

Required Report: Required - Public Distribution

Date: October 20, 2021

Report Number: EG2021-0020

Report Name: Grain and Feed Update

Despite the COVID Pandemic, Egypt's Grains Supplies Hold Steady

Country: Egypt

Post: Cairo

Report Category: Grain and Feed

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Report Highlights:

FAS Cairo (Post) forecasts Egypt's wheat imports in marketing year (MY) 2021/22 (July – June) at 12.4 MMT, up from the previous marketing year estimate due to higher consumption driven by population growth. Egypt's wheat production in MY 2021/22 is also up from the previous marketing year. Egypt's corn production expanded significantly in response to high prices, while rice production fell sharply as the government enforced restrictions on its planted area. Consequently, corn imports are forecast lower, while rice imports are expected up to offset the production shortfall.

Executive Summary:

FAS Cairo (Post) forecasts Egypt's wheat production in marketing year (MY) 2021/22 (July – June) to reach 9 million metric tons (MMT), up by almost 1.1 percent compared to 8.9 MMT in MY 2020/21. Post attributes the rise to an increase in total area harvested which is set to come in at 1.4 million hectares (HA) compared to 1.39 million HA the previous year.

FAS Cairo forecasts Egypt's wheat imports in MY 2021/22 (July – June) at 12.4 MMT, up by approximately 2.14 percent from MY 2020/21 Post's import estimate figure of 12.14 MMT. The latter was revised downward by 2.88 percent from USDA official estimate of 12.5 MMT. The largest foreign suppliers to the Egyptian market in MY 2020/21 (July – June) were Russia (8.13 MMT), Ukraine (2.45 MMT), followed by EU-28 (1.08 MMT).

The General Authority for Supply Commodities (GASC) is Egypt's largest wheat purchaser and in MY 2020/21, it imported 5.46 MMT of milling wheat compared to 6.33 MMT in MY 2019/20. The largest foreign suppliers to GASC in MY 2020/21 (July – June) include Russia (3.8 MMT), Ukraine (765,000 MT) followed by France (240,000 MT) and Romania (240,000 MT).

FAS Cairo forecasts Egypt's corn imports in MY 2021/22 (Oct – Sept) at 9.3 MMT, down by approximately 4.1 percent from Post's MY 2020/21 estimate of 9.7 million metric tons. Post estimates for corn imports in MY 2020/21 is revised down by 3 percent from USDA official estimates. Egypt's top three suppliers in MY 2019/20 (Oct – Sept) were Argentina (3.76 MMT), Ukraine (3.15 MMT), and Brazil (2.63 MMT).

FAS Cairo forecasts Egypt's milled rice production in MY 2021/22 (Oct – Sept) at 2.9 MMT, down by approximately 28 percent from Post's milled rice production estimate of 4 MMT in MY 2020/21 (Oct-Sept) which remains unchanged from the USDA official estimate. Post attributes the decrease to a reduction in total area harvested. Total area harvested is set to come in at 500,000 hectares compared to 700,000 hectares in the previous marketing year.

WHEAT:

PRODUCTION:

FAS Cairo forecasts Egypt's wheat production in MY 2021/22 (July – June) to reach 9 MMT, up by almost 1.1 percent compared to MY 2020/21 due to the rise in total area harvested that is set to come in at 1.4 million hectares (HA). MY 2020/21 wheat production and the area harvested figures remains unchanged from USDA official estimates.

Expanding the amount of certified seeds distributed to farmers, ideal sowing time, laser leveling techniques, showcasing new varieties in extension fields and increasing areas of wheat raised bed cultivation to more than 420,000 HA have made significant influences to the current vertical expansion efforts by the Ministry of Agriculture and Land Reclamation (MALR) (i.e., increasing yields by unit area) during the last five years.

Domestic Wheat Procurement: On July 15, 2021, the Ministry of Supply and Internal Trade (MoSIT) announced the end of the domestic wheat procurement season which ran from April 15 through July 15, 2021. The amount of locally-produced wheat purchased by the Government of Egypt was 3.6 MMT compared to 3.5 MMT in CY 2020.

