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Egypt

Rice Situation Report

1999

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Report Highlights:

Following a sharp increase in rice prices, the Ministry of Supply indicated in late May that it will allow rice imports into Egypt. An initial government tender for 50,000 MT was unsuccessful but a private importer reportedly contracted for 22,000 MT of Chinese rice.

Includes PSD changes: Yes
Includes Trade Matrix: Yes
Unscheduled Report
Cairo [EG1], EG

Following a sharp increase in rice prices in May, the GOE announced that it will start importing rice. During this month, rice retail prices in Egypt jumped 60 percent, above the previous year. This unusual price increase has been the subject of extensive debate and press coverage in almost all Egyptian daily newspapers. According to GOE officials, the price increase was the result of speculative activities by rice brokers and traders who have been holding their rough rice stocks in expectation of further increases in prices. According to rice traders, however, the crisis was the result of a real shortage in rice supply in the Egyptian market in MY 98/99. They explain that there are two reasons for the decline in the available rice supply. First, there was an increased demand for milled rice by Egyptian exporters to fulfil contracts commitments made at the beginning of the rice export season. Second, there was a shortage in the rice seed available for the 1999/2000 planting season. To compensate for the seed shortage, farmers used some of the rice stocks to plant their fields. It is estimated that the amounts of rice stock used as seeds are about 40,000 MT equivalent of milled rice.

It was reported that the Ministry of Supply and Trade (MOST) has contracted for 12 shipments of 1,500 MT each (total of 18,000 MT) from India to be sold through MOST's outlets. This deal, however, did not take place, reportedly due to the inferior quality of the Indian rice. In late May, a government tender for 50,000 MT of rice was unsuccessful due to strict commodity specifications, but a private sector importer reportedly contracted for two shipments of Chinese rice with a total of 22,000 MT. One shipment is scheduled to arrive at the end of June and the other in early July. If these shipments are allowed entry into Egypt, it would be the first imported rice shipments in many years. Following the circulation of the news about imminent rice imports, wholesale rice prices in Egypt started to decline during the first part of June, but they increased slightly in mid June.

There is disagreement between the Ministry of Agriculture (MOA) and the Ministry of Supply on allowing rice imports into Egypt. The MOA believes that imported rice will harm Egyptian farmers, transfer new diseases into Egypt and does not fit Egyptian consumers' taste. The MOST argues that allowing rice imports could prevent local traders from engaging in speculative activities to manipulate prices and that consumers' interest must be the government priority.

Egypt is a net rice exporter. It imports very small quantities (few hundred tons per year) of high quality name-brand packaged rice to sold in up-scale supermarkets. During the last few years, Egyptian milled rice production ranged between 2.6 - 3.5 million MT, of which 2.4 - 2.8 million MT for domestic consumption and the rest for export. PS&D tables for MY 1997/99 and MY 1998/99 were revised to reflect new data obtained from the MOA and Egyptian rice trade sources. The estimate of ending stocks for MY 97/98 was revised downward, from 600,000 MT to 500,000 MT. Also, the estimate of milled rice production for MY 98/99 was lowered from 3.06 million MT to 2.79, while total exports were revised downward, from 500,000 MT to 300,000. It should be mentioned here that the figure of Egyptian rice imports in 1997/98 of 15,000 MT reported in US official database should not be included in our PS&D tables. According to our trade sources, this amount was never imported into Egypt, rather it was a shipment of U.S. rice bought by an Egyptian trader and was sold to Turkey.

N.B. The trade matrix for 1998/99 include rice exports during the period of October 1998 through May 1999.

PSD Table						
Country:	Egypt					
Commodity:	Rice, Milled					
		1997		1998		1999
	Old	New	Old	New	Old	New
Market Year Begin		10/1997		10/1998		10/1999
Area Harvested	630	630	504	504	0	630
Beginning Stocks	269	269	600	500	0	390
Milled Production	3594	3510	3060	2790	0	3060
Rough Production	5280	5400	4500	4300	0	5400
Milling Rate(.9999)	5910	6500	5910	6800	0	6800
TOTAL Imports	0	0	0	0	0	20
Jan-Dec Imports	0	0	0	0	0	20
Jan-Dec Import U.S.	0	0	0	0	0	0
TOTAL SUPPLY	3863	3779	3660	3290	0	3470
TOTAL Exports	307	411	500	300	0	350
Jan-Dec Exports	430	411	300	300	0	300
TOTAL Dom. Consumption	2956	2868	2620	2600	0	2650
Ending Stocks	600	500	540	390	0	470

Export Trade Matrix			
Country:		Units:	000MT
Commodity:			
Time period:			
Exports for	1997		1998
U.S.		U.S.	
Others		Others	
Turkey	120,847	Turkey	61,537
Syria	58,534	Syria	51,891
Rumania	62,607	Rumania	45,007
Sudan	31,524	Sudan	15,770
Jordan	30,194	Lebanon	13,369
Arab Emirate	3,135	Bulgaria	9,665
Saudi-Arabia	21,467	Arab Emirate	3,416
Lebanon	20,435	Cyprus	2,702
Ukraine	19,877	Italy	1,638
Albania	13,594	Belgium	1,147
Total for Others	382214		206142
Others not listed	28,786		77,211
Grand Total	411000		283353