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Egypt

Grain and Feed Annual 2019

Egypt adds Rice to its Grain Imports of Wheat and Corn

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Report Highlights:

FAS Cairo (Post) forecasts Egypt's wheat production in marketing year (MY) 2019/20 (July-June) to reach 8.77 million metric tons (MMT), up by almost four percent compared from 8.45 MMT in marketing year 2018/19. Post is forecasting Egypt's wheat imports in MY 2019/20 at 12.6 MMT, up 0.8 percent from the MY 2018/19 import figure of 12.5 million metric tons. Post forecasts Egypt's corn imports in MY 2019/20 at 9.5 MMT, up one percent from the MY 2018/19 estimate of 9.3 million metric tons. FAS Cairo forecasts Egypt's rice imports in MY 2019/20 at 500,000 metric tons.

Executive Summary:

FAS Cairo (Post) forecasts Egypt's wheat production in marketing year (MY) 2019/20 (July-June) to reach 8.77 million metric tons (MMT), up by almost four percent compared from 8.45 MMT in marketing year 2018/19. Post attributes the rise to an increase in total area-harvested; total area-harvested is set to come in at some 1.37 million hectares. Post forecasts both wheat production and the area-harvested figures up almost four percent compared to the U.S. Department of Agriculture's (USDA) official MY 2018/19 estimates.

FAS Cairo forecasts Egypt's wheat imports in MY 2019/20 at 12.6 MMT, up 0.8 percent from the MY 2018/19 import figure of 12.5 million metric tons. The latter remains unchanged from the USDA official estimate. The General Authority for Supply Commodities is Egypt's largest wheat purchaser. In marketing year 2018/19, the GASC issued 24 tenders through February 20, 2019, importing 6.13 MMT of milling wheat. This represents a nearly eight percent increase from the GASC's purchases during the same period in marketing year 2017/18. The largest foreign suppliers in MY 2018/19 included Russia (3.9 MMT) and Romania (960,000 MT), followed by Ukraine (480,000 MT), France (480,000 MT), and the United States (300,000 metric tons).

FAS Cairo forecasts Egypt's corn imports in MY 2019/20 at 9.5 MMT, up one percent from Post's MY 2018/19 estimate of 9.3 million metric tons. Egypt's yellow corn production covers less than 20 percent of its feed demand needs. Imports are supplementing the feed manufacturing industry's expanded production. Post is observing a strong uptick in U.S.-origin corn imports in calendar year 2018. Some Egyptian consumers of U.S.-origin corn are however registering concerns with product quality, namely excessive broken kernels and dust that engenders problems in their storage and milling facilities.

FAS Cairo forecasts Egypt's rice imports in MY 2019/20 at 500,000 MT, similar to Post's MY 2018/19 estimate. We are increasing upward this figure from the earlier USDA official estimate by 25 percent due higher import volumes compensating for a reduction in planted area.

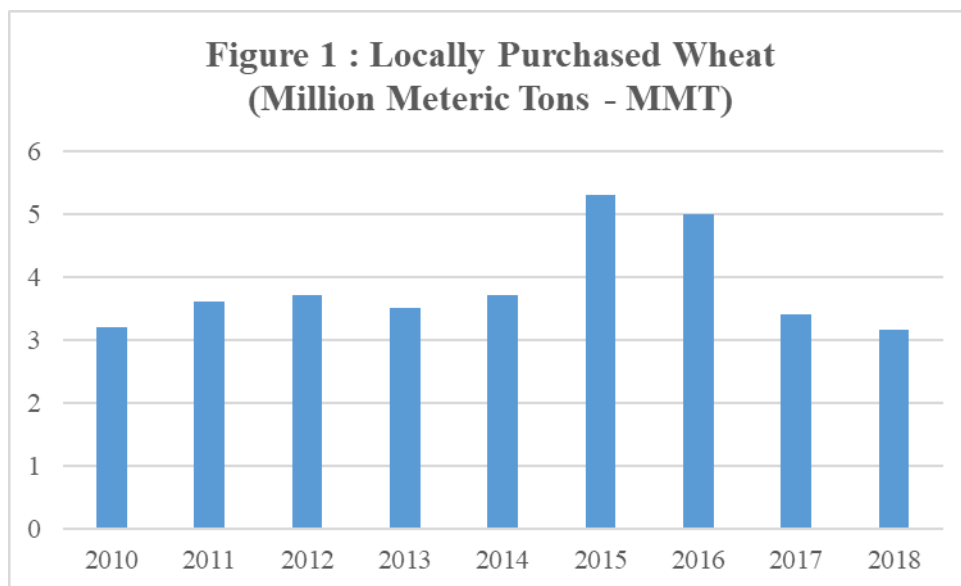
WHEAT:

