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Prepared By: Shaza Omar

Approved By: Christopher Riker

Report Highlights:

Egypt's economy is under pressure due to rising inflation and the impact of Russia's invasion of Ukraine -- Egyptian food prices are rising and U.S. dollars are increasingly hard to access. As Egypt only produces 35 percent of its national feed requirements, increases in international feed prices have led to a higher rate of slaughter and a decrease in the size of the Egyptian herd. The ongoing conflict in Sudan, Egypt's largest supplier of live cattle, is exerting additional pressure on the Egyptian beef and dairy producer. Live cattle imports are projected to be cut in half in 2023. While domestic beef production is on the rise, due to a higher rate of slaughter, imports are expected to fall precipitously due to the lack of available U.S. dollars. Accordingly, FAS/Cairo forecasts Egypt's 2024 domestic beef consumption will decrease by almost six percent.

Executive Summary

Egypt's economy is under considerable pressure, with annual inflation hitting a record 36.8 percent in June 2023, according to official statistics. Russia's invasion of Ukraine, now in its second year, has led to increased food and energy prices worldwide, adding another layer to Egypt's economic challenges. Egyptian food prices are rising quickly while dollars are increasingly hard to access in the country, creating additional complexities for Egyptian agricultural importers. In Egypt, food and beverage prices, the main drivers of inflation, rose by 64.9 percent in June (when compared to the same period in 2022). Grains, meat, poultry, fish, and fruit were among the products that have witnessed the biggest price increases.

Egypt only produces 35 percent of its national feed requirements, and predominantly relies on imports to meet its needs. Feed consumption, in the current marketing year has been significantly impacted by increases in prices, and a higher rate of slaughter is being seen across Egypt. Accordingly, Post forecasts that the Egyptian marketing year ending herd stock will decrease by 4 percent, to 7.8 million head. In addition to the financial challenges that already exist, the crisis in Sudan, Egypt's largest supplier of live cattle, is exerting additional pressure on the Egyptian beef and dairy producer, making it harder to increase the national herd. Live cattle imports are projected to be cut in half in 2023, reaching only 100,000 head.

While domestic beef production is on the rise, due to a higher rate of slaughter, imports are expected to fall precipitously due to the lack of U.S. dollars (from 270,000 MT in 2022 to 245,000 MT in 2023 and is expected to reach 160,000 MT in 2024). One might expect, with population growth and an influx of refugees, that Egyptian consumption might grow. However, FAS/Cairo forecasts Egypt's MY 2024 domestic beef consumption decrease by almost 6 percent compared to MY 2023. Reduced purchasing power and high inflation are both significant factors stymying growth in Egyptian beef consumption.

Cattle:

Production, Supply and Distribution Data Statistics:

Animal Numbers, Cattle	2022		2023		2024	
	Jan 2022		Jan 2023		Jan 2024	
Egypt	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
(*1000 HEAD)						
Total Cattle Beg. Stocks	8000	8000	8125	8110	0	8125
Dairy Cows Beg. Stocks	4550	4550	4600	4570	0	4525
Beef Cows Beg. Stocks	0	0	0	0	0	0
Production (Calf Crop)	1960	1940	1960	1930	0	1875
Total Imports	450	200	350	180	0	100
Total Supply	10410	10140	10435	10220	0	10100
Total Exports	0	0	0	0	0	0
Cow Slaughter	800	775	775	780	0	800
Calf Slaughter	50	50	50	50	0	60
Other Slaughter	1220	1005	1190	1055	0	1240
Total Slaughter	2070	1830	2015	1885	0	2100
Loss and Residual	215	200	220	210	0	200
Ending Inventories	8125	8110	8200	8125	0	7800
Total Distribution	10410	10140	10435	10220	0	10100

NOTE: "New Post" data reflects FAS/Cairo's assessments and are NOT official USDA data.

Production - Cattle

Forecasted Egyptian cattle production (calf crop) in marketing year (MY¹) 2024 (January-December) is 1.875 million head, a 3 percent decrease from MY 2023. Due to high production costs, particularly for feed, many farmers – especially those with small- and medium-sized operations² – have been forced to decrease the size of their herd leading to record high slaughter. Only integrated livestock operations (e.g., from grain production to finish products) have been able to absorb the challenging feed shortage and high prices. Accordingly, total supply in MY 2024 is expected to decrease by 120,000 head (1.2 percent lower than MY 2023). FAS/Cairo estimates that the national herd will contract to 10.1 million head in MY 2024.

