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Egypt

Rice Voluntary Report

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Report Highlights:

Egyptian rice exports are forecast to double in MY 1998/99. Egypt has negotiated a deal to export 400,000 MT of rice to Indonesia.

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

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PSD Table						
Country:	Egypt					
Commodity:	Rice, Milled					
		1996		1997		1998
	Old	New	Old	New	Old	New
Market Year Begin		10/1996		10/1997		10/1998
Area Harvested	591	591	630	630	378	504
Beginning Stocks	433	100	269	269	124	600
Milled Production	2989	2989	2955	3594	2373	3060
Rough Production	4900	4900	5000	5280	3890	4500
Milling Rate(.9999)	6100	6100	5910	6800	6100	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	3422	3089	3224	3863	2497	3660
TOTAL Exports	150	150	300	307	100	840
Jan-Dec Exports	150	150	300	430	100	600
TOTAL Dom. Consumption	3003	2670	2800	2956	2297	2620
Ending Stocks	269	269	124	600	100	200

Introduction and Production Policy

Rice is a major summer crop in Egypt, occupying 10 percent of Egypt's total cropped 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 grown as a reclamation crop where the soil is fairly saline and in various stages of productivity. Limited amounts of rice also are 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, farmers normally exceed the area targeted by the government for rice cultivation, despite the prospect of fines of LE 1000/feddan for those who violate their targeted areas. The collection of fines imposed on farmers who violate their target rice areas is rarely enforced by the government and many farmers still owe the government a lot of money. Due to a high flood level of the Nile in 1998, the government has decided to forego the fine imposed on farmers who violated their target rice area this year. Fines from previous seasons remain payable.

With its new ambitious land reclamation projects in the south of the Nile valley (Toushka) which requires a lot of water resources, the GOE is planning 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 aiming 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 12 MT/HA, or about 40 percent higher than the average yield of the current varieties. The new varieties were used

in about 25 percent of the rice cultivated area in the 1998/99 crop. The government's goal is to have the entire rice area planted with the new varieties by the year 2000.

Area Planted and Production

In MY 1998, total rice area is estimated at 504,000 HA, about 20 percent lower than MY 1997, but still exceeding the government target by about 60 percent. The decline in the area planted from last year's level was due to the fact that some farmers were concerned that the government might enforce the fines for violating the target area this year.

Despite the decline in area planted to rice in MY 1998 by 20 percent, total rice production decreased only 15 percent to 4.5 million MT. This was mostly due to the 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

Rice is currently the leading agricultural export crop in Egypt. In MY 1997/98, rice exports increased to 306,891 MT or 100 percent, higher than MY 1996/97. The level of export in MY 1996/97 was abnormally low compared to the previous years. This was mostly due to the restriction imposed on Egyptian rice exports to the European Union (EU) countries, which traditionally have been a major export market for Egyptian rice, as well as to high prices in the domestic market. Syria, Turkey and Romania are currently the main export destinations for Egyptian rice exports. In MY 1997/98, lower domestic prices helped increase rice exports. The average price for paddy rice was L.E 600 /MT (\$ 200/MT) and the average export price was \$ 345/MT. This is compared to L.E 950 /MT and \$410/MT for the average domestic paddy rice and export price, respectively in MY 1996/97. For 1998/99, it is projected that Egypt's exports will exceed 800,000 MT. The increase is expected for two reasons. First, the continuing decline in the prices of domestic paddy rice to LE 430 per MT for the new crop. Second there is a shortage in rice production in several major rice exporting countries such as China, South East Asia and the U.S the 1998/99. Egypt has negotiated a deal with Indonesia to export 400,000 MT of Egyptian grade # 4 rice at \$289/ MT FOB for 1998/99 season. Egypt currently has no rice export subsidies. Although Egypt imports very small amount of rice (700 MT in 1997), rice imports are allowed with a customs duty of 20 percent.

Stocks

With the increase in rice production and the decline of exports in MY 1996/97, Egypt has significantly increased its rice stocks in MY 1997/98. It is estimated that Egypt currently maintains a stock level of about 600,000 MT. This was a result of the high prices in the domestic market following the speculations by domestic traders of paddy rice.

Export Trade Matrix			
Country:		Units:	000MT
Commodity:			
Time period:			
Exports for	1996		1997
U.S.		U.S.	
Others		Others	
Syria	40,335	Syria	75,580
Turkey	42,250	Turkey	74,641
Rumania	35,381	Romania	53,610
Russian Federation	4,830	Sudan	16,588
Ukraine	12,352	Ukraine	15,166
Arab Emarat	3,135	Sulvnia	1,907
		EEC	1,120
Total for Others	138283		238612
Others not listed	11,717		68,388
Grand Total	150000		307000