On April 1, 2021, MoSIT announced that the government procurement price that it will pay to purchase locally-produced wheat would range from EGP 705 to EGP 725 per Ardeb (1 Ardeb = 150 KG) or approximately \$298/MT to \$307/MT (USD 1.00 = EGP 15.75) based on quality and moisture levels. The CY 2021 local wheat procurement prices were higher by an average of 5.2 percent than the CY 2020 prices, which always prompts farmers to cultivate more areas of wheat.

The General Authority for Supply Commodities' governmental wheat purveyors were:

1. The Egyptian Holding Company for Silos and Storage
2. The Holding Company for Food Industries (Mills silos)
3. The Egyptian Agricultural Bank
4. The General Company for Silos and Storage

CONSUMPTION:

FAS Cairo forecasts Egypt's wheat consumption in MY 2021/22 at 21 MMT, up by 1.9 percent from the MY 2020/21 estimate of 20.6 MMT. Post attributes the uptick to an approximately 2.1 percent increase in food, seed and industrial use (FSI) consumption. The rise in FSI wheat consumption is attributable to population growth. Egypt has a population of 102,250,421 (CAPMAS, est. Aug 2021).

Current Bread Subsidy: The Government of 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 while the actual current cost is estimated at EGP 0.65.

The government compensates bakeries for the difference in production cost. 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 to purchase 28 other food and non-food items sold at discounted prices. Beneficiaries make their purchases at the roughly 35,000 MoSIT partnered private grocery stores, as well as from 1,300 state-owned consumer complexes.

Restructuring the Bread Subsidy Program: MoSIT is currently studying the potential of switching to a conditional cash bread subsidy. Converting to a conditional cash subsidy for subsidized bread will be similar to the bank's debit card, with each beneficiary having a cash amount on their card to purchase commodities and bread each month. What is spent will be calculated on the smart card and what remains is placed into their smart card account. This system will enable beneficiaries to buy their actual bread and commodity needs without being limited to specific fixed shares.

The study is also looking into a partial deduction of the bread subsidy. The subsidized price of EGP 0.05 per loaf has not changed in 33 years, but the cost of production per loaf has tripled. A partial deduction in the bread subsidy will in turn reduce the cost of the bread subsidy program which can lead to savings that could be invested in more targeted food security and nutrition interventions, such as funding school

meals for students. In addition, it could improve the efficiency of bread production, increasing competition between bakeries which will in turn enhance bread quality.

In fiscal year (FY) 2021/22 (June – July), the government is allocating EGP 87.2 billion (\$5.53 billion) for bread and food subsidies compared to allocating EGP 84 billion (\$5.3 billion) for bread and food subsidies in FY 2020/21. Of this amount, roughly EGP 50.62 billion (\$3.2 billion) is earmarked for the bread subsidy program. Another EGP 36.6 billion (\$2.32 billion) is allocated to the supply commodities (i.e. rice, cooking oil, sugar, chicken, and beef). (USD 1.00 =EGP 15.75)

TRADE:

FAS Cairo forecasts Egypt’s wheat imports in MY 2021/22 (July – June) at 12.4 MMT, up by approximately 2.14 percent from MY 2020/21 Post’s import estimate figure of 12.14 MMT. The latter was revised downward by 2.8 percent from USDA’s official estimate of 12.5 MMT due to fewer Russian wheat exports to Egypt during the last two months of the marketing year. The largest foreign suppliers to the Egyptian market in MY 2020/21 (July – June) were Russia (8.13 MMT), Ukraine (2.45 MMT), followed by EU-28 (1.08 MMT).

STOCKS:

FAS Cairo forecasts Egypt’s ending stocks in MY 2021/22 at approximately 3.46 MMT, a decrease of 12.6 percent from Post’s earlier MY 2020/21 estimate of 3.96 MMT, which remains unchanged from the USDA official estimate. The decrease in MY 2021/22 ending stocks is due to anticipated higher consumption. GASC normally keeps a five-to-six -month supply of stocks (including wheat) in the import pipeline, with an additional one-month supply of wheat in transit to Egypt.