Inflation and Production Costs

Egyptian difficulty in obtaining corn imports affected the prices greatly, Egypt only produces 35 percent of its feed requirements, and predominantly relies on imports to meet its needs, making Egyptian livestock production highly vulnerable to international price fluctuations. Feed consumption in MY23 has been significantly impacted by increases in raw feed material prices. Feed prices for large animals, poultry, and even fish have all increased significantly. Over the past year, the price of corn increased from 8,000 EGP/MT (\$259) to 19,000 Egyptian Pound (EGP)/MT (\$615) while the price of poultry feed increased from 11,300 EGP/MT (\$365) to 26,000

¹ Unlike many commodities, marketing year (MY) for livestock and beef is the same as Calendar year (CY)

² In 2019, Ministry of Agriculture's Division for Egypt's Animal Resources Sector declared that nearly 70 percent of the animal husbandries in Egypt are run by small- and medium-sized enterprises.

EGP/MT (\$840). Egyptian feed prices are particularly high due to lack of currency leading to unanticipated demurrage expenses and storage.

NOTE: At the time of this report, the Egyptian pound has lost nearly half of its value against the U.S. dollar since March 2022. The challenge in accessing foreign currency has also led to a significant slow-down in the release of corn and soybeans shipments from Egyptian ports during the last quarter of Calendar Year (CY) 2022 and a backlog in corn and soybean imports (with the Egyptian poultry industry suffering the most). This not only put pressure on Egypt's efforts to modernize its feedlots but has made it difficult for livestock producers to procure feed.

Economic fallout from Russia's invasion of Ukraine as well as global economic challenges have led to higher international prices, including for feed grains, and exacerbated a foreign currency crunch in Egypt.

Stocks

FAS/Cairo forecasts Egypt's MY 2024 ending cattle stocks at 7.8 million head, 4.0 percent less than Post's MY 2023 estimates. Post attributes this decrease to a higher rate of slaughter due to high feed prices and fewer imported cattle due to the ongoing crisis in Sudan.³

Trade – Currency Inflation and Current Economic Situation in Egypt

Egypt has been adversely affected by the Russian war in Ukraine and the coronavirus pandemic – both of which increased inflation. The Egyptian Government has struggled to rein in inflation for some time. In March 2022, the Central Bank of Egypt (CBE) and the Government of Egypt (GoE) adopted several measures to respond to the inflationary pressures. These measures included increasing the interest rates and lifting controls on the exchange rate which led the Egyptian Pound (EGP) to depreciate by nearly 16 percent against the U.S. Dollar (USD). In October 2022, Egypt further devalued the Egyptian pound.

Core inflation⁴ reached nearly 41 percent in the year ending June 2023 - while the pound lost almost 60 percent of its value. Floating the currency and the removal of some subsidies (most notably for fuel) put further pressure on prices for most products. Table 2 compares year-on-year official inflation rates between June 2022 and June 2023 (the most recently available official data).

Table 1: Inflation Rates – Year over Year (June 2022 and 2023)

	Headline CPI	Core CPI	Regulated Items	Fruits & Veg
June 2022	13.640%	15.637%	10.469%	0.554%
June 2023	35.710%	41.000%	17.020%	46.450%

Source: CBE

Trade - Live Cattle Imports

Post is reducing its forecast for live cattle imports in MY 2023 to 180,000 head due to the ongoing Sudanese crisis. The effects of this crisis are anticipated to be more pronounced in 2024, as the conflict began in April 2023, but the trade impact was not felt in Egypt until after June.

Egypt's MY 2024 live cattle imports are expected to further decrease by 44 percent (falling to 100,000 head). In recent years, Egypt's primary supplier of live cattle for immediate slaughter has been Sudan, but the conflict has made sourcing increasingly difficult. The conflict in Sudan is creating a deficit of beef in Egypt, contributing to the rise in food prices.

³ For more, see [EG2023-0008: Sudan Crisis Provides Further Blow to Egyptian Food Prices](#)

⁴ Core inflation is the change in the prices of goods and services, except for those from the food and energy sectors.