PRODUCTION:

FAS Cairo (Post) forecasts Egypt's wheat production in marketing year (MY) 2019/20 (July-June) to reach 8.77 million metric tons (MMT), up by almost four percent compared from 8.45 MMT in marketing year 2018/19. Post attributes the rise to an increase in total area harvested; total area harvested is set to come in at some 1.37 million hectares. Post forecasts both wheat production and the area-harvested figures up almost four percent compared to the U.S. Department of Agriculture's (USDA) official MY 2018/19 estimates.

Egyptian wheat planted area in MY 2019/20 is displacing around 50,000 hectares of Egyptian clover (*Berseem - Trifolium alexandrinum L.*) in Upper Egypt, and in the northern Nile delta planting areas. Farmers' profitability has risen in tandem with higher government procurement prices paid during the calendar year (CY) 2018 harvest.

Prices paid by the government for local wheat ranges between Egyptian pound (EGP) 570 to EGP 600/*ardeb* or about \$212.80/MT to \$224/MT (USD 1.00 = EGP 17.85) based on the quality and moisture levels (Figure 1). An *ardeb* equals approximately 150 kilograms. The government's latest round of wheat procurement purchases ran from April 15 through June 15, 2018. Higher government and private sector procurement prices encouraged farmers to sow additional area with wheat.



SOURCE: FAS Cairo office research.

Domestic Wheat Procurement: FAS Cairo foresees Egypt in MY 2019/20 procuring some 3.5 to 3.7 MMT of locally produced wheat. On March 6, 2019, the Ministry of Supply and Internal Trade (MoSIT) announced that the government procurement price that it will pay to purchase locally produced wheat; prices will range from Egyptian pound (EGP) 655 to EGP 685/*ardeb* or about \$251.10/MT to \$262.60/MT (USD 1.00 = EGP 17.39) based on quality and moisture levels. The calendar year 2019

local wheat procurement prices are 14-15 percent higher than the CY 2018 prices. The government's wheat procurement purchases will run from April 15 through June 15, 2019.

The government structures the price it pays farmers for domestic wheat on prevailing international market prices. This price derives from a moving average of prices paid by the MoSIT/[General Authority for Supply Commodities \(GASC\)](#) for imported wheat during the previous two months. This is recently averaging around \$258.20 per metric ton.

The General Authority for Supply Commodities' governmental wheat purveyors 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.

The [Ministry of Agriculture and Land Reclamation \(MALR\)](#) is promoting vertical expansion (i.e., increasing yields per unit of land and per unit of water). These vertical expansion efforts include:

- Expanding the amount of certified seed, higher yielding, early maturing and rust-resistant varieties distributed to farmers. The ministry seeks to cover sixty percent of the planted area with certified seed.
- Increase raised bed cultivation of wheat to reach 400,000 hectares in marketing year 2019/20. Raised bed cultivation reduces water consumption by 25 percent, requires 15 percent less seed, and produces a more uniform and higher yielding crop.
- Development of a national wheat campaign highlighting good agricultural practices across 6,000 extension fields nationwide.

CONSUMPTION:

FAS Cairo forecasts Egypt's wheat consumption in MY 2019/120 at 20.4 MMT, up 1.5 percent from the MY 2018/19 estimate of 20.1 million metric tons. Post attributes the uptick to a 1.6 percent increase in food, seed and industrial use (FSI) consumption. The rise in FSI wheat consumption is attributable to population growth of about 2.4 percent per annum. Egypt with a population of 99.4 million (Central Intelligence Agency, est., July 2018) is adding over 2 million people per year. It is also host to an estimated 5 million refugees from Iraq, Syria, Libya, Yemen, and Sudan.

The Bread Subsidy System Remains Unchanged: Egypt allocates bread subsidy beneficiaries 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 EGP 0.05 per loaf (\$0.01 per loaf); this is less than one tenth of the actual cost. The government compensates bakeries for the difference in production cost. The current cost of subsidizing one loaf of *baladi* bread is ~EGP 0.60 (\$0.03).

The current subsidy system permits beneficiaries who consume less than the quota amount to convert their bread savings into points (1 point = EGP 0.01). Points are redeemable; beneficiaries can use points to purchase 44 other subsidized food items. Beneficiaries make their purchases at the roughly 27,000 MoSIT partnered private grocery stores, as well as from 1,250 state-owned consumer complexes. The point system cost the government in fiscal year (FY) 2017/18 (July-June) about EGP 5.3 billion (\$297 million).

