

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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POLICY

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Egypt

Sugar Annual

Beet Farmers Responded Favorably on Price increase

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Report Highlights:

While beet production is increasing, cane production continues to be relatively stable. Imports are forecast to continue growing, keeping pace with growth in demand driven by population growth.

Commodities:

Select

Production:**Area Planted and Production**

Cane production and area are stable, with no expectations for change. With scarce land and water resources in Egypt, and limited cane crushing capacity, the government's policy is to maintain a stable sugarcane area. Any future growth in sugar cane production would have to be through increased yields. Total cane area harvested in 2009/10 was estimated at 180,000 HA, unchanged from the previous year. However, the amount of cane crop actually delivered to crushers is estimated to come from only about 110,000 HA; the difference represents non-official deliveries utilized in manufacturing sugar cane syrup in small rural plants, or otherwise consumed fresh or not harvested due to infestation.

Beet area is expanding, in 2010/11 area is estimated at 145,000 HA, compared to 98,000 HA in the previous year, and further increase is expected for 2011/12. Beet area and production are increasing as beet cultivation is one of the most lucrative winter crops, especially in newly reclaimed land. In addition, there was an increase in delivery price for beet from LE 320(\$53) in 2009/10 to LE 330(\$56) per MT in 2010/11. While beet production is growing and cane output is flat, cane production is still 53 percent of total sugar output. Cane is grown primarily in Upper Egypt; planted in January and harvested in mid-December. Cane processing is monopolized by one public sector Company, the Sugar and Integrated Industries Company (SIIC). The SIIC was formed in 1963 when the government nationalized the eight private sugar mills that were operating at that time. Most of these mills were built in the 1920's. The SIIC has limited crushing capacity and can process no more than 70-80 percent of the total available sugar cane crop. However, it does have a considerable amount of excess refining capacity. In order to generate new sources of revenue to compensate for its financial losses, the company contracts some of its excess refining capacity to private importers who process raw sugar at a fee of LE 430(\$73) per MT. A new sugar refinery plant with capacity of 600,000 MT per year is currently establishing by Cargill.

Most beet production, on the other hand, is under the control of private sector companies, except for about 20,000 MT produced by the SIIC. Most production is located in the northern part of the Nile Delta, where the soil is quite poor and unsuitable for other crops, or in newly reclaimed desert land. Beets are planted in August-September and harvested in March.

Yield and Crop Quality

Weather does not play a major role in cane production in Egypt. The entire crop is irrigated and the climate is fairly consistent throughout the major production area of Upper Egypt. Low temperatures at night and mild temperatures during the day continue to keep the sugar content fairly stable. Preliminary

reports on the 2011 crop indicate a sugar content of about 11.8 percent, compared to 11.7 percent for the 2010 crop. The sugar recovery rate in 2011 is unchanged from the previous year which was approximately 10.5 percent. The polarity of cane sugar is reported to be 99.6 percent.

Weather conditions for the beet growing season in the Delta area have been favorable throughout most of the 2010/11 season. Yield is expected to average 20 MT/feddan (8.4 MT/HA), about same average as in 2009/10 seasons. The sugar recovery rate for this season is running at about 14.6 percent, compared to 14.5 percent in 2009/10 season.

Fructose Corn Syrup

The National Company for Maize Products (NCMP), a private sector company, is the only producer of high fructose corn syrup (HFCS) in Egypt. In 2010, production of HFCS was about 160,375 tons: 95,347 tons HFCS-55; and, the remainder is HFCS-42. This compared to 156,443 tons in 2009. NCMP also produces about 53,000 tons of starch.

NCMP has storage capacity of up to 50,000 tons for corn and 6,000 tons for HFCS. The company produces approximately 800 kilograms of HFCS from one metric ton of corn. HFCS-55 is utilized exclusively by soft drink bottlers. HFCS-42 is used in a variety of products including jams and jellies, ice cream, pastries, and canned fruits. In addition to HFCS, NCMP produces crude corn oil, corn gluten meal (60 percent protein), which is used mainly in poultry feed, and corn gluten feed (16 percent protein), which is used mainly in cattle feed. The company imported 290,000 tons of yellow corn in 2010, all from the United States. In late March 2011, the average price for HFCS-55 was LE 2,350 per MT, compared with LE 2,165 per MT in 2009. The current import price for raw sugar (from Brazil) is \$540 C&F per ton while the price for refined sugar is \$640 C&F per ton.

