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Black Sea Inundates Egypt

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Report Highlights:

Wheat production is forecast to partially recover in MY 2010/11 as farmers expect better governmental procurement prices. Egypt is expected to import about 9.5 MMT of wheat in MY 2009/10 and 10 MMT in MY 2010/11. Russia and other Black Sea origins will likely continue to dominate the Egyptian market, as U.S. prices continue to be well above world prices. With about 2 MMT expected exports in MY 2009/10 and 2.1 MMT forecast in MY 2010/11, the U.S. continues to dominate the Egyptian corn market representing over 50% of the market share, but faces increased competition. The Ministry of Trade and Industry currently restricts rice imports by auctioning limited export quota rights to traders. Egypt's total rice exports are expected to reach 500 TMT in MY 2009/10 but decrease to about 400 TMT in 2010/11 due to the expected decrease in the area cultivated with rice.

Commodities:

Wheat

Production:

Wheat is planted in October/November and harvested in April/May. Ministry of Agriculture experts estimate that planted area decreased slightly in MY 2009/10 from the 2008/09 level due to the dissatisfaction of farmers about the announced procurement price. In MY 2010/11, wheat area is forecast to increase expecting better governmental procurement prices. The total wheat area for MY 2008/09 was about 1.32 MHA, a small increase over MY 2007/08. Production for 2009/2010 is estimated to be 8.1 MMT and it is forecasted to be 8.25 MMT in MY 2010/11. Total production for MY 2008/09 was 8.5 MMT, slightly higher than MY 2007/08 levels. The government has announced the procurement price for MY 2009/10 crop at LE 1,800 per MT or \$331/ton (\$1= LE 5.45), which is higher than MY 2008/09 of LE 1,601 per MT (\$294 per MT) and higher than the current international prices (\$170/ton fob). It is too early to know the procurement prices for MY 2010/11.

GASC has a target to purchase 3.5 million MT in MY 2009/10. Most observers suspect that GASC will once again not achieve its target since the private sector will continue to offer higher prices to the farmers. For MY 2010/11, it is forecasted that the quantity procured will range between 3-3.5 MMT. The total quantity of locally produced wheat sold to the Ministry of Industry and Foreign Trade in 2008/09 was estimated at 3.1 MMT, compared to 2.5 MMT in MY 2007/08. It is estimated that about 500,000 MT of this quantity was imported wheat since the price of the locally produced wheat was much higher. The General Authority for Supply Commodities (GASC) was able to purchase more wheat because of the higher price offered to farmers by the government. The balance of locally produced wheat either sold directly to local traders or was kept by farmers either for their own use for milling and bread baking or was utilized as feed for their livestock as needed.

The Egyptian milling industry consists of public and private sector mills. The public sector capacity represents about 73% of the total milling capacity in Egypt while the private sector owns about 27% of the milling capacity.

The public sector milling industry consists of 126 mills (mostly small or medium size), in which 109 mills are currently used for the production of 82 percent flour, 10 mills for the production of 76 percent flour, and 7 mills are utilized to produce 72 percent flour. All these mills are affiliated with one holding company (Food Industries Holding Company). There are seven public sector companies that operate these mills. In MY 2008/09, the public sector utilized 6.2 MMT of wheat to produce 82 percent flour, 2.1 MMT to produce 76 percent flour and 1.9 MMT to produce 72 percent flour. The private sector has utilized 2.6 MMT of wheat to produce 72 percent flour. There are nearly 36 private sector commercial mills, with total capacity of 9,000 tons per day (2.8 million tons annually). Shares in some of the public sector companies have

been sold to private investors over the past few years. Although the majority of shares are held by the private sector, the holding company maintains complete control of these mills. Given that wheat is a strategic commodity in Egypt, the government is expected to retain control of most of the milling industry, particularly for the subsidized baladi bread.

