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Voluntary Public

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Egypt's Current Food Supply Situation

Report Categories:

Agricultural Situation

Agriculture in the Economy

Agriculture in the News

Climate Change/Global Warming/Food Security

Grain and Feed

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Report Highlights:

FAS Cairo estimates that current wheat stocks (domestic production plus imports) are sufficient to carry Egypt through January 2014. Saudi and Gulf States' aid commitments have been instrumental in stabilizing the Egyptian Pound, improving the country's ability to pay for vital food and fuel imports on average amounting to roughly \$2 billion per month. Egypt's economic recovery remains elusive; concerns with security and curfews are causing logistical delays.

Executive Summary:

Most press sources and observers report that Egypt's political crisis is deflating hopes for a quick economic recovery. With the \$12 billion in financial aid pledged in July 2013 (i.e., loans, grants, and fuel shipments) from Saudi Arabia and other Gulf allies opposed to the Muslim Brotherhood, Egypt's financial collapse was averted. Aid commitments have been instrumental in stabilizing the Egyptian Pound, improving the country's ability to pay for vital food and fuel imports on average amounting to roughly \$2 billion per month. FAS Cairo estimates that current wheat stocks (domestic production plus imports) are sufficient to carry Egypt through January 2014. Since July 2, Egypt's Ministry of Supply and Internal Trade (MoSIT) – General Authority for Supply Commodities (GASC) has bought more than 1 million metric tons (MMT) of wheat, mostly from the Ukraine and Romania.

General Information:

Political Crisis Deflates Hopes for Economic Recovery: Egypt has staved off financial collapse, in part, thanks to \$12 billion in financial aid (i.e., loans, grants, and fuel shipments) from Saudi Arabia and other Gulf allies opposed to the Muslim Brotherhood. This unusually quick aid commitment response in July 2013 stabilized the Egyptian Pound, improving the country's ability to pay for vital food and fuel imports amounting to \$2 billion per month. Sources inform that the interim government is seeking to repair Egypt's business environment and generate renewed foreign investor confidence, however the consensus among traders and distributors is that security must improve and logistical bottlenecks need to be removed to achieve success. Unemployment at 13.5 percent and deteriorating living standards need to be addressed to lower social tension particularly acute among youth (ages 15-24) who are experiencing 25 percent unemployment.

Egypt Continues Tendering for Wheat: In the wake of the turmoil since former President Mohamed Morsi's ouster on July 3, Egypt continues to tender for wheat to supply its subsidized baladi bread program. FAS Cairo estimates the 2013 local wheat harvest and international tenders held through August will provide stocks sufficient to carry Egypt through January 2014. Egypt requires roughly 9 MMT per year; FAS Cairo estimates that Egypt will need to import about 5.5 MMT (or 458 TMT/month) to fully supply the subsidized bread program. Depending on when they buy, the import cost will likely be \$1.5 to \$1.8 billion. Since July 2, the Ministry of Supply and Internal Trade's GASC has bought more than 1 MMT of wheat, mostly from the Ukraine and Romania.

Egyptian Military Closes Bridge from Port Said: In early August, the Egyptian military closed the Al Salaam Bridge for security reasons. The Al Salaam Bridge is one of the main cargo routes to and from Port Said. Although Port Said is not a major grain port, it handles containerized feed ingredient shipments. Egyptian authorities have advised that normal shipping is being maintained in the Suez Canal albeit with a strong military presence.

The Military Curfew and its Impact on Food Distribution: FAS Cairo has not heard of any major recent disturbances at Egypt's main ports. Port Authorities in Alexandria, Damietta, and Port Said confirm that the ports are operating normally. The military has acquiesced to allow shipping companies utilizing the Port of Damietta to operate their vehicles during curfew hours. All ports are lobbying the interim government and military authorities to have the nighttime curfew commence at midnight. The thirty-day dusk-to-dawn curfew may be lifted in mid-September should the security situation

improve.

Distributors are similarly complaining that the current 9:00 PM to 6:00 AM curfew in place is delaying deliveries of inbound food and agricultural products. There is talk that the interim government may allow truck drivers to operate during curfew hours along the country's major highways. With truck drivers on the Cairo-Alexandria desert road however voicing security concerns even during daylight hours, we assume that most will likely refuse to drive at night without additional compensation.