The government in FY 2018/19 is allocating EGP 86 billion (\$4.8 billion) for bread and food subsidies. Of this amount, roughly EGP 42 billion (\$2.35 billion) is earmarked for the bread subsidy program, with EGP 4.4 billion (\$246.3 million) going to the bread point system. Some EGP 37 billion (\$2 billion) is allocated to the supply commodities (i.e., beef, chicken, rice, cooking oil, and sugar).

Better Targeting of Bread and Food Subsidies: The Egyptian food-subsidy system has provided an important social safety during past food-price shocks by mitigating some of the negative impacts. The fully automated system covers 80 million bread subsidy beneficiaries plus another 70 million food subsidy program beneficiaries.

The system however is still in need of better mechanism for targeting who actually deserves the subsidy. Reforms commenced in 2017 with the aim of selectively targeting those in most need (i.e., poorest families). Recently the MoSIT announced the establishment of a six criteria system for better targeting beneficiaries.

The Egyptian food-subsidy system is dropping beneficiaries that have children enrolled in international schools, whose educational fees exceed EGP 30,000 (\$1,725), and or whose electricity consumption exceeds 650 kilowatts per annum. Dropped from the system are also Egyptians that own a 2014-19 model year motor vehicles and or whose mobile phone bills exceed EGP 800 (\$46) per month. Removed from the subsidy system are also agricultural landowners whose holdings exceed ten *feddans* (~4.2 hectares).

The ministry will entertain citizen appeals against removal from the food-subsidy system through March 15, 2019. In April 2019, the MoSIT will announce the new beneficiaries list.

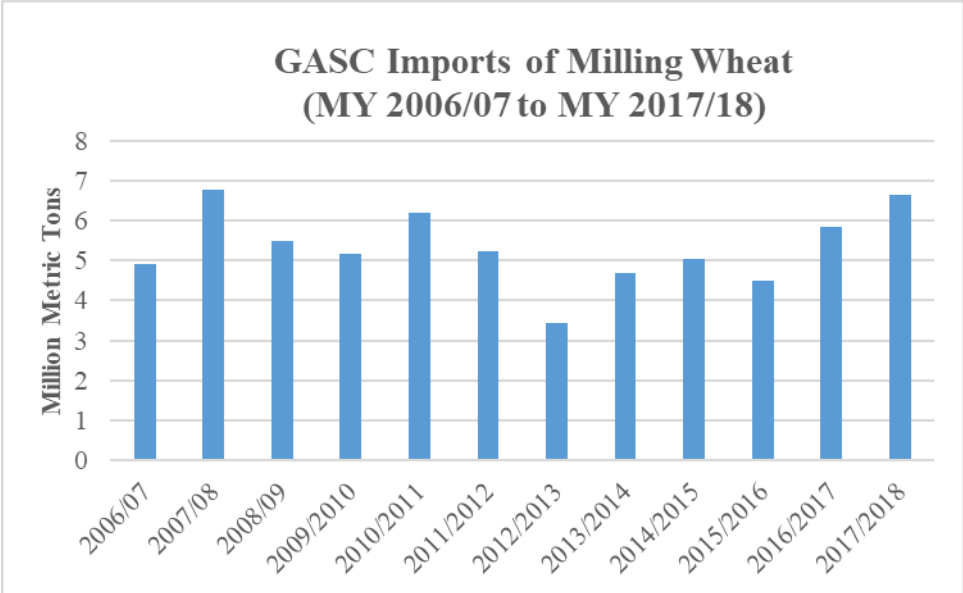
Rising Pasta Use: Pasta is an important essential product; it is a low-cost alternative to rice as a source of carbohydrates. In January 2019, the MoSIT began providing pasta on subsidy SMART-Cards as part of the agreement between its Holding Company for Food Industries (HCFI) and the Federation of Egyptian Industries affiliated Chamber of Cereal Industries. The Ministry of Supply and Internal Trade and twenty-two private sector companies (members of the Chamber of Cereal Industries) contracted for the supply of 30,000 MT of pasta valued at EGP 230 million (\$13.2 million) for SMART-Card holders under the subsidy system commencing in January 2019. SMART-Card holders can purchase packages of 1.0 kilogram or 500 grams of high quality packaged pasta at a price of EGP 8/kg (or EGP 4/500 grams). A pasta package of 500 grams feeds five people. Subsidized pasta is distributed at a price 20-25 percent lower than retail market prices (depending on the brand).