The public sector mills produce three types of flour: 82 percent is utilized for fully subsidized bread, 76 percent for semi-subsidized bread called Tabaki, and 72 percent flour for white high quality flat bread and European type bread, biscuits, pastries and pasta. About 5 percent of the capacity of the public sector mills that produces 72 percent flour is leased by the private sector against LE 80/ton (\$15/ton) of wheat. Although most of the private sector milling capacity is allocated to produce 72 percent flour, part of its capacity is leased to the public sector mills to produce 82 percent flour against a fee of LE 36-40/ton (\$7/ton).

The part of the imported wheat that is utilized for producing 82 percent flour is handled by the public sector mills that sell it to the bakeries against a subsidized price of LE 160/ton (\$30/ton). This flour is sold on the black market at LE 1,750-2,000/ton (\$321-367/ton). The 76 percent flour is handled by the bakeries at LE 900/ton (\$165/ton) and sold on the black market at LE 1,200/ton (\$220/ton). The 72 percent flour sells freely at about LE 2,500/ton (\$459/ton). The bran is sold at the market at about LE 1,500/ton (\$275/ton). Small farmers mill their wheat at the village mills against LE 70/ton (\$13/ton). GASC buys about 1 MMT of imported wheat on the local market in Egyptian pounds through tenders. Private sector mills are only allowed to mill imported wheat and are only permitted to produce 72 percent flour. However a substantial quantity of the locally produced wheat is used by the private sector mills to produce 72% flour.

The Ministry of Agriculture is negotiating with the governments of Uganda, Sudan, and Ethiopia to plant wheat and other crops there to help meet Egyptian consumer demand for wheat. The idea is forming governmental- private sector joint companies to implement these projects, but nothing so far has actually executed.

Consumption:

Total consumption of wheat in MY 2009/10 is estimated to be higher than production of MY 2008/09, which is forecast to be 17.8 MMT. Post forecasts that wheat consumption will reach 18.1 MMT in 2010/11 as a result of the annual population increase, which is at about 1.7 million. Egypt continues to have one of the highest wheat per capita consumption levels in the world. The public sector produces three types of bread: fully subsidized bread made out of 82% flour, sells at LE 0.05/loaf of 130 grams, Tabaki bread made of 76% flour, sells at LE 0.10 for 85 grams per loaf or LE 0.15/loaf for 150 grams per loaf, and white bread made out of 72% flour and sells at LE 0.25/loaf. Bread in Egypt is produced in 19,000 bakeries. 75 percent of the bread produced in Egypt is subsidized baladi bread made out of 82 percent flour, 15% is Tabaki semi-subsidized bread made out of 76 percent flour, and 10 percent of the bread is white unsubsidized bread made out of 72 percent flour.

The total subsidy allocated for baladi bread in MY 2009/10 and in MY 2010/11 is estimated to be the same as in MY 2008/09, about LE 9 billion. The increase or decrease of the subsidy depends on, among many factors, the government's ability to find alternative system, the government budget, and the reaction of the masses regarding any reduction in bread subsidies.

The government plans to reduce the amount of subsidy allocated for bread by decreasing (or at least not increasing) the quantity of fully subsidized bread produced (82 percent flour) and by increasing the production of semi-subsidized bread made out of 76 percent flour as well as non-subsidized bread made out of 72 percent flour.

This plan is a very sensitive one and the government will be reluctant to execute it if it is not supported by the majority of the people. The government may even succumb to pressure to increase the amount of subsidy if international prices go up and people demand it.

Another alternative policy that the government is considering is to transfer the amount it pays for the subsidized baladi bread ($\text{LE } 0.13/\text{loaf} = \text{LE } 0.18 \text{ (actual cost per loaf)} - \text{LE } 0.05 \text{ (subsidized price per loaf)}$) to an equivalent amount of money added to the salaries of the government employees. Under this suggested system, all the government employees will be eligible for such subsidy, but one of the problems that the government faces in applying such a system is identifying non-governmental employees who deserve such subsidy.