Foreign Exchange Problems: Sources inform that the local branches of foreign companies are encountering problems remitting funds back to their headquarters. We have heard that the Central Bank of Egypt is refusing to approve intra-company fund transfers of \$1 million or greater. Attempts to remit funds in smaller tranches reportedly have failed.

Food Prices Rising in Egypt: Egyptian urban consumer prices rose at a 10 percent year-on-year rate in July 2013, their fastest rate of increase since Hosni Mubarak resigned in February 2011. Food and vegetable prices were up even more with an almost 22 percent year-on-year increase. Of course, most of Ramadan occurred in July this year, and this month is associated with food price inflation. Egyptian consumer prices are reportedly expected to rise at an annual average rate of nearly 9 percent in 2013. Sixty-five percent of household expenditure goes to food, making most Egyptian families vulnerable to higher food prices.

Status of Food Retail and Logistics: Most food shops and supermarkets in Cairo continue operating normally, albeit with shorter hours. FAS Cairo is unaware of any food shortages. There has been some concern expressed about domestic distribution being affected by security concerns on the Cairo-Alexandria road and some delays in movements out of the ports due to limited work hours. Discussions are ongoing about a partial lifting the curfew to allow Egyptians more time to shop for consumables and facilitate transportation.

**U.S. Department of Agriculture, Foreign Agricultural Service
Food Prices Report (Greater Cairo, Egypt) - 2013**

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<i>Product</i>	<i>Unit</i>	<i>July 2012 1-31 (1)</i>	<i>June 2013 1-30 (2)</i>	<i>July 2013 1-31 (3)</i>	<i>% Change (3:1)</i>	<i>% Change (3:2)</i>
Bread (shami)	Loaf	0.40	0.45	0.45	12.50%	0.00%
Bread (tabakki)	Loaf	0.35	0.45	0.45	28.57%	0.00%
Bread (baladi)	Loaf	0.05	0.05	0.05	0.00%	0.00%
Wheat Flour 72% extraction	KG	4.77	5.63	5.63	18.18%	0.00%
Pasta	KG	8.00	11.92	12.33	54.17%	3.50%
Rice	KG	6.10	6.58	6.50	6.56%	-1.27%
Fresh Milk	Liter	6.33	7.28	7.47	17.89%	2.52%
Milk (UHT)	Liter	7.27	7.87	7.93	9.17%	0.85%
Eggs	Pack of 30	25.83	28.25	28.17	9.03%	-0.29%
Cooking Oil	Liter	13.68	15.45	15.10	10.41%	-2.27%
Sunflower Oil	Liter	11.63	14.68	14.18	21.92%	-3.41%
Sugar	KG	6.22	6.78	6.67	7.24%	-1.72%
Poultry Meat	KG	28.67	27.98	28.67	0.00%	2.44%
Frozen Poultry (imported)	KG	21.83	24.37	25.17	15.27%	3.28%
Beef (local)	KG	64.08	69.90	76.58	19.51%	9.56%
Beef - Brazilian	KG	36.08	35.00	35.40	-1.89%	1.14%
Beef - Indian	KG	N.A	N.A	N.A	N.A	N.A
Fuul - Fava Bean	KG	17.00	16.98	18.42	8.33%	8.44%
Lentils	KG	12.83	13.43	14.43	12.47%	7.44%
Potatoes	KG	2.33	3.33	4.25	82.14%	27.50%
Tomatoes	KG	2.92	3.68	3.92	34.29%	6.33%

(*) Exchange Rate:

A) July 1-31, 2012: Period Average: US\$ 1 = L.E 6.08

B) June 1-30, 2013: Period Average: US\$ 1 = L.E 7.02

C) July 1-31, 2013: Period Average: US\$ 1 = L.E 7.03

Names and locations of Stores or Markets : Al-Ahram (Heliopolis), Ragab Sons (Maadi), Metro Market (Maadi) & Kheir Zaman (Manial)

Source: USAID/Egypt – Food Basket Prices, July 1-31, 2013.