

Voluntary Report – Voluntary - Public Distribution

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Report Name: Poultry Sector In Egypt Impacted by the Repercussions of War in Ukraine

Country: Egypt

Post: Cairo

Report Category: Agricultural Situation, Agriculture in the News, Climate Change/Global Warming/Food Security, Grain and Feed, Oilseeds and Products

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Report Highlights:

Russia's invasion of Ukraine has adversely impacted the global economy, and Egypt too has felt the wave of effects. Russia's war on Ukraine has relentlessly disrupted international trade of grains and soybeans as well as other commodities pounding a global economy that had since been improving robustly from the COVID-19 pandemic. Already high prices of corn and soybeans have risen even higher as a result. The impacts of the war have also extended to influence availability of Forex needed for the release of corn, corn bi-products and soybeans shipments, estimated at 1.5 MMT (corn) and 400,000 MT (soybeans), stuck for many weeks in Egyptian ports, causing feed prices to skyrocket. Egypt has begun acting to reduce the severity of those negative repercussions and seeks to provide hard currency in accordance with the jurisprudence of priorities, especially regarding providing food, fuel, and raw materials for production requirements.

A dynamic Poultry Sector:

Egypt's poultry industry houses 10,731 licensed farms, out of a total of 60,000 existing entities with investment reaching EGP 100 billion (\$5.09 billion). In CY 2021, the poultry industry produced 1.5 billion chickens (i.e., broilers), and 13 billion table eggs. Egypt has a 95 percent self-sufficient in poultry production and 100 percent self-sufficient in in table egg production. The Union of Poultry Producers (UPP) outlined future plans to increase investments in the sector with the aim of producing 2 billion chickens in 2030 to meet local market demand as well as doubling the production of table eggs.

The Ministry of Agriculture and Land Reclamation (MALR) has continued to expand the approvals of licenses for poultry projects. Recently MALR allocated 9 areas in four governorates for poultry investment on an area of 19,000 acres, in addition to facilitating investments of poultry projects over thirteen other sites affiliated with the General Authority for Reconstruction Projects and Agricultural Development.

Financing was also provided as soft loans with an interest rate of 5 percent to support small breeders to raise the efficiency of their farms and transfer them from an open breeding system to a more modernized closed breeding system, to enhance farm productivity and enhance economic return per farm.

Poultry Feed Prices Surge:

The effects of the Russian invasion of Ukraine caused a significant increase in corn and soybeans prices globally, which coincided with the rise in the foreign exchange rate in Egypt, causing poultry feed prices to double and, consequently, the cost of poultry production increased by more than 50 percent. Poultry feed cost represents almost 70-75 percent of cost production. The impacts of the war have also extended to influence availability of Forex needed for the release of corn, corn bi-products and soybeans shipments stuck for many weeks in Egyptian ports and significantly needed by the poultry sector. According to the Union of Poultry Producers (UPP), there is 1.5 MMT of corn and 400,000 MT of soybeans held in ports.

Feed supply shortages impacted the poultry sector and has ramped up cost of poultry production as well as consumer price of poultry in the domestic market thus placing a heavy burden on small-sized breeders in the past four months either preferring not to operate temporarily or recently as some social media reports indicated small hatcheries had to execute their chicks due to lack of feed availability or inflated poultry feed prices they can't afford.

The Egyptian dairy sector Impacted:

Numerous small and Medium sized dairy farms are currently facing high prices of feed and even higher prices for immunizations and vaccines needed for their herd. FAS contacts from the Dairy sector did mention that providing the necessary forex to release shipments of beans and corn will drive cost of production down on the short term especially after some farms incurred recent financial losses.

The Government of Egypt Moves swiftly to release Feed raw materials held in ports:

On Oct 16th, Egypt's Prime Minister, and Vice Chairman of Egypt's Central Bank (CBE) met with (UPP) to speed up release of corn and soybeans from Ports. The UPP asked the government to intervene to facilitate yellow corn imports by providing the necessary forex liquidity for the release of feed ingredient imports from ports.

The prime Minister have assured UPP that coordination is currently underway with the Central Bank of Egypt (CBE) to speed up the release of the largest possible amount of yellow corn and soybeans to support the poultry sector. The Egyptian Prime Minister have instructed weekly coordination by the CBE and MALR with the UPP on quantities of feed to be released per week to ensure poultry market stability. The parties also have agreed to monitor the distribution of weekly amounts of released feed.

The Egyptian Parliament holds an Exceptional Session:

On October 17th the Egyptian Parliament held a plenary session, headed by Counselor Dr. Hanafi Jabali, Parliament Chair, to discuss this recent crisis. Many members of the parliament had submitted requests for briefing due to the severity of the recent feed crisis.

The Chairman of the Agriculture Committee in the Parliament, spoke about the crisis on behalf of the members to confirm that the poultry production sector is suffering from a feed shortage which is impacting a vital food industry providing cheap protein for many Egyptians. He also called on the government to have a vibrant and precise traceability mechanism, starting with the release of shipments at the port and following them up until they reach the poultry breeders.

The Parliament agreed to assign the government to take swift measures to release shipments of feed raw materials held in ports to stabilize both the feed and poultry markets.

Concluding Remark:

The poultry industry calamity resulted from shortages of feed raw materials supply in the market necessary for feed factories to produce Poultry feed. The poultry industry crisis is severe and needs rapid and sustainable intervention, and this is what the government recently started to do by releasing 122,000 MT of Soybeans from ports. Despite these challenges, the Egyptian Poultry sector has shown great resilience in the past in face of price shocks of inputs needed by the industry. The sector is able, like others, to face crises, and the investments operating in it are ready to bear the high prices of industry inputs given the increase in supply of such inputs to level with poultry production.

Attachments:

No Attachments.