The current flour distribution and bread making system has numerous shortcomings which result in loss, waste, and misuse of the subsidies. Losses during harvesting, transportation, storage, milling, distribution of wheat and flour, baking, and consumption of bread show that there are losses at all stages. Thefts are also an important source of such losses, as is the low quality of bread because it forces consumers not to consume all the bread they buy. Additionally, the subsidized flour is sold on the black market to beef and dairy producers since they believe that adding flour to the feed ration increases milk production. Some traders collect the leftover bread, dry it and sell it by the kilo. They also collect the low quality bread that is intentionally baked for this purpose (and is considered within the allowable percentage of bread to be wasted during baking). They sell these quantities to the poultry, beef, and milk breeders at \$0.22/kilo. A study conducted in Egypt showed that total losses in wheat from harvesting till baking is estimated at 13-15% of the total amount of wheat consumed in Egypt.

The government has a plan to establish bread complexes to distribute the bread through nearly 7,000 outlets. This project will be executed gradually starting with the big cities. The plan was supposed to start in 2010 and will be implemented by either adding bread production lines to the existing ones or establishing new big complexes. The locations of these complexes and the time span to complete the plan is not yet determined. According to The Minister of Social Solidarity, 114 locations were selected for this project with a total area of 246,528 square meters with an average of 2,000-3,000 square meters per bakery to serve 14,000 of the surrounding inhabitants.

Trade:

For MY 2010/11, Egyptian wheat imports are forecast to be 10.0 MMT, higher than that in MY 2009/10 (9.5 MMT), with GASC projected to import nearly 5.5 MMT, and the rest to be imported by the private sector. GASC will continue to purchase imported wheat from the local market based on its needs for the production of 82 percent flour and on the available storage capacity. In MY 2008/09 Egypt imported 9.9 MMT of wheat, in which GASC bought 5.1

MMT and the private sector bought 4.8 MMT. During the last six months of CY 2009, Egypt imported 4.7 MMT of wheat.

Russia continues to be the largest wheat supplier to Egypt. In MY 2008/09, about 49% of the imported wheat came from Russia, 16% from the U.S., 11% from Ukraine, 10% from France, followed by Australia, Canada, Poland, and Germany. During the last six months of CY 2009, 54% of wheat imports came from Russia, 17% from France, 10% from USA, 7% from Ukraine, 6% from Australia, 2% from Canada, and 1.5% from Germany. In the first three months of CY 2010, Russia and France were the leading wheat suppliers to Egypt.

Due to competition from other suppliers, notably Russia, the U.S. market share declined in recent years as U.S. SRW prices were well above Black Sea origins. During MY 2008/09, U.S. wheat exports to Egypt accounted for 16 percent or about 1.6 MMT. GASC buys mainly through international tenders but purchased about 1 MMT locally from private sector importers in local currency in MY 2008/09. Most private sector wheat traders import small cargoes from the Black Sea area. Customs duties for wheat and corn are one percent plus two percent for other port charges.

Both government and private sector buyers prefer U.S. wheat. In fact, in MY 2008/09 imports of U.S. wheat were nearly split between the two sectors: GASC taking 52% and the private sector importing the balance (48%). Due to prevailing market conditions, namely higher prices of U.S. wheat and freight, GASC and Egyptian milling companies will likely continue to purchase lower quality wheat from non-U.S. origins, such as Russia and Ukraine. France is likely to drop out of the tenders as their wheat is redirected toward traditional North African markets.

Import Trade Matrix			
Wheat			
Year	MY 2007/08	Country	MY 2008/09
Imports from:			
U.S.	2,840	U.S.	1,636
Others		Others	
Russia	3,655		4,822
Canada	188		270
France	200		962
Kazakhstan	860		
Ukraine	530		1,126
Syria	37		
Australia			449

Germany			191
Poland			225
Total for Others	5,470		9681
Others not Listed	0		219
Grand Total	8,310		9,900

Stocks:

GASC– under The Ministry of Trade and Industry- tries to maintain a five month supply of strategic stocks. However, due to limited storage capacity that constrains the government from reaching this target, the strategic stocks are now redefined to include wheat import purchases in the pipeline, which usually amounts to about three months of annual consumption. Currently, total covered storage capacity for wheat is estimated at one million metric tons, including about 350,000 tons in silos at three different ports, 250,000 tons in inland silos and 400,000 tons in open storage, mostly in metropolitan areas. In addition to government storage facilities, several private sector traders and mills currently have their own receiving and storage facilities, estimated at 500,000 tons. In order to increase the storage capacity, the Ministry of Supply is adopting a project to build 50 inland silos each with about 30,000 ton capacities in different locations throughout the country. It has already built 14 inland silos and encourages the private sector to build silos under the build, operate, and transfer (B.O.T) system. The Ministry of Social Welfare will commit to using 60 percent of the capacity of each silo's capacity at the prevailing storage fee for five years.

