

**Required Report:** Required - Public Distribution

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

**Country:** Egypt

**Post:** Cairo

**Report Category:** Grain and Feed

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### **Report Highlights:**

Egyptian marketing year (MY) 2023/24 wheat imports are estimated at 12.0 million metric tons (MMT), up by 6.9 percent from MY 2022/23 due to lower area and production. Corn imports are estimated at 6.5 MMT in MY 2023/24, an increase of 8.3 percent from the previous year as higher corn area is more than offset by increased heat stress and insects. Rice imports are estimated at 450,000 MT in MY 2023/24, unchanged from the previous marketing year.

# WHEAT

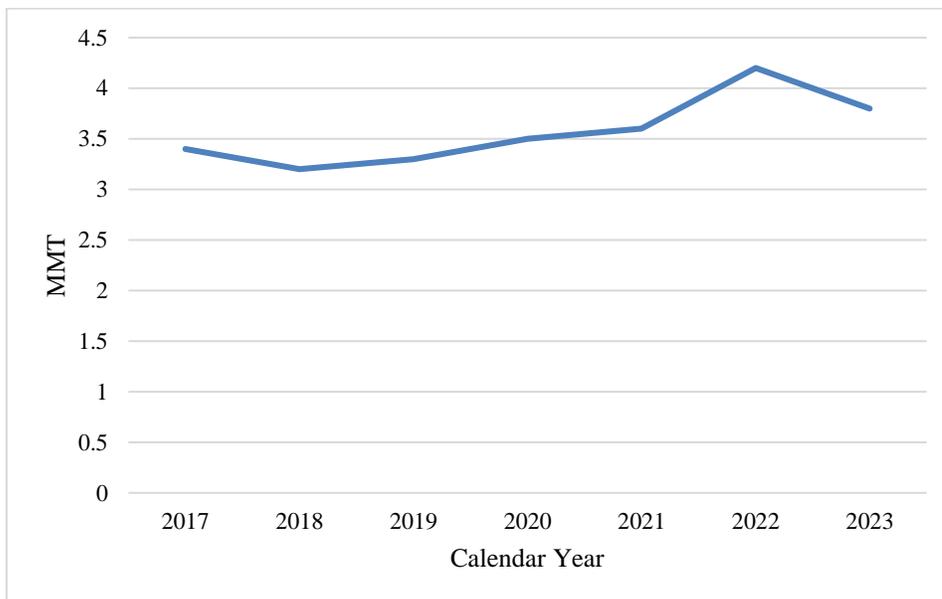
## PRODUCTION

## PRODUCTION

Wheat production in MY 2023/24 (July – June) is estimated at 8.87 million metric tons (MMT), down 6.63 percent from MY 2022/23. This is due to area harvested, decreasing to 1.35 million hectares (HA) compared to 1.45 million HA in MY 2022/23. The decrease in area is driven by increased area of Egyptian clover and sugar beets. In Egypt, wheat is generally planted in November and harvested in April.

**Domestic Wheat Procurement:** Wheat procurement season usually starts in mid-April and lasts until mid-July but was extended this season until the end of August to allow for more time for farmers to submit their crop to government collection centers. The amount of locally produced wheat purchased by the Government of Egypt (GOE) was close to 3.8 MMT in calendar year (CY) 2023 (See Chart 1).

**Chart 1: Locally Purchased Wheat in Million Metric Tons**



*Source: FAS Cairo Research*

The Government of Egypt has increased the procurement price of wheat by almost 70 percent over the previous marketing year to encourage farmers to sell their wheat to government wheat purveyors and motivate farmers to cultivate more wheat. On April 12, 2023, the GOE raised the local procurement price to 1,500 Egyptian pounds (EGP) per ardeb (one ardeb=150 kilograms) or \$324.67/MT from 885 EGP/ardeb in the previous season (in CY 2022). Prices are based on purity and quality, ranging from 1,450 EGP/ardeb or \$313.8/MT to 1,500 EGP/ardeb or \$324.67/MT.

On November 2, 2023, the GOE announced a new procurement price of 1,600 EGP/ardeb (\$346.30/MT) for the 2024 wheat harvest season. The new price was announced almost two weeks before the planting season (mid-November to April), which will encourage many farmers to plant the crop. A guaranteed price for the crop is the minimum purchasing price, which is subject to change per a price increase in the international market. Because of the new procurement price, Post expects an increase in area planted for wheat in MY 2024/25 by more than 10-12 percent than the previous marketing year.

