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GAIN Report

Global Agricultural Information Network

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Report Highlights:

News on developments in agriculture and food in Egypt.

Nile Nuggets

*News on Developments in Agriculture and Food in Egypt
February 2016*

EGYPT INCREASES TARIFFS ON RANGE OF IMPORTS INCLUDING FOOD ITEMS: Egypt raised tariff rates on a wide range of imports as an effort by the authorities to curb dollar outflows as the country struggles through a foreign currency crisis. Egypt, which relies heavily on imports, has been facing a shortage of foreign currency since the 2011 revolution, driving tourists and investors away, the major sources of hard currency. The government has stressed that the tariff increases are in compliance with Egypt's World Trade Organization obligations as the increases are within the bound rates. Tariffs on fresh apple, grapes and pears increased from 30 percent to 40 percent while tariffs on nuts increased from 10 percent to 20 percent, however, the EU and Arab products will continue to enjoy non-tariff rates due to their trade arrangements with Egypt.

EGYPTIAN GOVERNMENT MAKES A U-TURN ON ERGOT: After much controversy, Egypt's Ministry Agriculture and Land Reclamation (MALR) sent a letter to traders stating that it will allow an ergot tolerance level of 0.05 percent in wheat imports, hoping suppliers will resume bidding on government tenders of the strategic grain. The letter's intention, issued by the office of the Minister of Agriculture and distributed by the office of General Agency for Supply Commodities (GASC) of the Ministry of Supply and Internal Trade (MOSIT), was to assuage traders' concerns after MALR rejected a series of shipments due to its presence. MALR's controversial decision contravened GASC's allowance of the 0.05 percent tolerance level, which complies with Egypt's wheat standard and the Codex international standard for ergot.

EGYPT BACKTRACKS ON WHEAT SUBSIDY REFORM: Egypt said it would pay its local farmers a fixed price of LE 420 (\$53.64) per ardeb or LE 2800 (\$359) per metric ton of wheat for the for the MY2016/17 crop, backtracking on its subsidy reforms announced in November of 2015, in which it stated that it would buy wheat from its farmers at world market prices and provide a direct cash payment of LE 1,300 pounds (\$70) per feddan (roughly \$166/ha) of wheat grown. The high price that Egypt pays for its local wheat has led to arbitrage opportunities where foreign wheat is sold to the government, mostly Russian, falsely labelled as Egyptian.

AFRICAN LEADERS PUSH FOR TRADE AT EGYPT'S AFRICA 2016 CONFERENCE: More than 1,200 delegates, including several heads of state, met at Egypt's Red Sea resort of Sharm El Sheikh at the "Africa 2016" conference. The conference aimed at attracting private sector investments in the region while pushing for trade liberalization. Organizers hope the conference can build on a 26-nation free trade pact signed last year, creating a Pan-African common market. Egyptian President Abdel Fattah al-Sisi provided opening remarks stating that the conference would "open a direct channel of communication and cooperation" between African businessmen and overseas investors.

EGYPT'S POPULATION GROWTH STRAINING WATER RESOURCES: According to Egypt's state statistics agency CAPMAS, water resources per capita stood at an ample 2,526 cubic meters per

year in 1947, dropping to 1,672 cubic meters in 1970 and 663 cubic meters by 2013, a drop of more than 60 percent in 43 years. The agency forecasts that by 2025, the per capita amount will dwindle to 582 cubic meters per person. Most of the decline in water per capita consumption can be attributed to Egypt's explosive population growth from around 27 million in 1959 to over 90 million in 2015. The United Nations sets a baseline figure of 1,000 cubic meters of water per person per year. When a country dips below that line, it is considered water insufficient to meet drinking, agriculture and nutrition needs. Countries with below 500 cubic meters per person per year are considered to be in a state of water scarcity. Under the terms of a 1959 treaty, Egypt is entitled to 55.5 billion cubic meters of Nile water per year, which it relies for around 97 percent of its water. That quota has remained fixed while the population has skyrocketed. According to CAPMAS, agriculture eats up 82.6 percent of the country's total water resources.

EGYPT'S MAIN AGRICULTURAL BANK TO INJECT \$127.7MILLION IN DESERT RECLAMATION PROJECT: Egypt's main agricultural bank, Principal Bank for Development and Agriculture Credit (PBDAC), is planning to invest one billion Egyptian pounds (US\$127.7 million) in the country's national project of reclaiming one and half million feddans (630,000 ha). In 2015, Egyptian President Abdel-Fattah El-Sisi launched an ambitious plan to reclaim one and half million feddans of prospective agricultural land, in a move that hopes to boost the country's economic sector and eventually to drive economic growth through megaprojects. Attia Salem - chairman of the PBDAC – stated that the bank's anticipated investments would support and finance youth-led projects in the greening of one and half million feddans.

PHYSALIS or HARANKASH: The scientific name is *Physalis peruviana*, it belongs to the Solanaceae family, and is closely related to the tomatoes. Its native land is Central America, Peru and Chile, from which it has been transplanted to parts of Africa, including Egypt.



Known in Egypt as Harankash or “the shy woman” it has an orange color, and sweetish taste that has a tangy sour tone. It is eaten as a casual fruit in Egypt, and said to be on the menu for diplomatic receptions, as a distinctive Egyptian fruit. It is widely touted as helping reduce blood glucose level, hence, helping those with diabetes.

Egypt Produces 1.465 Million Tons of Fresh Dates: According to the Ministry of Agriculture and Land Reclamation's Agricultural Research Center (ARC), in 2015, Egypt total area planted with fresh dates were at 104,515 feddans (44,000 ha) producing around 1.465 million tons of fresh dates. The total number of palms reached 12.827 million with a yield 114 kilo and 212 grams per each palm. Egypt produces 15 different varieties of dates.

As of February 18 Egypt Exports 324,975 Tons of Fruits and 132,417 Tons of Vegetables: In recent report released by Ministry of Agricultural and Land Reclamation's Central Administration for Planet Quarantine CAPQ, from January 1 through February 18, 2016, Egypt total exports recorded 324,975 tons of fruits and 132,417 tons of vegetables. During same period, Egypt total imports recorded 51,574 tons of fruits and 1,345 tons of vegetables.