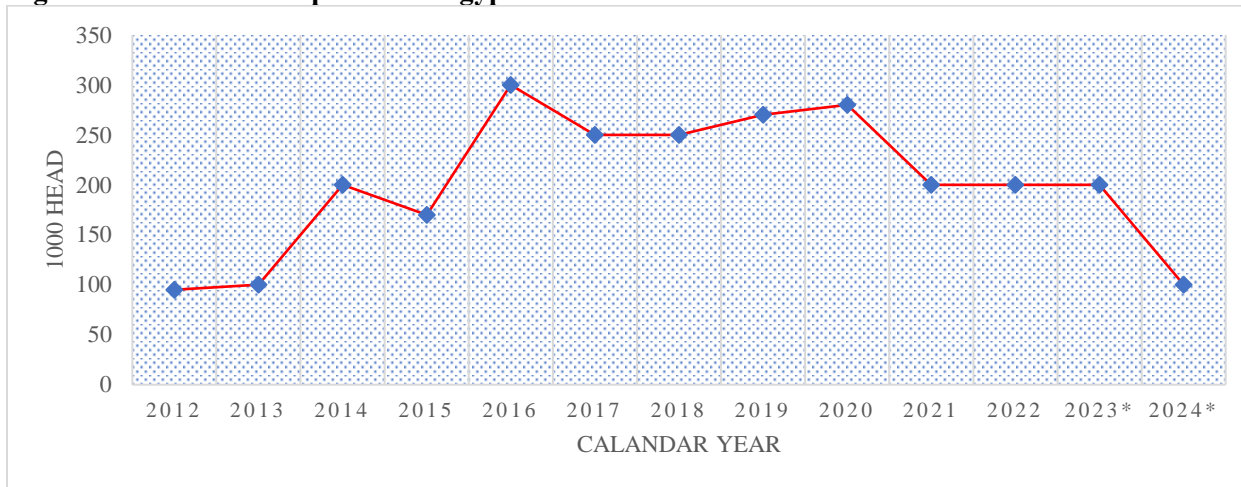
All imports face challenges due to the lack of foreign currency and high inflation. Despite this, there will still be some live cattle imports as most of Egypt’s live cattle imports are managed by the government itself.

These imports are expected to be sourced from Europe (e.g., Spain, Germany, Hungary, etc.) and Latin America (e.g., Colombia, Uruguay, Brazil, etc.). The Egyptian government is reportedly attempting to acquire cattle and other products from Djibouti⁵, Somalia, and Chad. However, no successful purchases from these countries have been announced.

While Brazil is one of Egypt’s major suppliers of live cattle for immediate slaughter, the supply from Brazil has been falling since CY 2020. Brazil shipped 63,500 head of cattle in CY 2020 compared to 94,602 head of cattle the previous year. In 2023 (January through June), Brazil shipped 18,000 head. This decline in live cattle shipments to Egypt is due to China’s increased demand for frozen Brazilian beef and varietal meat cuts. Chinese demand for Brazilian beef has resulted in increased cow slaughter for beef production, displacing the number of live animals available for export to Egypt.

Egyptian imports of U.S.-origin live dairy cattle made a comeback in 2019-2020. U.S. Holsteins are highly regarded by Egyptian importers and government officials and are Egyptian dairy producers’ preferred breed. One of Egypt’s largest dairies exclusively uses higher milk producing U.S.-bred heifers and their offspring. Between November 2019 and February 2020, Egypt imported over 4,700 head of U.S. Holsteins. These shipments represent the first successful U.S. live cattle exports to Egypt since 2013, but have not been followed up by additional shipments (for more, see [EG2020-0001: Got Milk – Egypt Imports U.S. Holsteins](#)).

Figure 1: Live Cattle Imports into Egypt Between CY 2012-2024*



NOTE: (*) MY 2023 2024 Post forecast cattle import figure.

Source: USDA and FAS/Cairo PSD estimates

Trade - Exports of Live Cattle

Egypt is not an exporter of live cattle for slaughter, dairy cattle, or of animals for breeding purposes.