The General Authority for Supply Commodities' (GASC) government wheat purveyors for calendar year (CY) 2024 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

Wheat consumption in MY 2023/24 is estimated at 20.6 MMT, up by 50,000 MT from MY 2022/23. This is due to a 50,000 MT 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 105 million, according to the Central Agency for Public Mobilization and Statistics (CAPMAS). In addition to the local population, Egypt is also host to an estimated nine million migrants from Iraq, Syria, Libya, Yemen, and Sudan. Egypt's population (excluding immigrants) is expected to reach 124 million by 2030.

**Bread Subsidy:** The Government of Egypt allocates bread subsidy beneficiaries of 150 loaves of bread per month (i.e., five loaves of bread per day). Baladi (i.e., common, traditional) bread is sold at a subsidized price of 0.05 EGP/loaf while the actual current cost is estimated at an average of 0.9 EGP/loaf, as the GOE compensates bakeries for the difference in production cost. Approximately 66.7 percent of Egyptians are eligible for the bread subsidy program, which the GOE has tried to reduce in the past. However, with the rise in inflation and Egyptians consume more bread, it has weakened the government's ability to reduce the program.

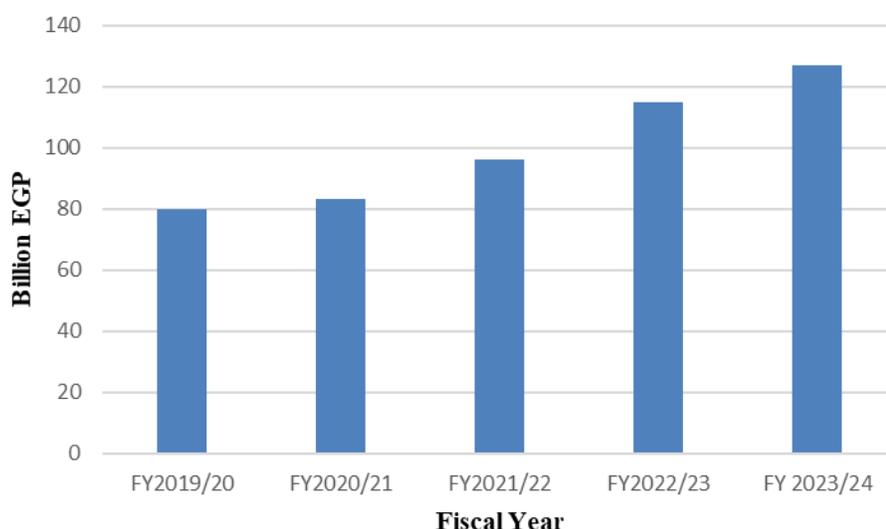
The current subsidy system permits beneficiaries who consume less than the quota amount to convert their bread savings into points (1 point = 0.01 EGP). Points are redeemable to purchase 31 other food and non-food items sold at discounted prices. A network of 1,300 state-owned consumer outlets managed by the Ministry of Supply and Internal Trade's (MOSIT) Holding Company for Food Industries (HCFI) accept SMART ration cards, as well as 48,000 partnered, private grocery stores with MOSIT.

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 and patisseries

producing these baked products. Private baked products at have seen a decrease in consumption by 10-15 percent due to rising prices of end products.

In fiscal year (FY) 2023/24 (June – July) Egypt allocated almost 127 billion EGP (4.1 billion USD) for food subsidies, with 92 billion EGP (2.98 billion USD) earmarked for the bread subsidy (See Figure 1).