Following the devaluation of the Egyptian pound in November of 2016, Egyptian pasta manufacturers added more lines to their existing ones. Manufacturers have commenced to export different types of branded package pasta to neighboring African and Arab gulf countries. Reportedly, pasta plants are currently operating at full capacity. Post understands that by the end of MY 2019/20, manufacturers will add new lines further expanding production.

Milling Capacity: Egypt counts with 410 public and private sector mills, including public-private partnership mills. There are 156 mills (81 public sector and 75 public sector) milling 82 percent extraction flour for subsidized *baladi* bread production. Public and public-private milling capacity ranges 50,000-55,000 metric tons per day. Private sector milling capacity is 20,000 metric tons per day. Egypt has 40 percent excess private sector milling capacity. There is \$1.5 billion invested in milling capacity. Private sector mills may not produce 72 percent extraction flour if they contract with the government to mill 82 percent extraction flour for *baladi* bread production. Seventy-two percent extraction flour is goes into the production of pastries and other types of bread. There are some 20,000 private sector bakeries in Egypt purchasing 72 percent extraction flour.

TRADE:

FAS Cairo forecasts Egypt’s wheat imports in MY 2019/20 at 12.6 MMT, up 0.8 percent from the MY 2018/19 import figure of 12.5 million metric tons. The latter remains unchanged from the USDA official estimate. The General Authority for Supply Commodities is Egypt’s largest wheat purchaser (Figure 2).

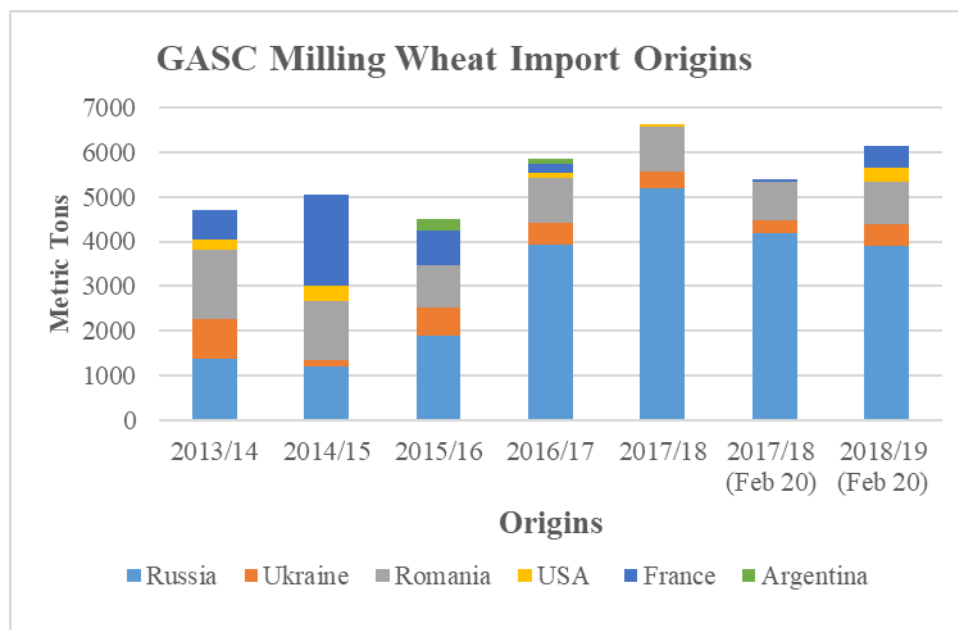


Source: FAS Cairo office research.

The General Authority for Supply Commodities issued 28 import tenders for 6.64 MMT of wheat in MY 2017/18 compared to 5.85 MMT the previous year. The largest foreign suppliers in MY 2017/18 included Russia (5.2 MMT) and Romania (1.06 MMT), followed by Ukraine (355,000 MT), and France (60,000 metric tons). In marketing year 2016/17, the GASC issued 27 import tenders; the largest suppliers were Russia (4.47 MMT), Romania (1.26 MMT), and Ukraine (560,000 metric tons).

In marketing year 2018/19, the GASC issued 24 tenders through February 20, 2019, importing 6.13 MMT of milling wheat. This represents a nearly eight percent increase from the GASC's purchases during the same period in marketing year 2017/18. The largest foreign suppliers in MY 2018/19 included Russia (3.9 MMT) and Romania (960,000 MT), followed by Ukraine (480,000 MT), France (480,000 MT), and the United States (300,000 metric tons).