Production, Supply and Distribution:

Wheat Market Year Begins Egypt	2019/2020		2020/2021		2021/2022	
	Jul 2019		Jul 2020		Jul 2021	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	1370	1370	1390	1390	1400	1400
Beginning Stocks (1000 MT)	4015	4015	4318	4318	3967	3967
Production (1000 MT)	8770	8770	8900	8900	9000	9000
MY Imports (1000 MT)	12811	12811	12149	12149	13000	12400
TY Imports (1000 MT)	12811	12811	12149	12149	13000	12400
TY Imp. from U.S. (1000 MT)	101	101	0	0	0	0
Total Supply (1000 MT)	25596	25596	25367	25367	25967	25367
MY Exports (1000 MT)	978	978	800	800	900	900
TY Exports (1000 MT)	978	978	800	800	900	900
Feed and Residual (1000 MT)	1300	1300	1300	1300	1300	1300
FSI Consumption (1000 MT)	19000	19000	19300	19300	19700	19700
Total Consumption (1000 MT)	20300	20300	20600	20600	21000	21000
Ending Stocks (1000 MT)	4318	4318	3967	3967	4067	3467
Total Distribution (1000 MT)	25596	25596	25367	25367	25967	25367
Yield (MT/HA)	6.4015	6.4015	6.4029	6.4029	6.4286	6.4286
(1000 HA) ,(1000 MT) ,(MT/HA)						
MY = Marketing Year, begins with the month listed at the top of each column						
TY = Trade Year, which for Wheat begins in July for all countries. TY 2021/2022 = July 2021 - June 2022						

CORN

PRODUCTION:

FAS Cairo forecasts corn production in MY 2021/22 (Oct – Sept) at 7.44 MMT, up by 16.25 percent from MY 2020/21 estimate of 6.4 MMT due to the rise in total area cultivated that is set to come in at 930,000 HA, up by 16.25 percent from Post's estimate in MY 2020/21 set at 800,000 HA. Increased area cultivated with corn is attributed to higher corn prices in the local market which rose by more than 50 percent from the previous marketing year. This prompted many farmers to shift to cultivate corn, especially with government restrictions on planting rice. MY 2020/21 corn production and area harvested figures remain unchanged from USDA official estimates.

MALR's strategy to increase feed corn acreage and yields incorporates improved extension services, the use of higher-yielding one-way and three-way cross hybrids, encouraging growers to plant during ideal times, and improving marketing channels.

To achieve this goal, MALR developed a much-publicized marketing channel, which included formulating a contract between MALR's Center for Contract Farming and the Union of Poultry Producers (UPP) to purchase corn at a predetermined price of EGP 4500 (\$285.70) per metric ton.

CONSUMPTION:

FAS Cairo forecasts Egypt's total corn consumption in MY 2021/22 (Oct – Sept) at 16.6 MMT, up by approximately 1.8 percent from the MY 2020/21 estimate of 16.3 MMT. Post's consumption estimate for MY 2020/21 was revised downwards by approximately 1.8 percent from USDA official estimates of 16.6 MMT. The decrease in consumption in MY 2020/21 is also attributed to a decrease in feed and residual consumption by almost 2.1 percent from USDA official estimate of 14.1 MMT.

Post attributes the decrease in feed and residual consumption in MY 2020/21 to poultry feed prices increasing by 25-30 percent. This was driven by a more than 50 percent rise in the price of corn in the local market compared to the previous marketing year, thus placing a heavy burden on small and medium size breeders in the past four months.

Post anticipates the poultry sector's feed consumption to grow by almost 2.1 percent in MY 2021/22 as the larger producers consolidate and vertical integration increases. Additional feed lines are coming online, adding to already existing aquaculture and cattle feed milling capacities.

MALR has continued to expand the approvals of licenses for livestock, poultry, and fodder projects, through the livestock and poultry sector facilitating the procedures to obtain these operation approvals. This comes as part of the state's plan to expand local production of red and white meat and milk, thus increasing their supply on the market and reducing imports, while also supporting small breeders and small enterprises. The UPP outlined future plans to increase investments in the sector with aim of producing 2 billion chickens in 2030 to meet local market demand as well as doubling the production of table eggs.