Marketing:

Marketing and Import Policy:

The Ministry of Trade and Industry is amending the official wheat standards and has not yet issued the new one. USWA provided written comments to the Egyptian Organization for Standardization (EOS) under MOTI, especially regarding the proposed weed seeds tolerance found in wheat shipments. Post plans to also ask the Ministry notify their trading partners under the WTO SPS and TBT agreements and provide an opportunity for official comment and changes before Egypt implements the new standard. The new standards call for different test weights, moisture contents, protein percentages according to the different origins and countries. The current regulations states that: test weight not less than 76 kg/hectoliter, moisture content: not to exceed 13% by weight, number of poisonous and harmful seeds should not exceed 20 seeds/kg.

In Sept. 2, 2009, GASC raised the wheat specifications in order to improve the quality of imported wheat. It increased the test weight requirement for US wheat to 26.59 kilograms a bushel, from 26.36 kilograms/bushel. It also raised the required minimum protein content half a percentage point to 9.5 percent for US wheat. GASC sets maximums for the cadmium and lead content from any origin to 0.2 percent and for pesticide and fumigation residues to 0.1 percent. GASC requested that wheat be completely free of Ambrosia seeds in its tenders but no company was able to accept or meet this condition, so GASC dropped it as a tender condition and continues to accept 25 seeds/ kilogram of wheat.

The current GASC tender requirements provides an option that two quarantine inspectors from the Ministry of Agriculture travel to the exporting country to inspect the wheat at the port before it is shipped. France and Russia are allowing Egyptian officials to pre-inspect the wheat even though the imported wheat is still be inspected upon arrival.

GASC also prohibits loading of wheat from more than one port inside an exporting country, but the private sector does not restrict imports in this way.

GASC does not allow countries to export wheat from ports of other countries unless the country of origin does not have any ports, such as Kazakhstan.

GASC allows only 55-60,000 MT Panamax shipments. The private sector places no restrictions on shipment size, accepting smaller quantities.

Ministry of Trade and Industry decided to ban Ukrainian wheat from entering Egypt since some Ukrainian wheat shipments to Egypt were rejected for being of low quality in CY2009.

In Sept 2009, Egypt offered to conclude a long-term agreement with Russia on shipments of wheat to Egypt aimed at determining the quality parameters of Russian wheat and doing what with Russian and Egyptian phytosanitary requirements. However, it has not been completed or signed.

U.S. Wheat Associates continues to provide trade servicing and quality seminars to Egyptian millers, wheat buyers, and traders. Although the USDA GSM-102 program is available for both public and private sector importers of U.S. agricultural commodities, importers have not used the program in several years, citing the potential for exchange rate risk in the Egyptian market. In addition, Egyptian banks do not pass along benefits to importers. The other reason for GSM-102 not being used is the 100 percent foreign exchange coverage requirement.

Production, Supply and Demand Data Statistics:

Wheat Egypt	2008			2009			2010		
	2008/2009			2009/2010			2010/2011		
	Market Year Begin: Jul 2008			Market Year Begin: Jul 2009			Market Year Begin: Jul 2010		
	USDA Official Data		New Post	USDA Official Data		New Post	USDA Official Data		New Post
			Data			Data			Data
Area Harvested	1,226	1,226	1,322	1,220	1,223	1,250			1,270
Beginning Stocks	4,120	4,128	4,120	5,343	4,345	4,989			4,784
Production	7,883	7,883	8,523	7,900	7,864	8,100			8,250
MY Imports	9,900	8,320	9,900	8,800	8,325	9,500			10,000
TY Imports	9,900	8,320	9,900	8,800	8,325	9,500			10,000
TY Imp. from U.S.	1,636	2,350	1,680	0	2,360	650			500
Total Supply	21,903	20,331	22,543	22,043	20,534	22,589			23,034
MY Exports	10	16	4	10	15	5			5