During the period commencing in MY 2013/14 through MY 2017/18, the GASC's largest foreign suppliers have been Russia (13.58 MMT) and Romania (5.88 MMT), followed by France (3.66 MMT), Ukraine (2.5 MMT) and the United States (750,000 metric tons) (Figure 3).



Source: FAS Cairo office research.

On January 20, 2019, the GASC changed its payment terms, using at-sight letters of credit (LCs) assuring payments to suppliers as soon as they submit the necessary documents. The General Authority for Supply Commodities had been relying on 180-day deferred letters of credit for all previous purchases. Deferred, LCs — as opposed to at-sight LCs — added an extra layer to the 180-day period from the shipping date. The new payment terms are in accordance with the Islamic Trade Finance Corporation's financing terms; and represent a savings of \$5-6/MT with suppliers factoring in a lower risk premium.

STOCKS:

FAS Cairo forecasts Egypt's ending stocks in MY 2019/20 at 4.83 MMT, an increase of just over eight percent from Post's earlier MY 2018/19 estimate of 4.46 million metric tons. The increase in MY 2019/20 ending stocks is due to higher import volumes. The General Authority for Supply Commodities keeps normally a three-to-four month supply of stocks (including wheat) in the import pipeline, while an additional one-month supply of wheat transits to Egypt.

Wheat Market Begin Year Egypt	2017/2018		2018/2019		2019/2020	
	Jul 2017		Jul 2018		Jul 2019	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	1320	1320	1320	1320	0	1370
Beginning Stocks	3991	3991	4318	4216	0	4466
Production	8450	8450	8450	8450	0	8770
MY Imports	12407	12300	12500	12500	0	12600
TY Imports	12407	12300	12500	12500	0	12600
TY Imp. from U.S.	118	0	0	600	0	600
Total Supply	24848	24741	25268	25166	0	25836
MY Exports	730	725	600	600	0	600
TY Exports	730	725	600	600	0	600
Feed and Residual	1300	1300	1300	1300	0	1300
FSI Consumption	18500	18500	18800	18800	0	19100
Total Consumption	19800	19800	20100	20100	0	20400
Ending Stocks	4318	4216	4568	4466	0	4836
Total Distribution	24848	24741	25268	25166	0	25836
Yield	6.4015	6.4015	6.4015	6.4015	0	6.4015
(1000 HA) ,(1000 MT) ,(MT/HA)						

CORN

PRODUCTION:

FAS Cairo forecasts Egypt's corn production in MY 2019/20 at 7.2 MMT, up by approximately six percent from the MY 2018/19 production estimate of 6.8 million metric tons. The rise in production is due to an increase in the area harvested, that will reach 900,000 hectares in MY 2019/20, up some 50,000 hectares from the previous marketing year. Reportedly white corn area harvested accounts for 600,000 hectares, with yellow corn plantings making up the balance. Increased areas of corn is due to higher investments in poultry and poultry feed sectors.

The Ministry of Agriculture and Land Reclamation's [Sustainable Agriculture Development Strategy \(SADS\) 2030](#) focuses on vertical expansion efforts (i.e., increasing yields by unit of land and by unit of water). These efforts include:

- Early-maturing higher yielding hybrid varieties that increase water efficiency.
- Procurement price processes encouraging grower timely decision-making, and the bettering of marketing channels.
- A corn campaign stressing good agricultural practices, post-harvest loss reductions.

CONSUMPTION:

FAS Cairo forecasts Egypt's corn consumption in MY 2019/20 at 16.4 MMT, up almost two percent from the MY 2018/19 estimate of 16.1 million metric tons. We attribute the uptick to increased feed demand driven by the country's poultry, dairy, and aquaculture sectors. Post is observing corn prices dropping from EGP 3,800/MT (\$218.50/MT) at the beginning of the marketing year to now come in at

EGP 3,400/MT (\$195.50 per metric ton). We attribute the drop in prices to weekly price fluctuations driven in part today by higher than expected import volumes. We are similarly seeing poultry feed prices dropping from EGP 7,200/MT (\$414.50/MT) to EGP 6,800/MT (\$391 per metric ton).

Egypt's poultry industry employs 2.5 million workers, with investment reaching EGP 65 billion (\$3.73 billion). Of this amount, some EGP 60 billion (\$3.45 billion) is in poultry production with another EGP 4.6 billion (\$265 million) in industry related services. The sector produces annually nearly 1.25 billion day-old chicks, 1.1 billion chickens (i.e., broilers), and 8 billion table eggs. Large commercial breeders account for about 70 percent of the production. We anticipate the poultry sector's feed consumption to grow by two-to-three percent as the larger producers consolidate and vertical integration increases.