Consumption:

Consumption and Prices

Sugar consumption is driven by population growth. Sugar consumption is forecast to continue growing modestly. Per capita sugar consumption in Egypt is about 33 kg per year. In 2009, the GOE has increased the quantity of subsidized sugar distributed under the national ration system (45 million ration card holders), due to allowing the addition of new born to the ration cards after the ban for several years. As a result, under the current program, 900,000 tons of refined sugar is targeted for distribution under the ration system, compared to 450,000 MT was distributed in the past several years. The remainder of total consumption is freely traded on the open market.

Trade:

Trade

For 2011, sugar imports, mostly raw sugar, are forecast to increase over 2010 levels. The expected increase in sugar imports in 2011 stems from the need to replenish stock and to meet the population-growth led increase in consumption. Of the 1,120,000 tons imported in 2010, only 120,000 tons were refined sugar (raw value). This represents a 14 percent increase from the import level of 2009. The current import price for white sugar is reported at \$670/MT/CIF and for raw sugar is \$550/MT/CIF. In 2010, Egypt exported 550,000 Mt mostly to Arab and African countries. This compared to 330,000 MT was exported in 2009.

The current import tariff on white sugar and raw sugar are 10 and 2 percent respectively. In addition, as of February 2009, the government imposed an import fee of LE 500 per ton on white sugar as a protection for the inefficient domestic industry.

Import Trade Matrix

Import Trade Matrix Sugar Cane for Centrifugal			
Time Period	2009	Units: MT	2010
Imports for:			1
U.S.		U.S.	
Others		Others	
Brazil	883,000	Brazil	914,000
E.U	95,000	E.U	206,000
Total for Others			
Others not Listed			
Grand Total0	978,000		1,120,000

Stocks:

Stocks

Egypt normally maintains strategic sugar stocks at least equal to about 60 days of total consumption, or approximately 500,000 tons. In 2011, Egypt's sugar stocks are expected to decrease at about 129,000 tons (raw sugar basis), mainly due to the increase in exports. Stocks are held mainly by the SIIC, or at storage facilities belonging to the Ministry of Welfare.

Policy:

Policy

The sugarcane industry is labor intensive and is considered vital to the economy of Upper Egypt. The government has increased the delivery price for sugar cane to the SIIC for 2010/11 to LE 260(\$44) per MT compared to LE 240(\$43) per MT in 2009/10. This makes sugarcane profitable relative to competing crops; especially it stays in land for four or five ratouns. (\$1=LE 5.9). In addition, the government provides soft loans to sugar cane farmers, which most cane farmers use. The current government policy also promotes expansion of sugar beet production, which is suitable to cultivation in newly reclaimed lands.

The delivery price for sugar beet in MY 2010/11 has been set by the beet sugar companies at LE 320(\$54) per ton for sugar beet that has 16 percent sugar content, compared to LE 300(\$51) per MT in the previous year.

Production, Supply and Demand Data Statistics:

Sugar, Centrifugal Egypt	2009/2010	2010/2011	2011/2012
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	Market Year Begin: Jan 2009		Market Year Begin: Jan 2010		Market Year Begin: Jan 2011	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Beginning Stocks	690	690	859	529		129
Beet Sugar Production	750	750	755	755		945
Cane Sugar Production	1,070	1,070	1,075	1,075		1,080
Total Sugar Production	1,820	1,820	1,830	1,830		2,025
Raw Imports	883	883	1,000	1,000		1,300
Refined Imp.(Raw Val)	95	95	120	120		130
Total Imports	978	978	1,120	1,120		1,430
Total Supply	3,488	3,488	3,809	3,479		3,584
Raw Exports	0	330	0	550		400
Refined Exp.(Raw Val)	0	0	0	0		0
Total Exports	0	330	0	550		400
Human Dom. Consumption	2,629	2,629	2,800	2,800		2,850
Other Disappearance	0	0	0	0		0
Total Use	2,629	2,629	2,800	2,800		2,850
Ending Stocks	859	529	1,009	129		334
Total Distribution	3,488	3,488	3,809	3,479		3,584
1000 MT						

Sugar Cane for Centrifugal Egypt	2009/2010		2010/2011		2011/2012	
	Market Year Begin: Jan 2007		Market Year Begin: Jan 2008		Market Year Begin: Jan 2009	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	112	112	112	112		113
Area Harvested	111	111	111	111		112
Production	11,000	11,000	11,000	11,000		11,098
Total Supply	11,000	11,000	11,000	11,000		11,098
Utilization for Sugar	11,000	11,000	11,000	11,000		11,098
Utilized for Alcohol	0	0	0	0		0
Total Utilization	11,000	11,000	11,000	11,000		11,098

1000 HA, 1000 MT

[illegible]