TY Exports	10	16	4	10	15	5			5
Feed and Residual	50	70	50	50	70	100			100
FSI Consumption	16,500	15,900	17,500	17,000	15,864	17,700			18,000
Total Consumption	16,550	15,970	17,550	17,050	15,934	17,800			18,100
Ending Stocks	5,343	4,345	4,989	4,983	4,585	4,784			4,929
Total Distribution	21,903	20,331	22,543	22,043	20,534	22,589			23,034

Commodities:

Corn

Production:

Post expects increases in corn acreage to reach 850 THA and 870 THA in MY 2009/10 and in MY 2010/2011 respectively due to the increasing demand for corn silage as cheap feed for livestock. Some farmers are expected to switch from cotton to corn in MY 2009 and 2010. By increasing the price offered to corn farmers, the government encourages farmers to increase the area cultivated with corn instead of cotton or rice.

The area and production of yellow corn represented about 13% of the total corn area and production in MY 2008/09 and the rest (87%) was white corn. In MY 2008/09 area cultivated with white corn was 720 THA compared to 110 THA for yellow corn and production of white corn was 5.8 MMT compared to 843 TMT for yellow corn. The yield of white corn is slightly higher than the yellow corn (8.05 ton/HA for yellow corn compared to 7.64 ton/HA for yellow corn). It is expected that the share of area and production of yellow corn in MY 2009/10 will increase slightly to about 15% of the total area and production of corn.

Consumption:

Over 75 percent of the local corn crop is utilized for animal feed (mostly consumed on farms) and the rest- about 2.4 MMT- is used for food purposes (either milled or consumed fresh). Large commercial end-users and feed mills rely on imported yellow corn to meet their requirements.

Corn feed consumption is estimated to be 9.3 MMT in MY 2009/10 and 9.6 MMT in 2010/11 as the poultry industry situation recovers from the outbreak of Avian Influenza (AI), which began in February 2006 and was followed by a severe temporary reduction in poultry output in 2006. Total corn consumption increased in MY 2008/09 compared to the previous year. The exceptional high meat prices encourage increased consumption of poultry. Food industries that use corn are also increasing. The amount of white corn utilized in governmental bread production of (20% corn to 80% wheat) composite flour for baladi bread has decreased to only 100 TMT in MY 2008/09. This small amount was delivered to the Ministry of Social Welfare for the production of subsidized baladi bread. The procurement price of corn last year was LE 1,286/ ton (\$236/ton). The government has not officially announced the procurement price for

corn for MY 2009/10; however, it is expected to be around LE 1,428 /ton (\$262/ton). Although the government is trying to reduce the area of rice and increase the area of corn, it is not expected that the quantity of corn delivered to the government will increase in MY 2009/10 because farmers are not satisfied with this government procurement price. In addition, there is a small, but growing demand for food products containing corn (snack foods) and corn oil which increase the demand for corn.

Trade:

Total corn imports for MY 2009/10 are estimated to be almost the same as MY 2008/09— about 5 MMT- due to the increased demand in both from the poultry and livestock sectors. Imports of corn is forecasted to reach 5.1 MMT continue in MY 2010/11. Total corn imports in MY 2008/09 were estimated at 5.0 MMT compared to 4.2 MMT in the previous year. With 39 percent of the market share the U.S continues to dominate the Egyptian corn market despite the drop from 76 percent in the previous year. Argentina's market share increased to 26 percent in MY 2008/09 versus 24 percent in the previous year. Ukraine share was 17%, Russia share was 11% in MY 2008/09. The U.S market share is forecast to be the same in MY 2009/10 and reach 50% and in MY 2010. Competition from Argentina and other suppliers of yellow corn should remain modest in MY 2009/10 as the price gap between the U.S. and other suppliers is expected to be marginal.