Egypt's feed mills produce poultry feed-mix consisting 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. This feed mix formulation depends 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.

Starch Industry: Egypt consumes 1 MMT of corn for wet milling processes. There are five major corn wet milling companies operating in Egypt and their goal is to expand capacity in the coming 2-3 years. Cairo 3A Company has the largest share of the wet milling market in Egypt (more than 60 percent). It is worth noting that Cairo 3A is also the leading importer of corn over the past five years.

TRADE:

FAS Cairo forecasts Egypt’s corn imports in MY 2021/22 (Oct – Sept) at 9.3 MMT, down by approximately 4.1 percent from Post’s MY 2020/21 estimate of 9.7 million metric tons on expectations of a larger crop that would moderate import needs. Post estimates for corn imports in MY 2020/21 is revised down by 3 percent from USDA official estimates due to higher international market prices. Egypt’s top three suppliers in MY 2019/20 were Argentina (3.76 MMT), Ukraine (3.15 MMT), and Brazil (2.63 MMT).

STOCKS:

FAS Cairo forecasts Egypt’s corn stocks in MY 2021/22 at 1.66 MMT up by approximately 9.2 percent from Post’s estimate in MY 2020/21. The increase in stocks is due to anticipated increase in local production. Post’s corn ending stocks estimate in MY 2020/21 remains unchanged from USDA official estimate.

Production, Supply and Distribution:

Corn Market Year Begins Egypt	2019/2020		2020/2021		2021/2022	
	Oct 2019		Oct 2020		Oct 2021	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	800	800	800	800	800	930
Beginning Stocks (1000 MT)	1810	1810	1732	1732	1522	1522
Production (1000 MT)	6400	6400	6400	6400	6400	7440
MY Imports (1000 MT)	10432	10432	10000	9700	10000	9300
TY Imports (1000 MT)	10432	10432	10000	9700	10000	9300
TY Imp. from U.S. (1000 MT)	52	0	0	0	0	0
Total Supply (1000 MT)	18642	18642	18132	17832	17922	18262
MY Exports (1000 MT)	10	10	10	10	5	5
TY Exports (1000 MT)	10	10	10	10	5	5
Feed and Residual (1000 MT)	14400	14400	14100	13800	14100	14100
FSI Consumption (1000 MT)	2500	2500	2500	2500	2500	2500
Total Consumption (1000 MT)	16900	16900	16600	16300	16600	16600
Ending Stocks (1000 MT)	1732	1732	1522	1522	1317	1662
Total Distribution (1000 MT)	18642	18642	18132	17832	17922	18262
Yield (MT/HA)	8	8	8	8	8	8

(1000 HA) ,(1000 MT) ,(MT/HA)

MY = Marketing Year, begins with the month listed at the top of each column

TY = Trade Year, which for Corn begins in October for all countries. TY 2021/2022 = October 2021 - September 2022

RICE

PRODUCTION:

FAS Cairo forecasts Egypt's milled rice production in MY 2021/22 (Oct – Sept) at 2.9 MMT, down by approximately 28 percent from Post's milled rice production estimate of 4 MMT in MY 2020/21 which remains unchanged from the USDA official estimate.

Post attributes the decrease to lower total area harvested which is set to come in at 500,000 HA compared to 700,000 HA in the previous marketing year. FAS Cairo attributes lesser area planted in MY 2021/22 due to the following reasons:

- Farmers did not make the expected profits from rice cultivation the previous season due to abundant carry over and less demand, prompting many farmers to switch to corn at the beginning of the planting season due to its higher market price.
- Enforcement of the new water resources law with swift removal of illegal rice areas at the beginning of the season, removal of illegal late rice plantings, as well as enforcement of the fines stipulated by the law (See GAIN report [Egypt: Parliament Approves Prohibition of Rice Cultivation in Non-Designated Areas](#)).

