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Approved By:

Bret Tate

Prepared By:

Mohamed Hamza

Report Highlights:

- Egypt reinstates zero tolerance policy for ergot fungus in imported wheat.
- Egypt's Minister of Supply and Internal Trade officially announced his resignation.
- Egypt imposes a rule that will prevent grain shipments suspected of contamination from being offloaded until they are tested.
- The United Arab of Emirates transfers US \$1 billion to boost foreign exchange reserves and shore up Egyptian economy.

Nile Nuggets

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

EGYPT REINSTATES ZERO TOLERANCE POLICY FOR ERGOT IN WHEAT: On August 22, 2016, Egypt's Minister of Agriculture and Land Reclamation, Dr. Essam Fayed, issued a ministerial decree (No. 1421/2016) that stipulated zero tolerance for ergot fungus in imported wheat shipments from all origins. Last month, following the involvement of Egypt's Prime Minister, Dr. Fayed issued decree 117/2016 accepting imported wheat shipments containing up to 0.05 percent ergot, in compliance with Codex standards. The Ministry's senior officials confirmed that the latest decision was made after a technical committee from the agricultural research center studied the issue for three weeks and determined that the ban was necessary to protect Egypt's agricultural lands.

MINISTER OF SUPPLY RESIGNED: Egypt's Minister of Supply and Internal Trade, Dr. Khaled Hanafi, officially announced his resignation on Thursday, August 25, 2016, to avoid a vote of no confidence by the parliament. Hanafi was under criticism after a parliamentary fact-finding commission uncovered fraud involving domestic wheat procurement. The corruption scandal is estimated to have cost the government of Egypt approximately one billion pounds (US \$113 million). Reports indicate that buyers authorized to procure wheat for the government may have inflated purchases reported to the government by as much as two million tons, out of the total five million tons of wheat reportedly harvested. The Egyptian government pays high prices for wheat to encourage farmers to grow it. The local traders who buy wheat from scores of small-landholders have frequently found opportunities to extract extra revenues from the government via this support system.

EGYPT TIGHTENS IMPORT RULES ON GRAINS: Egypt's Ministry of Agriculture and Land Reclamation's Central Administration for Plant Quarantine has tightened its agriculture quarantine regulations, imposing a rule that will prevent grain shipments suspected of contamination from being offloaded until they are tested. The new grain regulation will prevent shipments with any level of a contaminant, including ergot, from being offloaded until test results show they comply with quarantine regulations. This is in contrast to old rules that allowed for testing after discharge. The new rule will raise costs for suppliers forced to pay demurrage for shipments held at port extended periods.

UAE TRANSFERS US \$1 BILLION TO BOOST EGYPTIAN FOREX: The United Arab Emirates (UAE) loaned Egypt US \$1 billion to boost foreign exchange reserves and shore up its economy. Abu Dhabi Fund for Development, the UAE's international development arm, made the loan to the Central Bank of Egypt for a period of six years. The new funding will support key Egyptian government initiatives to bolster economic growth and strengthen its economy in the short-term. Importantly, the funds will strengthen Egypt's foreign exchange reserves and contribute to the stability of the Egyptian Pound. The funds may also be used to support key development projects, especially in infrastructure. Egypt is suffering from a shortage of hard currency and a weakening of the Egyptian Pound. In June 2014, the US dollar was equivalent to EGP 7.13. Today the exchange rate is EGP 8.88. On the parallel market, the pound depreciated even further; the unofficial exchange rate in June stood at EGP 12.50 per US dollar.

EGYPTIAN-STYLE MOSKA'A: There are many varieties of moussaka, the Egyptian, the Greek, the Turkish, the Cypriot and the Yugoslavian. There are also variations according to the vegetables and/or meats used. The most well-known, and commonly made by Egyptians, includes layers of fried eggplant, tomato sauce, onions, and hot peppers (optional); all are cooked together with spices. Other varieties, which may be more costly, include minced meat and are topped with *Béchamel* sauce, baked in the oven. The dish is generally served hot, but can also be eaten cold.



Crop News

- On August 27, 2016, the Minister of Agriculture and Land Reclamation, Dr. Essam Fayed, announced the official beginning of the 2016 cotton harvest. The announcement came during his visit to the Beni Suef Governorate, 115 kilometer (71 miles) south of Cairo. Dr. Fayed said that total area planted for cotton in 2017 is expected to be 168,000 HA. In 2016, total cotton area harvest is expected to reach 50,000 HA.
- Egypt's Minister of Agriculture and Land Reclamation told media that Egypt cannot achieve self-sufficiency in wheat but the government is trying to tighten the gap between production and consumption through increasing wheat yields. The minister noted that self-sufficiency is, "a dream that is impossible to achieve". In MY 2016/17 planted area and wheat production were at 1.26 HA and 8.1MMT, respectively. Egypt historically imported around 10-11 MMT annually by both the private and public sectors to bridge the gap between production and consumption.