continued to expand the approvals of licenses for livestock, poultry, and fodder projects through the livestock and poultry sector, facilitating the procedures to obtain these operational approvals. This comes as part of the government's plan to expand local production of red and white meat and milk, thus increasing their supply on the market to reduce imports, while also supporting small breeders and small enterprises.

Egypt's total fish production in CY 2021 is estimated at 2.2 MMT with aquaculture's share at 1.7 MMT of total production. Egypt has a promising plan to raise fish production to 3 MMT by 2025. Related to that production growth, there will be an increase in fish feed demand of around 650,000 MT. The rise in aquaculture production is mainly attributed to significant expansion in the application of new technologies such as the use of extruded feed, water circulation systems, and improved farm management practices.

Egypt's production of dairy has increased to 7 million tons annually, compared to 6 million tons during the past two years because of the replacement of high-productivity breeds as alternatives to the local breed types. Similar to poultry producers, numerous small and medium sized dairy farms are currently facing high prices of feed and even higher prices for immunizations and vaccines needed for their herd. FAS contacts from the dairy sector did mention that providing the necessary forex to release shipments of beans and corn will drive cost of production down in the short term, especially after some farms have recently incurred financial losses.

Egypt's feed mills produce poultry feed-mix consisting of 70 percent yellow corn, 19.4 percent soybean meal, 3.4 percent wheat bran, and 1.9 percent broiler concentrates (fish or meat meals) in addition to minerals and vitamins. Aquaculture's major dietary energy sources include 20-25 percent yellow corn, 20-30 percent wheat bran, 10-25 percent rice bran, and 1-5 percent vegetable oils. This feed mix formulation depends on the protein and energy contents of the feed, as well as the availability and price of the ingredients, including fish species and their sizes.

**Starch Industry:** Egypt consumes 1-1.5 MMT of corn for wet milling processes. There are five major corn wet milling companies operating in Egypt and their goal is to expand capacity in the coming 2-3 years. One of these companies has the largest share of the wet milling market in Egypt (more than 70 percent) and has also been the leading importer of corn over the past five years.

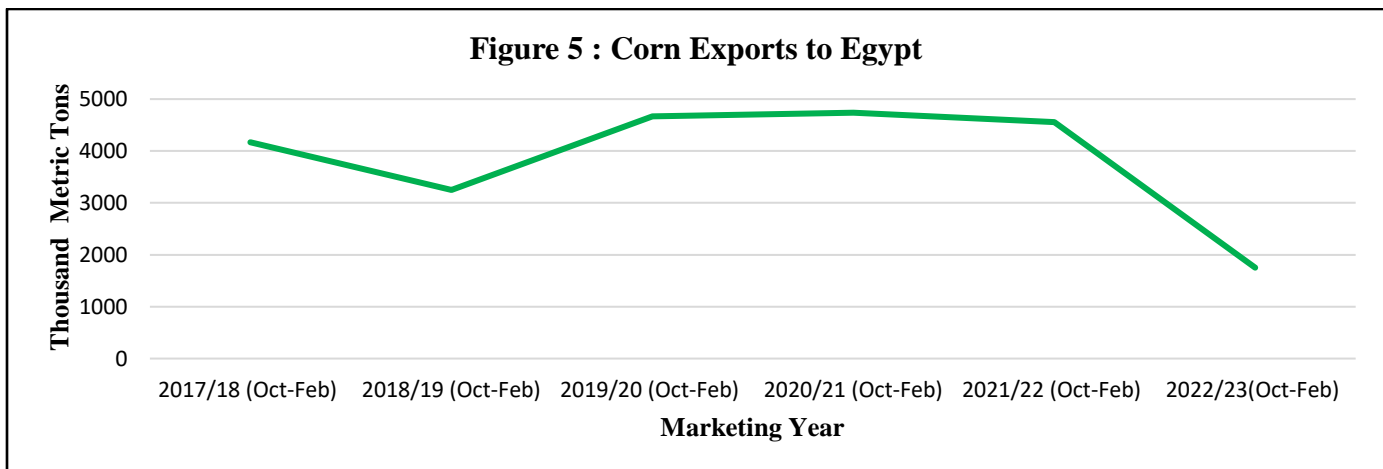
## TRADE

FAS Cairo forecasts Egypt's corn imports in MY 2023/24 (October – September) at 6.5 MMT, up by 500,000 MT from Post's estimate in the previous marketing year. Post estimates corn imports at 6.0 MMT in MY 2022/23, sharply down from MY 2021/22 corn import estimate by 38.5 percent.