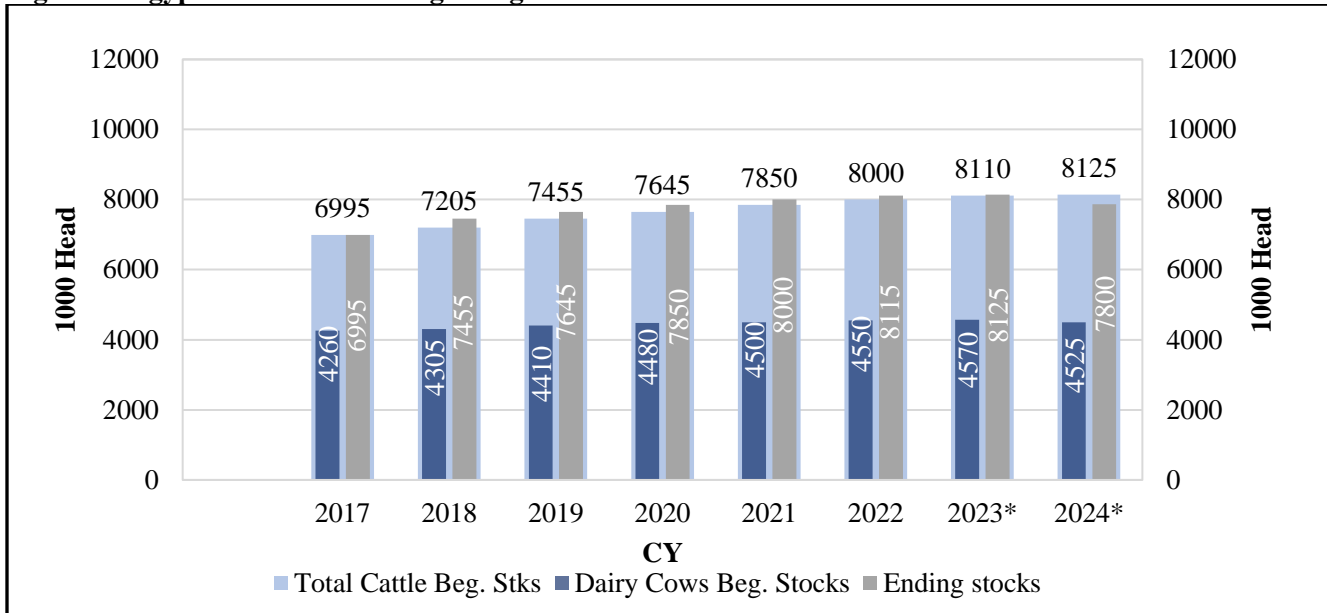
⁵ See, e.g., <https://www.thebeefsite.com/news/egypt-to-import-livestock-from-djibouti>

Policy

Egypt's Focus is to Increase the Supply of Beef:

In 2019, the Ministry of Agriculture and Land Reclamation launched the “Filling the Blanks project.” The project aims to increase dairy and beef productivity in Egypt by increasing the national herd. In 2016, President Abdel Fattah El-Sisi launched the National Million Cattle Project,⁶ whereby Egypt aimed to expand dairy and beef production by growing the national herd by 1 million head over a two-year period. However, the Egyptian herd is currently contracting.

Figure 2: Egyptian Live Cattle Beginning Stocks Between CY 2017-2024



NOTE: (*) MY 2023 2024 Post forecast cattle beginning stock figure.

Source: FAS/Cairo office research.

The government continues to enforce [Ministerial Decree \(Agriculture\) No. 72/2017](#) (published in February 2017), prohibiting the slaughter of domestic cattle weighing 400 kilograms or less, and bulls under two-years of age. Prior to the decree, carcass weights averaged 275 kilograms; today carcass weights average 500 kilograms. This decree does not apply to animals imported for immediate slaughter.

The national veal project (relaunched in May 2017) has benefitted 5,200 young, small-scale farmers that fell on challenging times in 2020. The number of beneficiaries has dropped precipitously this year as farmers experience difficulties repaying the five percent loans for cattle and feed purchases. The project has succeeded in increasing pre-slaughter weights for 550,000 animals slaughtered annually, up from 80-120 kilograms to 400 kilograms.

⁶ See, e.g., [National Projects \(presidency.eg\)](#).

