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Promoting Sustainable Investment in Egypt's Food Security 2017 Forum

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SP3 - Build Demand in Developing Countries through Trade Capacity Building

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Report Highlights:

Under the auspices of the Government of Egypt, the Food and Agriculture Organization in cooperation with the World Bank and the European Bank for Reconstruction and Development organized the Promoting Sustainable Investment in Egypt's Food Security forum on December 5, 2017. The forum brought together policymakers, finance institutions, producer associations, and leading agri-business companies to discuss agricultural investment in Egypt. The discussion focused on making Egyptian agriculture more sustainable; in particular, by improving food system efficiency. Also discussed was the need to increase agricultural productivity through technology and investment in the import food supply chain. It was recognized that Egypt will remain the world's largest importer of wheat, as well as major importer of yellow corn (i.e., for feed) and soybeans for the next five years.

General Information:

Under the auspices of the Government of Egypt (GOE), the Food and Agriculture Organization (FAO) of the United Nations in cooperation with the World Bank and the European Bank for Reconstruction and Development (EBRD) organized the [Promoting Sustainable Investment in Egypt's Food Security](#) forum on December 5, 2017. The forum brought together policymakers, finance institutions, producer associations, and leading agri-business companies to discuss agricultural investment in Egypt.

The forum featured the signing of a joint statement by the GOE and the three institutions. To improve food security, these committed to partner on joint activities promoting sustainable agricultural investment in Egypt.

Discussions held between public and private sector representatives focused on the grains (i.e., wheat and corn), horticulture, sugar, and poultry sectors as being critical to Egyptian agriculture. Participating experts and key stakeholders explored ways to develop these sectors to be more efficient and sustainable. They explored also opportunities aimed at fomenting increased domestic and international investment.

Forum participants focused their discussions on two key themes:

- 1- Making Egypt's agriculture more sustainable; in particular, by improving food system efficiency;
- 2- Increasing agricultural productivity through technology and investment in the import food supply chain.

Dr. Abdel Moneim El Banna, Egypt's Minister of Agriculture and Land Reclamation, in his remarks stressed that the government is keen on providing a positive and appropriate environment for investment in the country's food and agriculture sectors. He added that Egypt's [Sustainable Agricultural Development Strategy Toward 2030](#) focuses on the utilization of technological advances to enhance agricultural productivity and achieve sustainable growth.

Egypt is facing challenges in the agricultural sector, such as: a rapidly growing population; land fragmentation; urban encroachment on agricultural lands; limited water resources; and the need for more healthy and nutritious food. Despite challenges such as these, forum participants remain optimistic about Egypt's future agricultural productivity. These see it creating more jobs and improving national food security through sustainable investment projects.

Major Takeaways by FAS Cairo from the Forum:

- Egypt will remain the world's largest importer of wheat (12.3 million metric tons in imports forecast for 2018), as well as major importer of yellow corn (i.e., for feed) and soybeans for the next five years;
- The government is working to streamline import regulations and procedures. It seeks to minimize disruptions to the country's vital grain trade;
- High local demand for soybean meal and oil will continue to drive good import demand for soybeans for local crush;
- Corn for processing is in demand. The local food processing industry is ramping up its use of glucose and fructose;

- The government over the past three years has expanded its grain storage capacity by 1.5 million metric tons (MMT). It aims to add a further 420,000 metric tons (MT) of capacity;
- The government has just allocated to domestic investors some 226,800 hectares from its 1.5 Million Feddan Project (1.5 million feddans = roughly 630,000 hectares). FAS Cairo's earlier reporting on Egypt's land reclamation can be found at [GAIN – EGYPT: Egyptian Land Reclamation Efforts \(May 16, 2016\)](#);
- FAS Cairo sees a need for improved coordination between the government and the private sector for creating a more conducive environment to help boost horticultural exports. Egypt's horticultural exports in 2017 surpassed \$2 billion; exports could potentially double;
- Post-harvest losses and waste across the fresh produce and grains value chain continue to drag down quantity and quality;
- Investments in retail, logistic hubs, and modern wholesale markets in the governorates outside of Cairo and Alexandria governorates will generate incomes in rural areas, reduce food waste, and boost the quality of food produced;
- Investment in the food processing sector and in agricultural-industrial projects is being promoted as offering great potential for value-added food manufacturing, job creation, and increased exports;
- Vertically integrated poultry projects in desert areas will improve efficiency and profitability;
- Despite the Egyptian poultry industry high production costs, that get passed on to consumers, as well as disease and inefficiency in many of the country's small- and medium-size farms; the local industry still manages to provide for up to 95 percent of Egypt's poultry (white) meat needs and 100 percent of its eggs;
- There is a need for outreach programs and educational events. These are needed for promoting good agricultural practices, good management practices, and increased poultry production biosecurity.

Appendix:

Egypt is the most populous country in the Arab world. Ninety-five percent of this North African country's 97 million inhabitants (Central Intelligence Agency – July 2017 estimate) are concentrated in the narrow strip of land along the Nile River; or on about five percent of the total land area. The country's population is growing at 2.45 percent per annum, adding roughly 2 million Egyptian consumers every year.

The population will surpass 100 million by 2021 and reach 117 million by 2030, making Egypt the 15th largest country in the world in terms of population. This makes Egypt also one of the world's fastest growing food markets. Egypt however is a price-sensitive market, it continues to struggle due government austerity measures, soaring youth unemployment, and double-digit inflation (averaging 27 percent in 2017, but forecast to drop to 18 percent in 2018).

Egypt's total imports of corn have increased by 80 percent since calendar year (CY) (January – December) 2012, growing from 5 million MMT to almost 9 MMT in CY 2017. U.S.-origin corn exports to Egypt have however dropped from 3 MMT in marketing year (MY) (October – September) 2013/14 to roughly 258,000 MT in MY 2016/17. Egypt's imports of soybeans have increased by over 29 percent since CY 2012, growing from 1.7 MMT to 2.2 MMT in CY 2017. U.S.-origin soybean exports to Egypt have however dropped from 1.3 MMT in CY 2012 to roughly 880,000 MT in CY 2017. Nevertheless, U.S. soybean exports to Egypt in CY 2017 were up 236 percent compared to 2016's volume of 262,000 MT and 111 percent compared to 2015's volume of 418,000 metric tons.