

USDA Foreign Agricultural Service

# GAIN Report

Global Agricultural Information Network

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## Nile Nuggets May 2016

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News on developments in agriculture and food in Egypt.

# Nile Nuggets

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

**EGYPT SIGNS CONTRACTS FOR 80,000 MT of INDIAN RICE:** On May 22nd, the Ministry of Supply and Internal Trade's Holding Company for Food Industries said it signed contracts to import 80,000 metric ton (MT) of Indian rice. The prices ranged from \$350-355 per MT and the commodity is expected to be delivered in two shipments: one is due before the beginning of Ramadan, slated to begin on June 6, and the second shipment is expected by the middle of Ramadan. Egypt's demand for foodstuffs surges before the start of Ramadan, as post-fast meals are often large due to celebratory gatherings, alongside escalating prices. Egypt often produces more rice than it consumes; however, this year local traders are being singled out for holding back stocks, and this led to the government's decision to import rice. In early May 2016, rice prices increased from EGP 4,5 per kilogram (\$0.50 cents) to EGP 9 per kilogram (\$1). Rice production in Egypt reached 4 million tons in 2015 with around 916,000 tons carried over from 2014. Annual consumption hovers around 3.5 million tons [Grain & Feed Annual Report 2016](#).

**TO MITIGATE ESCALATING INFLATION, THE GOVERNMENT INCREASES ITS FOOD SUBSIDY ALLOCATION:** The Egyptian Government has decided to increase its food subsidy allocation by 20 percent per beneficiary to mitigate current inflation caused by the Egyptian pound's devaluation. The decision came as part of a governmental plan to ease the economic burden on its citizens. The [value of the US dollar against the Egyptian pound](#) has appreciated to EGP 11 in the parallel market, driven by the erosion of foreign currency holdings, due to receding foreign direct investment, tourism revenues, exports, and remittances. Starting June 1, 2016, each beneficiary will be entitled to EGP 18/month (\$2/month) instead of EGP 15/month (\$1.7/month).

**PERMISSION IS REQUIRED TO TRADE IMPORTED WHEAT IN THE DOMESTIC MARKET:** Egypt, the world's largest wheat importer, is banning the trade of imported wheat in the domestic market, as well as its delivery to local mills without permission from the Ministry of Supply and Internal Trade. The new requirement is valid only during the three-month period during the government's wheat procurement season, which begins in mid-April and lasts until July. The move is an attempt to stop the crossover of imported wheat into the procurement channels. In 2015, according to industry, it is estimated that more than a million tons of imported wheat was procured as domestic wheat, as traders took advantage of the huge price differential between domestic and imported wheat. The government procures local wheat at subsidized prices of EGP 420 per ardeb (\$47) or EGP 2800 (\$315) per metric tons, which remains significantly higher of that of imported wheat of \$200/MT.

**WATERMELON TIME!** During summer nothing will break the indomitable heat like fresh and juicy Nile watermelon! This is a late spring/early summer fruit Egyptians have been enjoying for thousands of years. According to [watermelon.org](#), Egyptians first discovered watermelons 5,000 years ago, and proceeded to share them with the rest of mankind in the 10th century. Watermelons provide Egyptian families with an opportunity for gathering and entertainment. You rarely see someone eating watermelon alone; as Egyptians say "you eat alone you die alone".



Selling watermelon in Egypt is a rich tradition. Street peddlers, their donkey carts loaded with stacks of watermelons, will chant their melodic jingles describing the beauty of their watermelons. “Hamar we Halawah” reddish and sweetness, while the more confident watermelon peddler will chant “Ala Elskinah Ya Helwah”, challenging anyone to cut his watermelons and taste them on the spot before buying them, the ultimate technique of guaranteeing an exceptional watermelon!

### **Crop News**

- **Wheat procurement:** As of May 29<sup>th</sup>, the Egyptian Government had purchased roughly 4.4 million tons of local wheat since the start of harvest on April 15<sup>th</sup>, according to a statement released by the Ministry of Agriculture and Land Reclamation. The stated goal for this year’s harvest was to buy 4 million tons of domestic wheat during the 2016 procurement season.
- **Cotton prices:** The Egyptian government announced the prices for the 2016’s cotton crop at EGP 1,250 (\$140.7) per qintar (or \$682/bale), for the extra-long staple and long staple varieties, and EGP 1,100 (\$123.8) per qintar (or \$600/bale), for the short and medium staple varieties grown in Upper Egypt. It is not clear whether the government, through the Holding Company for Weaving, Spinning and Textile, will buy the crop at the announced prices or if these are only indicative prices informing farmers what prices they can expect to sell at, without any commitment from the government.
- **Corn prices:** Egypt set the price for yellow corn at EGP 2,100 per metric ton (\$236) for the 2016 crop. According to statement released by the MALR, Egypt aims to cultivate just over 2 million feddan (840,000 ha) of yellow corn by 2018, therefore offering an attractive price to encourage cultivation. Its aim is to reduce its reliance on corn imports, which in 2015 totaled approximately 8 million tons.