Meat, Beef and Veal:

Production, Supply and Distribution Data Statistics:

Market Year Begins	Jan 2022		Jan 2023		Jan 2024	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
(1000 MT CWE)						
Slaughter (Reference) (1000 Head)	1815	1830	2015	1885	0	2100
Beginning Stocks	0	0	0	0	0	0
Production	375	385	425	375	0	440
Total Imports	315	270	260	245	0	160
Total Supply	690	655	685	640	0	600
Total Exports	0	0	0	0	0	0
Human Dom. Consumption	690	655	685	640	0	600
Other Use, Losses	0	0	0	0	0	0
Total Dom. Consumption	690	655	685	640	0	600
Ending Stocks	0	0	0	0	0	0
Total Distribution	690	655	685	640	0	600

Note: "New Post" data reflects FAS/Cairo's assessments and are NOT official USDA data.

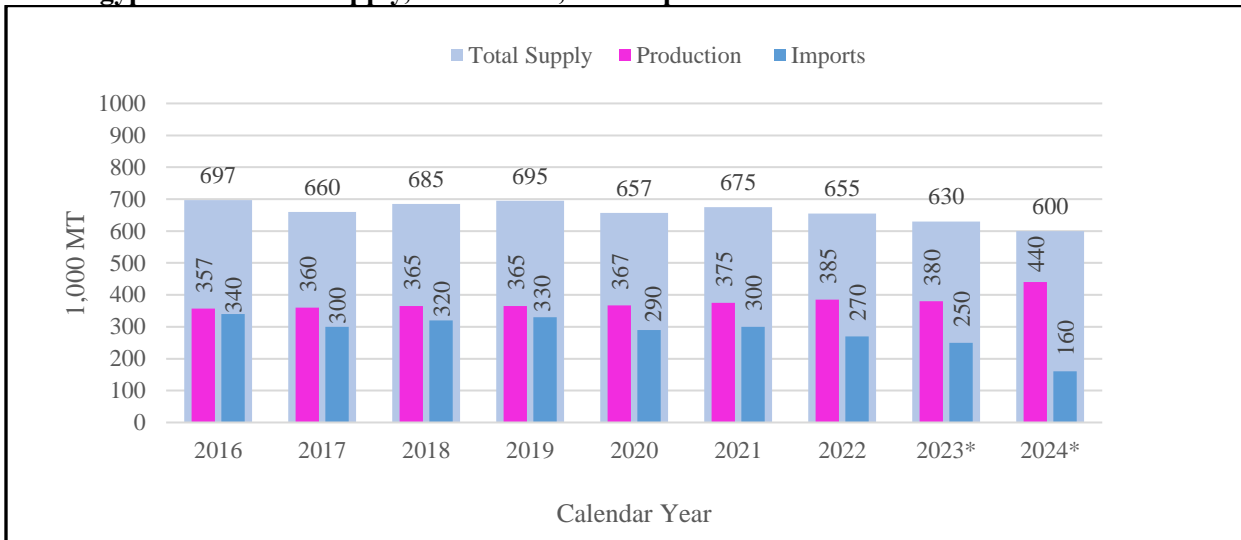
Production

FAS/Cairo forecasts Egypt's total MY 2024 cattle slaughter at 2.1 million head, a 1.1 percent increase (or 215,000 animals more) than in MY 2023. Post believes that in addition to the effect of high feed costs, the government is also attempting to increase slaughter to compensate for the reduction in beef imports (to ease beef prices). Accordingly, Post forecasts MY 2024 Egyptian beef production to reach 440,000 MT. This increase is attributed to many breeders' decisions to downsize their herd by increasing the rate slaughter due to rising production costs. Post forecasts higher rate of slaughter compared to 2022 giving the economic challenges in Egypt. Accordingly, post forecast for MY2022 remain unchanged. For more information see [Livestock Annual 2022](#).

Consumption

With population growth and an influx of refugees, one might expect consumption would grow, however, FAS/Cairo forecasts of Egypt's MY 2024 domestic beef consumption to decrease by six percent to be 600,000 MT. Post attributes the decline in consumption to the reduced purchase power of the Egyptian population due to increased prices. Beef prices increased by more than 100 percent discouraging increased consumption. Moreover, prices are expected to surge in response to the continued devaluation of Egyptian pound and complex import procedures, putting additional pressure on consumption.

