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Egypt

Grain and Feed

Rice Situation Report

2000

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Report Highlights:

Following a sharp decrease in rice prices and increase in rice production, the government authorized rough rice exports for the first time in history.

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

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PSD Table						
Country:	Egypt					
Commodity:	Rice, Milled					
		1999		2000		2001
	Old	New	Old	New	Old	New
Market Year Begin		10/1999		10/2000		10/2001
Area Harvested	630	654	600	630	0	600
Beginning Stocks	194	157	452	899	0	1499
Milled Production	3528	3787	3500	3900	0	3270
Rough Production	5400	5827	5147	6000	0	4800
Milling Rate(.9999)	6500	6500	6800	6500	0	6800
TOTAL Imports	0	0	0	0	0	0
Jan-Dec Imports	0	0	0	0	0	0
Jan-Dec Import U.S.	0	0	0	0	0	0
TOTAL SUPPLY	3722	3944	3952	4799	0	4769
TOTAL Exports	420	295	450	500	0	500
Jan-Dec Exports	420	295	450	500	0	500
TOTAL Dom. Consumption	2850	2750	2950	2800	0	2800
Ending Stocks	452	899	552	1499	0	1469

Introduction and Production Policy

Rice is a major summer crop in Egypt, occupying 10 percent of Egypt's total crop area. All of the rice crop is irrigated. Rice requires a special irrigation regime and its cultivation is largely restricted to the northern part of the Delta. It is often planted in reclaimed land where the soil is fairly saline with various stages of productivity. A limited amount of rice is also grown in the middle Delta and in Upper Egypt. With irrigation water provided free of charge and a much higher profitability of rice cultivation compared to other traditional summer crops (i.e. corn and cotton), farmers normally exceed the area targeted by the government for rice cultivation, despite the prospect of fines of LE 600/feddan for those who violate their targeted areas. The government rarely imposes this fine on farmers.

With its current ambitious land reclamation projects in the south of the Nile valley (Toushka) which requires a lot of water resources, the GOE continues to seek to limit the area planted to rice to 300,000 HA in order to save about 3 billion cubic meters of irrigation water annually. The government rice policy is aimed at producing new varieties with higher yields, a shorter period of maturity and more resistance to insects and diseases. The Rice Institute of the Ministry of Agriculture has developed several new rice varieties with an average yield of about 14 MT/HA, or about 40 percent higher than the average yield of the traditional varieties. The new varieties were used in about 87 percent of the rice cultivated area in the 2000 crop. The government's target is to have the entire rice area planted with the high yielding, short period of maturity varieties by 2001.

Area Planted and Production

In 2000, total rice area is estimated at 654,000 HA, about 4 percent lower than MY 1999, but still exceeding the government target by about 33 percent. Despite the decline in area planted, total rice production increased by about 3 percent to 6 million MT. This was mostly due to an increase in the area cultivated with new high yielding varieties (short grain). The short grain “Japonica” variety comprises approximately 85 percent of the rice crop and is preferred by Egyptian consumers to the higher-yielding, long grain “Phillipini” variety.

Trade

In MY 1999/2000, rice exports increased to 332,321 MT or 12.7 percent, higher than MY 1998/99. Increased production and lower domestic prices helped increase rice exports. The average price for paddy rice was L.E 600 /MT (\$ 179/MT) and the average export price was \$ 315/MT. This is compared to L.E 700 /MT (\$200/MT) and \$410/MT for the average domestic paddy rice and export price, respectively in MY 1998/99. For 2000/2001, it is projected that Egypt’s rice exports will reach 500,000 MT due to the following reasons: First, paddy rice prices declined to LE 430 per MT for the new crop as compared to LE 600/MT for 1999/2000 crop. As a result, export prices of Egyptian rice declined. Prices are currently between \$254 and 256 MT/ FOB (for grade 1), between \$215 and \$250 MT/FOB (for grade 2) and between \$212 and \$240 (for grade 3). Second, Egypt recently concluded a bilateral Free Trade Agreement with the EU, which allows Egypt to increase its rice export quota from 8,000 MT to 32,000 MT. Third, the government recently authorized for the first time rough rice exports. Egypt imports very small amount of rice. There is a 20 percent duty on rice imports.

Stocks

With the increase in rice production and the limitation of exports in MY 1999/200, Egypt has significantly increased its rice stocks in MY 2000/2001. It is estimated that Egypt currently maintains a stock level of about 1.5 M MT.

The following is a trade Matrix for MY 1998/99 and 1999/2000

Export Trade Matrix			
Country:		Units:	000MT
Commodity:			
Time period:			
Exports for	1999		2000
U.S.		U.S.	
Others		Others	
Turkey	62,245	Syria	73,590
Syria	56,301	Turkey	64,808
Romania	48,240	Libya	48,007
Sudan	15,770	Romania	37,331
Bulgaria	10,366	Sudan	36,503
Arab Emarat	3,682	Jordan/Iraq	14,495
Hungari/Sweden	3,574	Lebanon	9,743
Lebanon	2,702	Saudi-Arabia	6,182
		Ukrain	3,478
		Germany/England	1,189
Total for Others	202880		295326
Others not listed	91,903		36,995
Grand Total	294783		332321