Since the beginning of MY 2018/19, the market has seen new investments in poultry feed mills with capacities reaching 6,500 metric tons per day. Additional feed lines are coming online, adding to already existing feed milling capacities to increase production of aqua and cattle feed.

[Dakahlia Poultry Co.](#), one of Egypt's largest investor in the poultry sector recently inaugurated a new feed mill with a capacity of 3,000 MT/day of poultry feed and 400 MT/day of aqua feed. The new feed mill is the largest in the Middle East. Dakahlia's feed line, utilizing a quality feed system is allowing it to produce broilers averaging 2.1 kilograms bodyweight in 33.5 days with a 1.53 feed conversion ratio (FCR).

This past January, the MALR signed four new poultry investment contracts with producers for the establishment of five new projects (spread out over 3,300 hectares) in Upper Egypt and in Marsa Matrouh (western Egypt). Total investment reaches EGP 1.47 billion (\$84.5 million). These projects will produce annually 62 million broiler chicks, 4.2 million mothers, 100,000 grandmothers, and 30 million table eggs, generating nearly 2,000 new jobs. The ministry has received another eighteen poultry project requests, totaling EGP 17 billion (\$977.5 million) in new investments. If the projects receive approval, they will produce annually 300 million broiler birds, 3.9 million mothers, and 1.1 billion table eggs, while generating 9,000 new jobs.

The dairy industry is experiencing a growth rate of 2-2.5 percent per annum. The sector is rapidly industrializing, driven by increased demand for fresh, refrigerated dairy products. Middle-sized dairy farms are now increasingly relying on higher yielding Holstein cattle.

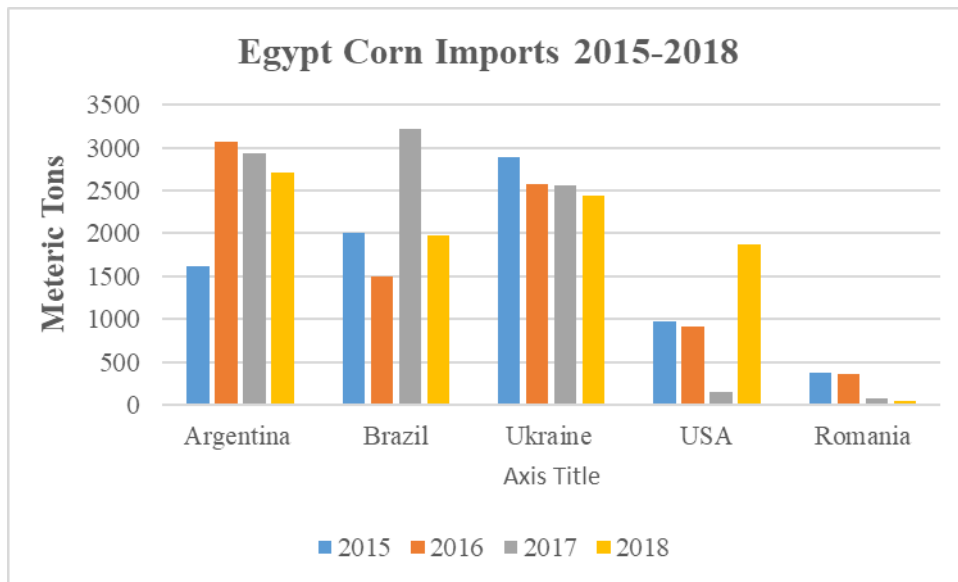
Egyptian aquaculture is also witnessing spectacular, rapid development. Production reaching 1.5 MMT is up sharply, and now accounts for 80 percent of Egypt's total fish production (both farmed and wild catch). Egypt is today the tenth largest producer of farmed fish, as well as the world's second largest producer of tilapia. Investment in feed mills is expanding to meet demand for high-quality extruded feed.

Egypt's feed mills produce a poultry feed-mix of 70 percent yellow corn, 19.4 percent soybean meal, 3.4 percent wheat bran, and 1.9 percent broiler concentrates (fish or meat meals) in addition to minerals and vitamins. Aquaculture's major dietary energy sources include 20-25 percent yellow corn, 20-30 percent wheat bran, 10-25 percent rice bran, and 1-5 percent vegetable oils. The feed mix formulation depend on the protein and energy contents of the feed, as well as the availability and price of the ingredients, including fish species and their sizes.