The sharp decline in imports in MY 2022/23 is attributed to the impacts of the Russia-Ukraine war which caused a price hike in commodities such as wheat and corn, and disruption of shipments from Ukraine which is a major supplier of corn to Egypt.

The impacts of the war have also influenced the availability of forex needed for the release of corn, corn by-products and soybeans shipments stuck for many weeks in Egyptian ports. Furthermore, it has significantly impacted the need of the poultry sector thus decreasing the supply needed for poultry feed causing a significant increase in the cost of poultry production.

During the period of October 2022 – February 2023, around 1.75 MMT of corn was exported to Egypt, a 61.5 percent decrease from the same period last year, and the lowest level for the period since 2008/09 (Figure 5).

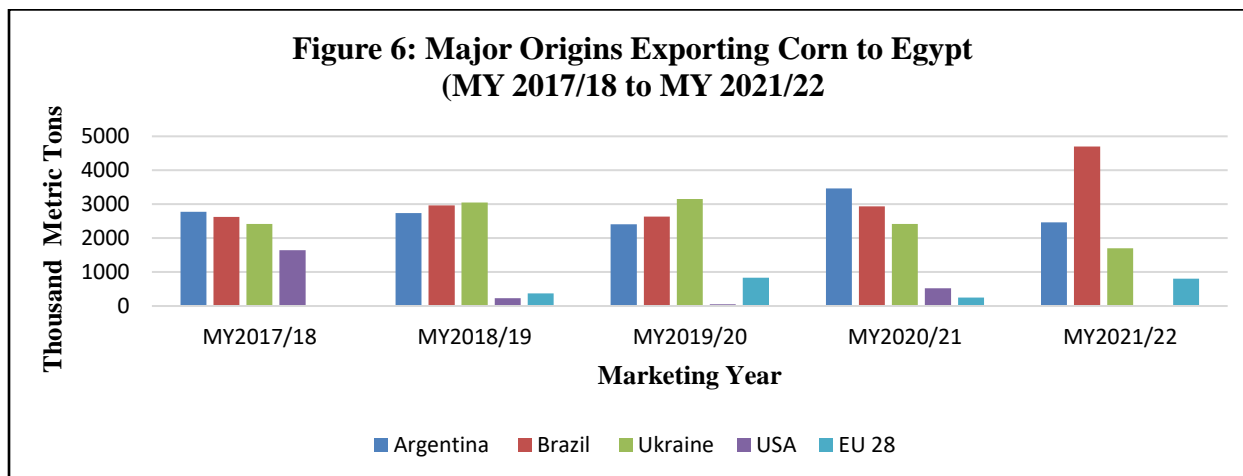


Source: Trade Data Monitor LLC and FAS Cairo Research

The Government of Egypt has intervened to release backlogged corn and soybeans shipments at ports, which will hopefully ease the cost burden to domestic traders and feed producers. During the period of March 3 to March 16 a total of 124,000 MT of corn were released from ports bringing the total amount of corn shipments released from ports since October 16, 2022, up to March 16, 2023, to almost 2.3 MMT of corn. More than half a million ton of corn was stuck in ports prior to the beginning of the marketing year 2022/23.

Weaker corn imports may also be attributed to lower production in Egypt's key suppliers. With production significantly lowered in the EU and Argentina, as well as ongoing conflict in Ukraine, 2022/23 corn exports are forecast lower for all of Egypt's major suppliers except Brazil.

Egypt’s yellow corn production covers less than 35 percent of its feed demand needs, and imports supplement the feed industry. Egypt sources yellow corn from international markets and top suppliers of corn to Egypt during the past five marketing years were Brazil at 15.8 MMT followed by Argentina at 13.8 MMT and Ukraine with 12.7 MMT. Ukrainian exports to Egypt have dropped by 29.4 percent during MY 2021/22 from the previous marketing year. Private traders substituted this amount from Brazil (Figure 6).