**Figure 1: Egypt’s Food Subsidy in Billion EGP**



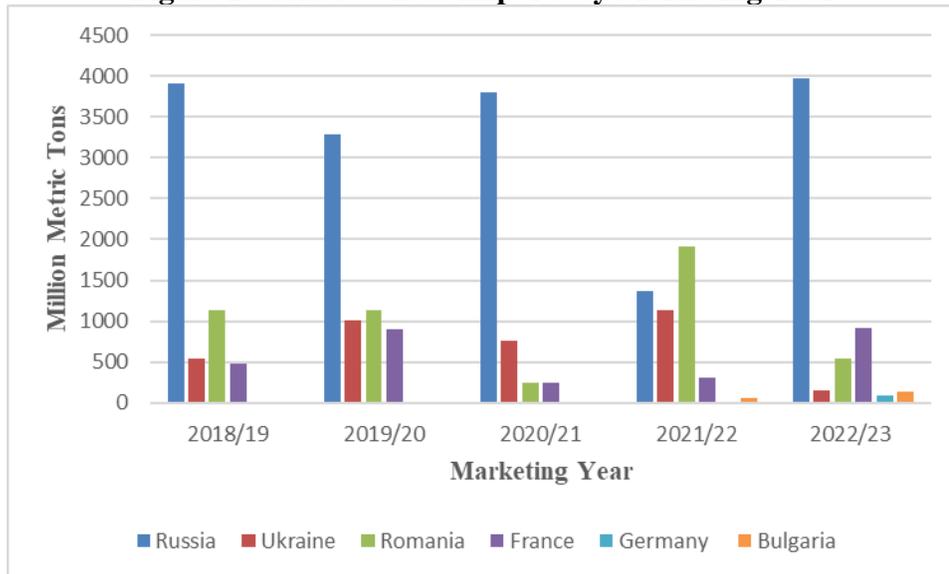
*Source: Egypt’s Ministry of Finance*

## TRADE

Egypt is the world’s largest wheat importer and has been adversely affected by Russia’s invasion of Ukraine, as high wheat prices have increased and caused Egypt to seek more Russian wheat imports. Estimated MY 2023/24 (July – June) wheat imports are 12.0 MMT, up by almost 7 percent from MY 2022/23. The largest exporters to Egypt in MY 2022/23 were Russia (8.1 MMT), the EU (1.8 MMT), Ukraine (856,377 MT), and Australia (172,015 MT). GASC wheat imports accounted for 50.5 percent of total imports in CY 2023 (Jan- August), while the private sector accounted for the rest. In the five years, the private industry has increased its market share of wheat imports as it has increased its production of flour distributed to private bakeries, café and patisserie producing high quality products.

In MY 2022/23 (July-June) GASC imported some 5.8 MMT of wheat to support the bread subsidy program (See Figure 2). GASC tenders during MY 2023/24 resulted in purchasing 1.6 MMT from international markets. Of this amount, 1.12 MMT was purchased from Russia, 360,000 MT from Romania, and 120,000 MT from France. GASC imports in MY 2023/24 are expected to be between 5-5.5 MMT.

**Figure 2: GASC Wheat Imports by Marketing Year**



Source: Ministry of Supply and Internal Trade

Recently, GASC made a direct purchase of 480,000 MT of Russian wheat and 60,000 MT of Bulgarian wheat. Prices per metric ton for both purchases were \$70/MT cost and freight (C& F). GASC has been using direct deals with traders based on an Egyptian cabinet decision amid the eruption of the war in Ukraine.

**Egypt Secures Funding from International Donors:** The war on Ukraine disrupted wheat trade and increased wheat prices, while also exasperating Egypt’s foreign currency crunch. Egypt has been able to secure a stable wheat supply for its bread subsidy program via international tenders and direct wheat purchases. Egypt received support from international donors including the World Bank, the International Islamic Trade Finance Corporation (IIFC) and the African Development Bank (AFDB) to finance wheat purchases in foreign currency, in addition to ongoing cooperation with various international agencies and entities to enhance food security.

The latest of these financing agreements is a \$500 million financing agreement with the Abu Dhabi Exports Office (ADEX), and Al Dahra Co, an Abu Dhabi agribusiness. ADEX and AL Dahra Co. will supply wheat to Egypt under a 5-year agreement starting in 2023. The agreement, worth \$100 million per year, will provide Egypt with a relatively small portion of the high-quality milling wheat either through direct purchases or tenders.

## STOCKS

Ending stocks in MY 2023/24 are estimated at 4.0 MMT, down by 11.5 percent from Post’s MY 2022/23 estimate due to increased consumption and lower production. As stocks are primarily held by the government and wheat remains a priority commodity, forex issues are forecasted to not heavily impede a shortage in stock.