Figure 3: Egypt’s Total Beef Supply, Production, and Imports Between CY 2016-2024*



NOTE: (*) MY 2023 & 2024 Post forecast beef production and imports figures.
 Source: FAS/Cairo office research.

Consumer Preferences and Prices

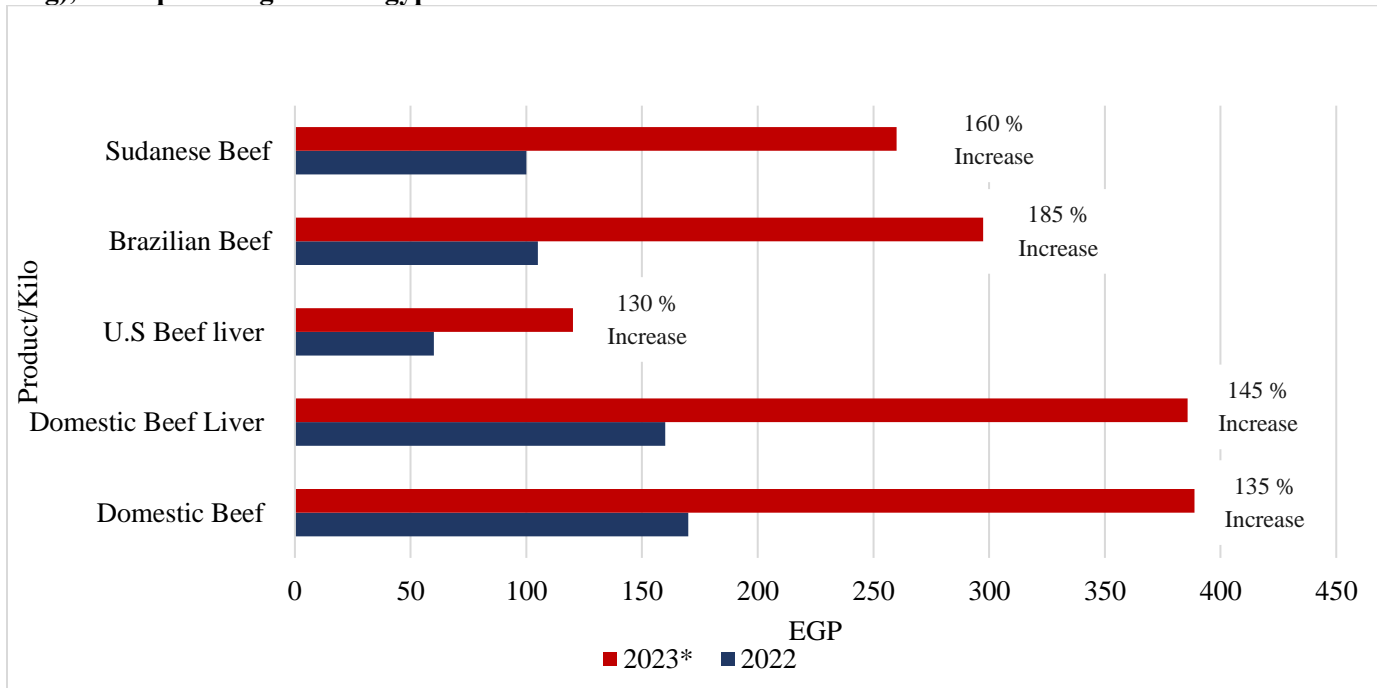
Affordably priced beef drives domestic beef consumption as most of Egypt’s population of 112 million are lower-income consumers. Variation in the consumption rate is primarily due to changes in the affordability of beef. Accordingly, beef consumption is tied to price.

Egyptians prefer beef to other types of meat (i.e., poultry and lamb). Consumers favor freshly slaughtered beef over frozen beef largely for cultural reasons. Egyptians consume red meat from locally produced fresh beef, imported feeder cattle, or imported cattle for immediate slaughter, frozen water buffalo meat (from India), and frozen beef.

The average retail price for beef in Egypt for local and imported cuts in Egyptian pounds increased by more than 100 percent over the last year. Prices for beef liver, usually considered a major source of affordable animal protein, also saw prices surge. This year, the average domestic liver price in retail is EGP 400/Kilogram (\$13) compared to EGP 160/Kilogram (\$5). Sales by the [Ministry of Supply and Internal Trade’s](#) (MOSIT) Holding Company for Food Industries (HCFI) are averaging EGP 300/ kilogram (\$10).