Source: Trade Data Monitor LLC

**GASC Launches First-ever Yellow Corn International Tenders:** On January 19, GASC announced an international tender to supply yellow corn on a cost and freight basis (C&F) or cost, insurance, and freight (CIF) basis for shipment between February 10-25, 2023. The aim is to support small poultry farmers as corn is being largely used as fodder for poultry. As a result, GASC bought 50,000 metric tons of Romanian corn priced at 339 USD/MT (C&F) in its first tender. On January 29, GASC made a second direct purchase of 60,000 MT of Ukrainian corn priced at 323 USD/MT (C&F).

## STOCKS

FAS Cairo forecasts Egypt’s corn stocks in MY 2023/24 at 1.68 MMT up by 13 percent from Post’s estimate in MY 2022/23 due to anticipated pickup in production and imports. Post estimate ending stocks in MY 2022/23 at 1.49 MMT.

Corn Market Year Begins Egypt	2021/2022		2022/2023		2023/2024	
	Oct 2021		Oct 2022		Oct 2023	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	930	930	930	930	0	950
Beginning Stocks (1000 MT)	1355	1355	1557	1557	0	1492
Production (1000 MT)	7440	7440	7440	7440	0	7600
MY Imports (1000 MT)	9763	9763	9000	6000	0	6500
TY Imports (1000 MT)	9763	9763	9000	6000	0	6500
TY Imp. from U.S. (1000 MT)	22	22	0	0	0	0
Total Supply (1000 MT)	18558	18558	17997	14997	0	15592
MY Exports (1000 MT)	1	1	5	5	0	5
TY Exports (1000 MT)	1	1	5	5	0	5
Feed and Residual (1000 MT)	14500	14500	13700	11000	0	11400
FSI Consumption (1000 MT)	2500	2500	2500	2500	0	2500
Total Consumption (1000 MT)	17000	17000	16200	13500	0	13900
Ending Stocks (1000 MT)	1557	1557	1792	1492	0	1687
Total Distribution (1000 MT)	18558	18558	17997	14997	0	15592
Yield (MT/HA)	8	8	8	8	0	8

(1000 HA) ,(1000 MT) ,(MT/HA)

MY = Marketing Year, begins with the month listed at the top of each column

TY = Trade Year, which for Corn begins in October for all countries. TY 2023/2024 = October 2023 - September 2024

## RICE

### PRODUCTION

FAS Cairo forecasts Egypt's milled rice production and area harvested in MY 2023/24 (October – September) to increase by 5 percent from Post's estimates in MY 2022/23. This increase is attributed to high prices of rough and milled rice currently in the market which could motivate farmers to increase areas of the crop.

The Ministry of Water Resources and Irrigation (MWRI) usually authorizes the Delta area provinces to plant rice during the summer season. No decision yet has been announced regarding the CY 2023 season, but most probably the areas allotted for planting rice in the Delta will be similar to the CY 2022 areas. The allotted rice cultivated area for CY 2022 was 1,074,200 feddans (~451,164 HA). Farmers planting rice outside the government's allotment usually face fines.

Rice cultivation in the Delta is critical to limit seawater intrusion into the Delta lands and prevents salinization of the soil. Early maturing rice varieties developed by ARC grow in three months, using 9,000-10,000 cubic meters of water per hectare compared with 14,000-15,000 cubic meters of water per hectare for other rice varieties.

### CONSUMPTION

FAS Cairo forecasts Egypt's rice consumption and residual at 4.0 MMT in MY 2023/24 up by approximately 5.2 percent from Post's estimate in MY 2022/23, which was revised downward from MY 2021/22 estimate by approximately 6.2 percent due to inflated prices of both rough and milled prices.

The government decided to dismiss its decision to put a cap on rice prices on February 15<sup>th</sup>, a month ahead of a deadline it announced earlier. In September 2022, the GOE issued a three-month fixed-price arrangement for rice, in which the price of premium packaged rice was set between 15-18 EGP per kg, and unpackaged rice was set at 12 EGP per kg. In mid-December, the government extended the pricing cap mechanism by another three months.