TRADE:

FAS Cairo forecasts Egypt’s corn imports in MY 2019/20 at 9.5 MMT, up one percent from Post’s MY 2018/19 estimate of 9.3 million metric tons. Egypt’s yellow corn production covers less than 20 percent of its feed demand needs. Imports are supplementing the feed manufacturing industry’s expanded production.

Yellow corn shipments in CY 2018 (January-December) total 9.1 MMT, or about 758,000 MT per month. Egypt’s top three suppliers in 2018 are Argentina (2.7 MMT), Ukraine (2.4 MMT), Brazil (2.1 MMT) and the United States (1.8 million metric tons) (Figure 4).



Source: FAS Cairo office research.

Post is observing a strong uptick in U.S.-origin corn imports in calendar year 2018. Some consumers of U.S.-origin corn are however registering concerns with product quality, namely excessive broken kernels and dust that engenders problems in their storage and milling facilities.

Dried Distillers Grains with Solubles (DDGS) Imports: Egypt’s DDGS imports in CY 2018 total 148,500 MT, down 25,000 MT or 25 percent lower than in calendar year 2017. In 2018, the United States accounted for 99.8 percent of Egypt’s DDGS imports. Local DDGS prices are EGP 5,100/MT (\$293.20 per metric ton).

Corn Gluten Meal: Egypt’s imports of corn gluten meal in CY 2018 total 101,800 MT, down 14,200 MT or over 12 percent lower than in calendar year 2017. The beef/dairy livestock, poultry, and aquaculture feed manufacturing sectors are heavy users of corn gluten meal. Prices for corn gluten meal are EGP 12,400/MT (\$713 per metric ton).

STOCKS:

FAS Cairo forecasts Egypt’s corn stocks in MY 2019/20 at 2.05 million metric tons higher by 16.4 percent than post’s 1.76 MMT estimate in marketing year 2018/19. We attribute the increase to higher local production and higher import volumes.

Corn Market Begin Year Egypt	2017/2018		2018/2019		2019/2020	
	Oct 2017		Oct 2018		Oct 2019	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	800	800	850	850	0	900
Beginning Stocks	1887	1887	1841	1777	0	1767
Production	6400	6400	6800	6800	0	7200
MY Imports	9464	9400	9700	9300	0	9500
TY Imports	9464	9400	9700	9300	0	9500
TY Imp. from U.S.	1587	0	0	0	0	2000
Total Supply	17751	17687	18341	17877	0	18467
MY Exports	10	10	10	10	0	10
TY Exports	10	10	10	10	0	10
Feed and Residual	13400	13400	13700	13600	0	13900
FSI Consumption	2500	2500	2500	2500	0	2500
Total Consumption	15900	15900	16200	16100	0	16400
Ending Stocks	1841	1777	2131	1767	0	2057
Total Distribution	17751	17687	18341	17877	0	18467
Yield	8	8	8	8	0	8
(1000 HA) ,(1000 MT) ,(MT/HA)						

RICE

PRODUCTION:

FAS Cairo forecasts Egypt’s milled rice production in MY 2019/20 to increase to 3.0 MMT, up some 200,000 MT or seven percent higher than the MY 2018/19 estimate of 2.8 million metric tons. We attribute the increase to the cultivation of new higher yielding varieties, hybrid rice varieties, and rice intensification plantings in the country’s rice cultivation areas. The marketing year 2019/20 area harvested at 462,000 hectares remains unchanged from the previous marketing year figure.

Rice area and production have varied considerably over the last ten years. The [Ministry of Water Resources and Irrigation \(MoWRI\)](#) is seeking to curb rice production, setting limits on planted area to conserve water. Only recently have its measures succeeded with the enforcement of fines. Fine enforcement resulted in a large drop in area planted in marketing year 2018/19. Regardless of penalties, the 2018/19 crop area harvested is above the ministry set limit of 347,000 hectares.

On March 10, 2019, the Ministry of Water Resources and Irrigation together with the MALR announced the names of the nine Nile delta area provinces authorized to plant rice during the 2019 summer. Subsequently on March 14, 2019, the MoWRI and the MALR increased the allotted rice cultivated area for CY 2019 to 1.076 million *feddans* (~451,920 hectares) up from the 724,200 *feddans* (~304,080 hectares) authorized in 2018. Farmers planting rice outside the government’s allotment area will face fines; announcement of these will occur prior to the beginning of the next planting campaign.