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)	1436	1436	1450	1450	1350	1350
Beginning Stocks (1000 MT)	5032	5032	5330	5330	4601	4601
Production (1000 MT)	9842	9842	9500	9500	8870	8870
MY Imports (1000 MT)	11256	11256	11221	11221	12000	12000
TY Imports (1000 MT)	11256	11256	11221	11221	12000	12000
TY Imp. from U.S. (1000 MT)	196	0	115	0	0	0
Total Supply (1000 MT)	26130	26130	26051	26051	25471	25471
MY Exports (1000 MT)	300	300	900	900	800	800
TY Exports (1000 MT)	300	300	900	900	800	800
Feed and Residual (1000 MT)	1300	1300	1300	1300	1300	1300
FSI Consumption (1000 MT)	19200	19200	19250	19250	19300	19300
Total Consumption (1000 MT)	20500	20500	20550	20550	20600	20600
Ending Stocks (1000 MT)	5330	5330	4601	4601	4071	4071
Total Distribution (1000 MT)	26130	26130	26051	26051	25471	25471
Yield (MT/HA)	6.8538	6.8538	6.5517	6.5517	6.5704	6.5704

(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

Estimated MY 2023/24 (October – September) corn production is 7.2 MMT, down from MY 2022/23 by almost 3.2 percent. The decrease is due to excessive heat during the growing season and high insect pressure - mainly the fall army worm, causing lower kernel counts and reduced yield throughout the region from July to August. High domestic corn prices in the prior season caused area harvested in MY 2023/24 to increase by 2.15 percent over MY 2022/23.

This year, the Ministry of Agriculture and Land Reclamation (MALR) implemented a framework to set up market channels and prices for farmers to ensure their product would be marketed. This new framework has contributed to an increase in production. A guaranteed minimum price of 9,000 EGP (\$292.20) per metric ton of white corn and 9,500 EGP (\$308.40) per metric ton of yellow corn was also established by the MALR to encourage farmers to increase corn area. White corn represents 65 percent of total area harvested, while yellow corn accounts for the other 35 percent. Yellow corn is not much different than white corn besides the pigment and a slightly higher nutritional value with more vitamin A. Around 60 percent of corn is used as silage.

This year, Egypt's Agriculture Research Center (ARC) increased corn acreage and yields by improving extension services, planting higher-yielding one-way and three-way cross hybrids by encouraging growers to plant during ideal times and improving marketing channels. The major priorities of ARC include increasing the number of demonstration fields, showcasing new maize varieties, and demonstrating good agricultural practices to obtain higher yields and decrease post-harvest losses, which they have effectively done so.

## CONSUMPTION

Corn consumption in MY 2023/24 (October – September) is estimated at 13.8 MMT, up by 2.2 percent from the MY 2022/23 estimate of 13.5 MMT. The increase in consumption is attributed to a 2.7 percent increase in feed and residual consumption from Post’s estimate for MY 2022/23.

Feed consumption in 2022/23 was reduced as the war in Ukraine increased international prices and contributed to a foreign currency crunch in Egypt. The Egyptian pound lost almost half of its value against the US dollar since March 2022.

These issues led 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. As a result, 50 percent of poultry producers suspended operations. The Union of Poultry Producers (UPP) asked the government to intervene to facilitate the release of yellow corn imports from ports, which was somewhat helpful.

During October 16, 2022-August 28, 2023, 5.3 MMT of corn was released from ports. The release of feed raw materials encouraged many breeders to resume production; prices of poultry feed declined by 30 percent, and prices of corn (which represents 70 percent of poultry feed formulation) declined by 40 percent. Recent declines in feed raw materials and poultry feed caused poultry market prices to fall by 20-25 percent.

Post anticipates the poultry sector’s feed consumption to grow by almost 3.0 percent in MY 2023/24, as larger producers consolidate, vertical integration increases, and broiler consumption rebounds. MALR has continued to increase licenses for livestock, poultry, and fodder projects through the livestock and poultry sector, facilitating the procedures to obtain these operational approvals.

**Starch Industry:** The Egyptian wet milling sector consumes 1-1.5 MMT of corn annually. There are five major corn wet milling companies in Egypt, and each has an expansion plan over the next 2-3 years. The largest of these, which accounts for over 70 percent of wet milling in Egypt, has been Egypt’s leading importer of corn over the past five years.

## TRADE

Egypt’s MY 2023/24 (October – September) corn imports are estimated 6.5 MMT, up by 8.3 percent from the previous marketing year as broiler consumption rebounds. During the October 2022 – July 2023 period, Egyptian imports of corn amounted to 4.93 MMT. Ukraine was the leading supplier with 2.0 MMT, followed by Brazil at 1.64 MMT, and Argentina at 825,938 MT. The 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 (at 12.7 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	950	950
Beginning Stocks (1000 MT)	1355	1355	1557	1557	1496	1496
Production (1000 MT)	7440	7440	7440	7440	7600	7200
MY Imports (1000 MT)	9763	9763	6000	6000	7500	6500
TY Imports (1000 MT)	9763	9763	6000	6000	7500	6500
TY Imp. from U.S. (1000 MT)	22	22	0	0	0	0
Total Supply (1000 MT)	18558	18558	14997	14997	16596	15196
MY Exports (1000 MT)	1	1	1	1	1	1
TY Exports (1000 MT)	1	1	1	1	1	1
Feed and Residual (1000 MT)	14500	14500	11000	11000	12700	11300
FSI Consumption (1000 MT)	2500	2500	2500	2500	2500	2500
Total Consumption (1000 MT)	17000	17000	13500	13500	15200	13800
Ending Stocks (1000 MT)	1557	1557	1496	1496	1395	1395
Total Distribution (1000 MT)	18558	18558	14997	14997	16596	15196
Yield (MT/HA)	8	8	8	8	8	7.5789