The GOE decision came in light of milled rice shortages in the market as a result of stockpiling causing increased prices by 30-40 percent in a period following the abundant rice harvest where prices are normally very affordable. The decisions that were issued by the GOE to regulate the market regarding a major commodity such as rice were necessary to ensure availability and prevent unjustified price hikes.

The decision did not satisfy major players in the rice value chain who indicated that the prices did not reflect actual costs of production and did not offer any profit margins. Many of the major players in the supply chain stopped supplying the market with milled rice; thus, the market witnessed another increase in prices.

The government's decision to terminate its prior decree of placing price caps on rice was well received by major farmer syndicates, Chamber of Cereal Industries, and the Food Supply Division at the Chambers of Commerce. It was necessary for the decision to be reversed so that sellers and farmers would release the rice they had been keeping in storage to increase supply and stabilize prices.

Rice millers and private companies began to resupply their production from the short and medium Egyptian rice brands on major retailers' shelves in mid-February following the government's suspension of its rice price cap decree. Current market prices range between EGP 24 to EGP 30 per KG depending on brand and percentage of brokens. In subsidy stores and Ramadan food exhibitions milled rice sells for EGP 14-15 per KG

Rice consumption in Egypt varies across different geographical locations with higher rates in the Northern Delta, coastal cities, and greater Cairo, compared to the Middle and Upper Egypt regions.

## **TRADE**

FAS Cairo forecasts Egypt's rice imports in MY 2023/24 (October – September) at 250,000 down by 300,000 MT from Post's MY 2022/23 estimate due to expected higher local production.

On February 21, 2023, GASC made a contract to buy 50,000 metric tons of Indian rice in an international tender. The companies submitted total offers to supply total quantities of 175,000 MT from four companies, all of them offered Indian rice, except for one bid of 25,000 metric tons of Vietnamese rice. GASC bought 25,000 MT of Indian rice from one supplier at a price of \$534/MT to be shipped from April 17-May 5. GASC also bought another 25,000 MT of Indian rice from a second supplier at a price of \$545/MT to be shipped during the period of May 5-20.

In MY 2021/22 (Oct –Sept) traders sourced around 600,000 MT of long-grain and basmati rice from China and India. Post attributes this trend to mainly an increase in demand for long-grain, basmati, and jasmine rice, as well as other varieties with less starch content than short- or medium-grain rice as a certain segment of consumers follow a healthy lifestyle.



## STOCKS

FAS Cairo forecasts Egypt's ending rice stocks in MY 2023/24 to reach 983,000 MT, up from the previous marketing year's estimate of 958,000 MT. The increase is due anticipated increased production in MY 2023/24.

Rice, Milled Market Year Begins Egypt	2021/2022		2022/2023		2023/2024	
	Oct 2021		Oct 2022		Oct 2023	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	500	500	600	600	0	630
Beginning Stocks (1000 MT)	1159	1159	613	613	0	958
Milled Production (1000 MT)	2900	2900	3600	3600	0	3780
Rough Production (1000 MT)	4203	4203	5217	5217	0	5478
Milling Rate (.9999) (1000 MT)	6900	6900	6900	6900	0	6900
MY Imports (1000 MT)	609	609	550	550	0	250
TY Imports (1000 MT)	600	600	550	550	0	250
TY Imp. from U.S. (1000 MT)	0	0	0	0	0	0
Total Supply (1000 MT)	4668	4668	4763	4763	0	4988
MY Exports (1000 MT)	5	5	5	5	0	5
TY Exports (1000 MT)	5	5	5	5	0	5
Consumption and Residual (1000 MT)	4050	4050	4100	3800	0	4000
Ending Stocks (1000 MT)	613	613	658	958	0	983
Total Distribution (1000 MT)	4668	4668	4763	4763	0	4988
Yield (Rough) (MT/HA)	8.406	8.406	8.695	8.695	0	8.6952

(1000 HA), (1000 MT), (MT/HA)

MY = Marketing Year, begins with the month listed at the top of each column

TY = Trade Year, which for Rice, Milled begins in January for all countries. TY 2023/2024 = January 2024 - December 2024

**Attachments:**

No Attachments