Import Trade Matrix Corn			
Year	MY 2007/08	Country	MY 2008/09
Imports from:			
U.S.	3,152	U.S.	1,960
Others		Others	
Argentina	985	Argentina	1,301
Brazil	10	Brazil	60
		Ukraine	875
		Russia	580
		EU	100
		Romania	72
Total for Others	995		2,988
Others not Listed			83
Grand Total	4,147		5,031

Stocks:
Stocks

Since both imported and locally produced corn meet the requirements for human consumption and animal feed, Egypt did maintain about 1.4 MMT of corn stocks in MY 2008/09; however, stocks are estimated to be around this figure in MY 2009/10 and MY 2010/11. The percentage of white corn stored is estimated to be slightly higher (60%) than the yellow corn since most of farmers production is white corn.

Production, Supply and Demand Data Statistics:

Corn Egypt	2008			2009			2010		
	2008/2009			2009/2010			2010/2011		
	Market Year Begin: Oct 2008			Market Year Begin: Oct 2009			Market Year Begin: Oct 2010		
	USDA Official Data		New Post	USDA Official Data		New Post	USDA Official Data		New Post
			Data			Data			Data
Area Harvested	730	730	830	735	735	850			870
Beginning Stocks	845	593	845	1,286	442	1,414			1,435
Production	6,217	6,217	6,645	6,300	6,260	6,822			7,000
MY Imports	5,031	4,200	5,031	4,200	4,220	5,000			5,100
TY Imports	5,031	4,200	5,031	4,200	4,220	5,000			5,100
TY Imp. from U.S.	2,445	3,180	1,960	0	3,200	2,050			2,100
Total Supply	12,093	11,010	12,521	11,786	10,922	13,236			13,535
MY Exports	7	0	7	0	0	1			1
TY Exports	7	0	7	0	0	1			1
Feed and Residual	8,500	8,250	8,700	8,600	8,300	9,300			9,600
FSI Consumption	2,300	2,318	2,400	2,300	2,320	2,500			2,500
Total Consumption	10,800	10,568	11,100	10,900	10,620	11,800			12,100
Ending Stocks	1,286	442	1,414	886	302	1,435			1,434
Total Distribution	12,093	11,010	12,521	11,786	10,922	13,236			13,535
Yield	9.	9.	8.006	9.	9.	8.0259			8.046

Commodities:

Rice, Milled

Production:

Rice is a major summer crop in Egypt, occupying 10 percent of Egypt's total crop area. The entire 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 on low quality land where the soil is fairly saline and has varying degrees of productivity. A limited amount of rice is also grown in the middle Delta and in Upper Egypt. Farmers normally exceed the area targeted by the

government for rice cultivation despite the prospect of fines (LE 600/ feddan) for those who violate their targeted areas. This is due to the much higher profitability of rice cultivation compared to other traditional summer crops (i.e. corn and cotton) and the higher potential for exporting the crop. The government is trying to restrict the area of rice and increase the area of corn to save water.

Consumption:

Egypt consumes medium grain rice and rice consumption is relatively constant, as consumers continue to prefer wheat-based products. Rice stocks in MY 2009/10 are declining due to the noticeable decrease in production compared to MY 2008/09. There is no stock-holding policy, with levels reflecting pipeline supplies. Buyers tend to avoid holding stocks and push them to the export market.

Trade:

Egypt is a net rice exporter. Exports in MY 2009/10 should recover slightly and reach 485 TMT. The government objective is to export between 500-600 TMT in 2009/10. The total quantity of rice exported through the end of February 2010 was 230 TMT. The leading import markets are: Syria (26%), Turkey (13%), Belgium (8%), Jordan (8%), Saudi Arabia (6%), and Sudan (5%). However, in MY 2010/2011, exports are forecast to decline even further as a result of government restrictions on the area cultivated with rice and the increase in local consumption. During MY 2008/09 rice exports were 452 TMT, much lower than previous years.

On February 4, 2009, the Minister of Trade and Industry issued a decree which removed the ban on rice exports as of February 21, 2009. This decree (no.105) permits Egyptian rice to be exported provided that the exporter delivers through a tender an amount equal to the exported amount to the Government of Egypt and pays the government LE 1,000 per MT in export taxes.