Domestic beef liver prices have increased by more than 135 percent since the beginning of 2022. The price for imported liver has also increased considerably – now priced at EGP 140/Kilogram price (compared to EGP 60/Kilogram (\$2) last year.

Figure 4: Comparison of Egyptian Beef and Beef Product Prices between CY 2022 and CY 2023 (Jan – Aug), Price per Kilogram in Egyptian Pounds



NOTE: Foreign Exchange Rates (2022) EGP 23 = USD \$ 1.00, EGP 30.89 = USD \$ 1.00.

*Data for January to August 2023

Source: FAS/Cairo office Market research.

Live Cattle Prices Impact Ritual Slaughter & Related Consumption

The increase in live cattle prices affected Egyptians ability to slaughter animals during the Islamic Al-Adha holiday (late June 2023). During the Eid, as it is common for families to slaughter an animal, usually a young bull. (NOTE: This can also be a camel, goat, or sheep depending on the region and the consumer’s financial means.) The meat from the sacrificed animal is divided into three parts: one-third for the family; one-third for relatives, friends, and neighbors; and the remaining third as charity for the poor.

In the 2023 Al-Adha feast, live cattle were sold at EGP 60,000 – 82,000 (\$1940 - \$2655) compared to EGP 26,000-36,000 (\$840 -\$1165) in 2022. Given Egyptian price increases, it was not uncommon for Egyptians to choose to sacrifice animals in African countries such as Malawi and Tanzania (where prices were more favorable). Through emerging Egyptian charity organizations (which work closely with food security related organizations in African countries to help the impoverished), many Egyptians were able to complete the religious ritual in a more affordable manner. A sheep in Egypt would currently cost an average price of EGP 7800 (\$252) compared to EGP 2000 (\$65) in Tanzania or Malawi.

The Egyptian Food Subsidy Program

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). Roughly 49 billion EGP (\$3.1 billion) from this program was allocated for bread subsidies. Because of the effect of Russia’s invasion on Ukraine and the devaluation of the Egyptian pound, the FY2022/23 budget for bread alone is expected to reach 90 billion EGP (\$2.9 billion).

Roughly 64 million Egyptians use food subsidies delivered by the government as credits on SMART cards; these credits are redeemable monthly for food staples. The food subsidy program offers beneficiaries a choice of discounted food items (i.e., commodities such as rice, beef, chicken, etc.). For example, SMART card

beneficiaries are entitled to one liter of blended vegetable oil. A network of 1,300 state-owned consumer outlets accepts SMART cards, as well as 38,000 partnered private grocery stores. The subsidy program in CY 2022 provided cash allowances of EGP 50 (\$1.60) per beneficiary per month. In CY 2023, the program is still providing the EGP 50 (\$1.60) per beneficiary, however, the government decreased the number of beneficiaries per family.

The MOSIT subsidizes beef and beef products through a network of 1,250 state-owned complexes and by 27,000 partnered private grocery stores. The 2023 price for Sudanese beef at the Ministry's HCFI outlets is EGP 260/Kilogram (\$8) compared to 85.00/kilogram (\$3) in 2022. The Egyptian government, through the MoSIT\HCFI and Ministry of Defense stores, provides beef at subsidized prices – resulting in consumption being higher than it otherwise would be, if prices were not supported by government intervention.

Government intervention stabilized prices, making imported beef less expensive than domestic product. (But the lack of available dollars has made it harder to procure imported product.) Sudan and Brazil were Egypt's main foreign suppliers prior to the Sudanese conflict. After the conflict, India has replaced Sudan as one of Egypt's main suppliers of beef, (i.e., the sole supplier of beef from water buffalo). Egyptian demand for beef is expected to decrease as inflationary pressures continue to increase.

Trade - Imports

Egypt's MY 2024 total beef imports are forecast at 160,000 MT, 35 percent less than in MY 2023 (245,000 MT). Post attributes the decrease in beef imports to the shortage of U.S. dollars and high inflation rates in Egypt, both of which are resulting in extended delays in releasing product from port and resulting in significant demurrages and storage expenses. As a result, payments to foreign suppliers are often delayed and consumer prices are rising, which is discouraging foreign suppliers from trading with Egypt.