Post forecasts rough (rice) yields in MY 2019/20 at 9.41 MT/hectare, up 0.62 MT/hectare or over seven percent higher than the previous marketing year figure of 8.78 metric tons per hectare. Eight new early maturing, higher yield certified seed varieties and two new hybrid rice varieties will have a major impact on raising yields per unit area of land and per unit of water (easing water consumption). We see that adoption of the [Agricultural Research Center's](#) rice planting recommendations for normal and saline soils as contributing to upswings in yields.

Rice cultivation helps limit seawater intrusion into the northern Nile delta lands and prevents salinization of the soil. Early maturing rice varieties developed by the Agriculture Research Center grow in three months; using 9,000-10,000 cubic meters of water per hectare.

Consumption:

FAS Cairo forecasts Egypt's rice consumption and residual at 3.8 MMT in MY 2019/20, similar to MY 2018/19 level, but revised downward from the USDA official MY 2018/19 estimate of 4.1 million metric tons. We attribute the drop to higher retail prices and a shift by consumers to more affordable (i.e., lower priced) pasta.

Depending on the rice brand and quality, retail market prices range between EGP 10 (\$0.57) to 16 (\$0.92) per kilogram. Paddy rice is currently selling for EGP 6,400/MT (\$368/MT) compared to EGP 4,600/MT (\$264.50/MT) at the beginning of the marketing year 2018/19.

Domestic and imported packaged rice sells for EGP 9/kilogram (\$0.5/kilogram) in public consumer complexes and at the MoSIT outlet stores. The subsidy program allows consumers and beneficiaries to select across 22 food items to diversify their food basket, as well as select alternative carbohydrate sources.

TRADE:

FAS Cairo forecasts Egypt's rice imports in MY 2019/20 at 500,000 MT, similar to Post's MY 2018/19 estimate. We are increasing upward this figure from the earlier USDA official estimate by 25 percent due higher import volumes compensating for a reduction in planted area.

On October 18, 2018, the government announced its first GASC milled rice tender for imported short- and medium-grain rice. The tender attracted eleven offers from China, Vietnam, and India. Post understands that the delivery schedule includes two periods: the first from January 1 to 31 and the second from February 1 to March 1, 2019. Four samples, of two kilograms each, were sent to the MALR affiliated [Food Technology Research Institute](#). Samples were cooked and tested to ensure they meet Egyptian consumer cooking behavior and preference before announcement of the tender results. The General Authority for Supply Commodities has now purchased 47,500 MT of milled, China-origin rice at \$405 per metric ton.

It subsequently conducted a second tender in January 2019, attracting only four offers, resulting in the purchase of 68,000 MT of China-origin, milled rice at \$405 per metric ton. On February 10, 2019, the GASC announced the tender results; 20,000 MT will be delivered between March 20 to April 20, 2019, and another 48,000 MT will be delivered April 1 to 30, 2019.

On 12 March 2019, the GASC announced a third tender to import milled, short- and medium-grain rice. Samples will go to Food Technology Research Institute for testing. The sample size this time however is set at three kilograms. The minimum quantity is set at 20,000 MT, with delivery dates of June 1 to 15 and June 16 to 30, 2019.

Since the beginning of MY 2018/19, private sector imports have also increased. Traders are sourcing short-, medium-, and long-grain mainly from China but also as well as from India and Vietnam.

STOCKS:

FAS Cairo forecasts Egypt's ending rice stocks in MY 2019/20 to reach 886,000 MT, down from the previous marketing year's estimate of 1.2 million metric tons. The drop is due to the decrease in local rice production.

Rice, Milled Market Begin Year Egypt	2017/2018		2018/2019		2019/2020	
	Oct 2017		Oct 2018		Oct 2019	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	762	762	462	462	0	462
Beginning Stocks	1426	1426	1563	1726	0	1206
Milled Production	4300	4300	2800	2800	0	3000
Rough Production	6232	6232	4058	4058	0	4348
Milling Rate (.9999)	6900	6900	6900	6900	0	6900
MY Imports	87	50	400	500	0	500
TY Imports	230	50	400	500	0	500
TY Imp. from U.S.	0	0	0	0	0	0
Total Supply	5813	5776	4763	5026	0	4706
MY Exports	50	50	20	20	0	20
TY Exports	50	50	20	20	0	20
Consumption and Residual	4200	4000	4100	3800	0	3800
Ending Stocks	1563	1726	643	1206	0	886
Total Distribution	5813	5776	4763	5026	0	4706
Yield (Rough)	8.1785	8.1785	8.7835	8.7835	0	9.4113