In the past, there were government to government deals with Jordan, Syria, and Sudan, but since the government set a system of tying the rice exports to the new tender system, only a shipment of 20 TMT was exported to Turkey through the Turkish Grain Board (TMO) to stabilize the prices there. There was an attempt to conclude a deal with the Syrian government but it stopped when this new system was introduced and because of the political tension between the two countries. Puerto Rico has imported 38 TMT of rice from Egypt in June 2009. Most of the EU (mainly Belgium) imports broken rice from Egypt. Small quantities of high quality name-brand rice are imported by up-scale supermarkets in Europe.

Export Trade Matrix			
Rice, Milled			
Year	MY 2007/08	Country	MY 2008/09

Exports to:			
U.S.	172	U.S.	130
Others		Others	
Syria	130,509	Syria	136,415
Libya	98,320	Libya	24,312
Turkey	109,116	Turkey	59,630
Belgium	30,900	Belgium	35,456
Saudi-Arabia	21,519	Saudi-Arabia	25,216
Sudan	49,905	Sudan	27,450
Jordan	20,664	Jordan	39,612
Ukraine	29,671	Ukraine	11,435
Romania	26,345	Puerto Rico	38,000
Lebanon	15,778	Lebanon	10,654
Total for Others	511,056		408,180
Others not Listed	238,772		43,810
Grand Total	750,000		452,120

Policy:

The removal of the export ban occurred much earlier than expected. The ban, which began on April 1, 2008 ended in Feb 2009. At the time the ban was implemented, rough rice prices had reached about \$430 per ton, compared to about \$200 at the beginning of the export season in October 2007. Similarly, export prices for milled rice jumped from \$450/ton to \$750/ton and by the end of 2009 it was about \$ 680/ton. The decision to suspend exports had an immediate impact on prices, with rough rice prices dropping almost \$100 per ton to \$330 on the local market. This ban forced many countries in the region to source rice from other countries, including the United States.

The government-owned rice mills are protesting the export quota auction scheme because they fear that they will lose money if they successfully bid on the export quota, but don't have an export contract locked in. At the same time, if they have an export contract but cannot obtain the export quota they will be in default to the importer or forced to buy the export quota at a premium from a successful bidder.

The private trade is better able to operate in this environment and does not have any problems with the export quota auction except that Ministry of Trade and Industry may not reveal the quantity of quota available or the minimum bid. The quota ranges from LE 600 to LE750/ton. There has been some contraband exporting of rice as salt or broken rice, especially to Lebanon.

According to the exporters, in order for the Egyptian government to maintain enough quantities for local consumption and, at the same time, reduce the area cultivated with rice, the government is planning to tighten the export restrictions and limit the export licenses issued.

Production, Supply and Demand Data Statistics:

Rice, Milled Egypt	2008	2009	2010
	2008/2009	2009/2010	2010/2011
	Market Year Begin: Oct 2008	Market Year Begin: Oct 2009	Market Year Begin: Oct 2010

	USDA Official Data		New Post	USDA Official Data		New Post	USDA Official Data		New Post
			Data			Data			Data
Area Harvested	672	672	672	670	670	670			640
Beginning Stocks	685	635	685	792	742	655			489
Milled Production	4,387	4,387	4,402	4,374	4,374	4,300			4,200
Rough Production	6,749	6,749	0	6,729	6,729	0			0
Milling Rate (.9999)	6,500	6,500	0	6,500	6,500	0			0
MY Imports	20	20	20	10	20	34			35
TY Imports	20	20	20	10	20	36			35
TY Imp. from U.S.	0	0	5	0	0	1			2
Total Supply	5,092	5,042	5,107	5,176	5,136	4,989			4,724
MY Exports	300	300	452	600	900	500			400
TY Exports	500	300	460	600	900	520			400
Consumption and Residual	4,000	4,000	4,000	4,000	3,680	4,000			4,000
Ending Stocks	792	742	655	576	556	489			324
Total Distribution	5,092	5,042	5,107	5,176	5,136	4,989			4,724