On January 27, 2021, the Ministry of Water Resources and Irrigation (MWRI) re-published the Ministerial Decree No. 305 of 2020 indicating the Delta provinces that would be planting rice in CY 2021. The allotted rice cultivated area for CY 2021 was set for 1,074,200 million feddans (~451,164 HA) in nine governorates.

Rice cultivation outside the MWRI's allotment area has ranged from 210,000 HA to 309,080 HA over the past five years. A significant reduction in illegal rice plantings is observed CY 2021. Expanding the amount of certified seed distributed to farmers to cover 65 percent of the planted area as well as introducing new varieties contributed to increase in yields by 1.2 percent.

Rice cultivation is essential to limit seawater intrusion into the northern Delta lands and prevents salinization of the soil.

CONSUMPTION:

FAS Cairo forecasts Egypt's rice consumption and residual at 4 MMT in MY 2021/22, down by approximately 4.8 percent than Post's estimate of 4.2 MMT in MY 2020/21 which was revised downward from the USDA official estimate by approximately 2.3 percent. This indicates a downward trend in per capita rice consumption due to the availability of other more affordable carbohydrate sources (i.e. lower priced pasta). Rice consumption in Egypt varies across different geographical locations with higher rates in the Northern Delta, coastal cities, and greater Cairo, compared to the middle and upper Egypt regions.

GASC has contracted to purchase 270,000 MT of local milled rice after conducting its first tender on October 17, 2020. Results were announced three days later where thirty private companies started to supply the 270,000 MT of milled rice with a fraction of no more than 5 percent broken from January to August 2021 priced at EGP 6500/MT (\$412.60/MT).

TRADE:

FAS Cairo forecasts Egypt's rice imports in MY 2021/22 (Oct – Sept) at 500,000 MT up by 250,000 MT than Post's MY 2020/21 estimate. Post attributes this increase to mainly a decrease in local production by approximately 28 percent as well as a pick-up in demand for long-grain, basmati rice, jasmine rice, as well as other varieties with less starch content than short or medium grain rice as a certain segment of consumers follow a healthy lifestyle. Post's estimate for rice imports in MY 2020/21 was revised downward by 150,000 MT from the USDA official estimate of 400,000 MT due to lower consumption and higher prices the global market. In MY 2019/20 and MY 2020/21 (Oct – June) traders sourced long-grain and basmati rice from China, India, and Thailand.

STOCKS:

FAS Cairo forecasts Egypt's ending rice stocks in MY 2021/22 to reach 642,000 MT, down from the previous marketing year's estimate of 1.2 MMT. The decrease is due to an anticipated decrease in local rice production.

Production, Supply and Distribution:

Rice, Milled Market Year Begins Egypt	2019/2020		2020/2021		2021/2022	
	Oct 2019		Oct 2020		Oct 2021	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	760	760	700	700	500	500
Beginning Stocks (1000 MT)	949	949	1232	1232	1277	1262
Milled Production (1000 MT)	4300	4300	4000	4000	2900	2900
Rough Production (1000 MT)	6232	6232	5797	5797	4203	4203
Milling Rate (.9999) (1000 MT)	6900	6900	6900	6900	6900	6900
MY Imports (1000 MT)	303	303	350	250	900	500
TY Imports (1000 MT)	309	303	400	250	800	500
TY Imp. from U.S. (1000 MT)	0	0	0	0	0	0
Total Supply (1000 MT)	5552	5552	5582	5482	5077	4662
MY Exports (1000 MT)	20	20	5	20	5	20
TY Exports (1000 MT)	20	20	5	20	5	20
Consumption and Residual (1000 MT)	4300	4300	4300	4200	4250	4000
Ending Stocks (1000 MT)	1232	1232	1277	1262	822	642
Total Distribution (1000 MT)	5552	5552	5582	5482	5077	4662
Yield (Rough) (MT/HA)	8.2	8.2	8.2814	8.2814	8.406	8.406

(1000 HA) ,(1000 MT) ,(MT/HA)

MY = Marketing Year, begins with the month listed at the top of each column

TY = Trade Year, which for Rice, Milled begins in January for all countries. TY 2021/2022 = January 2022 - December 2022

Attachments:

No Attachments