Following the pound's November 2016 and 2023 devaluations, several private sector importers departed the market. Government Ministries - including the Ministry of Supply and Internal Trade, the Ministry of Agriculture and Land Reclamation, and the Ministry of Defense - are Egypt's largest importers of live cattle and frozen beef and varietal meats (i.e., livers, hearts, and kidneys). The Ministries are seeking to control prices and decrease the cost of imported beef but have not been fully successful.

Egypt-U.S. Beef Liver Trade

In the first half of CY 2023 (January-June), U.S. frozen beef liver (HS No. 0206.22.00) exports to Egypt totaled 15,250 MT (compared to 25,595 MT during the same period in 2022) a 40 percent decrease. Despite the decline in imports, Egypt remained the largest export market for U.S.-origin frozen beef livers during this period. In calendar year 2022 U.S. frozen beef liver exports to Egypt totaled 45,800MT (compared to 47,600 MT in 2021). Egypt was the largest export market for U.S.-origin frozen beef livers.

Egypt-U.S. Beef Trade

Through June 2023, U.S. beef exports to Egypt (HS No. 0202.30.60 – meat of bovines, boneless, frozen, except processed) totaled 86 MT compared to 1,065 MT in 2022. This significant reduction is a direct result of the economic challenges in Egypt.

U.S. Beef Plant Audits and Egypt's Halal Requirements

In March 2019, officials from the General Organization of Veterinary Service (GOVS) - Ministry of Agriculture and Land Reclamation conducted food safety and halal audits of U.S. beef processing establishments. Following the audit, Egypt's GOVS provided system-wide food safety recognition for beef and beef products. All U.S. beef establishments under USDA\Food Safety Inspection Service supervision are now eligible to export to Egypt if they follow halal guidelines. Prior to the March 2019 audit, the GOVS conducted individual plant audits to determine plant eligibility to export to Egypt.

The price for halal certification is, however, significantly higher under the new system. Following the audit, the GOVS only approved one halal certifier (out of eight) to certify halal shipments to Egypt. Previously, halal certifiers charged \$10.00 (EGP 172.00) to \$20.00 (EGP 344.00) per metric ton for certification. That fee has now increased to \$0.10 per pound, equivalent to \$220.00/MT (EGP 3,516.00/MT). This coming to a flat fee of \$5,000.00 per container. These new, higher halal certification fees are, in turn, increasing beef prices for Egyptian consumers.⁷

Trade - Exports

Egypt is not an exporter of beef or veal.

Policy

Egypt's Major Beef Export Requirements

Halal Label Certification

On January 5, 2020, the Egyptian government issued Prime Ministerial Decree No. 35/2020, establishing a new state entity in the form of a joint-stock company integrated by the Ministries of Islamic Affairs, Agriculture and Land Reclamation, and the General Organization for Export and Import Control (an agency of the Ministry of Trade and Industry). As of the writing of this report, the joint-stock company ISEGHALAL is the official Egyptian authority for granting halal label certification for foreign products shipped to the Arab Republic of Egypt (see [GAIN-EGYPT \(EG2020-0002\) Egypt's Halal Certification and Policy](#)).

Egypt Relaxes Shelf-Life Requirements for Frozen Fish and Beef Liver

In April 2020, due to the COVID-19 pandemic, Egypt's Ministry of Trade and Industry (MTI) issued Decree No. 209/2020. The decree extends the shelf-life validity period for imported frozen fish from six to nine months and of frozen beef liver from seven to 10 months. The decree was initially valid for six months, but the government has repeatedly renewed its term.

The last renewal was valid for one year -- until June 30, 2024.⁸ In January 2023, the National Food Safety Authority initiated a study to examine effects of longer shelf life on the safety of food, in particular beef and beef products. The study will examine the quality and safety properties of frozen liver related to the extended shelf life. The results of the study should be available before the deadline of the extension. If the result of the study supports the extension, it will be made permanent.

Attachments:

No Attachments

⁷ For more information, see [EG1907: Update – New Egyptian Halal Procedures May Disrupt Markets, Drive Up Prices](#).

⁸ For more information, see [EG2023-0015: The Egyptian Government Extends Beef Liver Shelf-Life Decision for Another Year](#).