(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

Estimated MY 2023/24 (October – September) milled rice production and area harvested are 5.0 percent higher than in MY 2022/23. The increase is due to high prices of rough and milled rice prior to the 2023 planting season, which prompted farmers to increase crop area with a potential removal of government fines.

The allotted rice cultivated area by the Ministry of Water Resources and Irrigation (MWRI) for CY 2023 was only 1,074,200 feddans (~451,164 HA). However, many farmers planted rice without an allocation due to the price increase and possibility of a relaxed government fines.

Rice cultivation in the Delta is critical to limit seawater intrusion into the Delta lands and helps prevent salinization of the soil. Adoption of early maturing and high yielding rice varieties developed by the Agriculture Research Center (ARC) increased yields per hectare with less water consumption.

### CONSUMPTION

Estimated MY 2023/24 rice consumption and residual is 4.1 MMT, up by 2.5 percent from Post's estimate in MY 2022/23. This increase is due to an abundant supply of rice and stability of rice prices in the domestic market, which tend to stabilize after the harvest season.

The government has ensured a sustainable supply of rice for the beneficiaries under the subsidy program with affordable prices. Current rice price in government affiliated stores is 12.6 EGP/Kg while prices in the market hover between 30-32 EGP/Kg.

Paddy rice prices have declined by 40 percent as compared to prices in April/May of 2023. Similarly, milled rice prices in the domestic market have also declined by 35 to 40 percent depending on quality and brand. 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

Egyptian MY 2023/24 rice imports are estimated at 450,000 MT, unchanged from the previous marketing year.

On February 21, 2023, GASC contracted to buy 50,000 MT of Indian rice. Companies submitted offers to supply 175,000—three offered Indian rice and one offered 25,000 MT of Vietnamese rice. GASC accepted two bids—one for 25,000 MT of Indian rice at \$534/MT (which was shipped from April 17-May 5), and the second for 25,000 MT of Indian rice at \$545/MT, (which was shipped from May 5-20).

In MY 2022/23 (October –July), traders sourced around 384,000 MT of milled rice from international markets. China was the largest exporter of rice to Egypt with 204,700 MT in MY 2022/23 followed by India at 172,673 MT. Although India recently enacted an export ban of non-basmati white rice, this will most likely not impact Egypt’s imports. Most rice imports are long-grain, basmati, and jasmine rice; other varieties are sometimes imported for specific consumer markets.

## STOCKS

Post forecasts Egypt’s ending rice stocks in MY 2023/24 up by approximately 19 percent from the previous marketing year, due to increased production in MY 2023/24. Yield is also reflected higher as new rice varieties have been introduced by the Agricultural Research Center in Egypt.

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	630	630
Beginning Stocks (1000 MT)	1159	1159	613	613	658	658
Milled Production (1000 MT)	2900	2900	3600	3600	3780	3780
Rough Production (1000 MT)	4203	4203	5217	5217	5478	5478
Milling Rate (.9999) (1000 MT)	6900	6900	6900	6900	6900	6900
MY Imports (1000 MT)	609	609	450	450	350	450
TY Imports (1000 MT)	600	600	425	425	350	450
TY Imp. from U.S. (1000 MT)	0	0	0	0	0	0
Total Supply (1000 MT)	4668	4668	4663	4663	4788	4888
MY Exports (1000 MT)	5	5	5	5	5	5
TY Exports (1000 MT)	5	5	5	5	5	5
Consumption and Residual (1000 MT)	4050	4050	4000	4000	4100	4100
Ending Stocks (1000 MT)	613	613	658	658	683	783
Total Distribution (1000 MT)	4668	4668	4663	4663	4788	4888
Yield (Rough) (MT/HA)	8.406	8.406	8.695	8.695	8.6952	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