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POLICY

Voluntary Public

Date: 10/27/2011

GAIN Report Number:

Egypt

Post: Cairo

Cotton imports banned in Egypt

Report Categories:

Cotton and Products

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Report Highlights:

In an effort to increase the demand for local production, especially short and medium staple cotton from Upper Egypt, the Ministry of Industry and Foreign Trade and the Ministry of Agriculture and Land Reclamation decided to impose an import ban on all cotton. Prices offered for local seed cotton had dropped in line with international prices, leading to farmer unrest and the potential for large-scale demonstrations. U.S. upland cotton gained access to the Egyptian market last year, and U.S. exports totaled \$46 million so far in CY 2011 versus \$10 million in 2010, when Egypt was primarily a market for U.S. Pima cotton. Egypt has refused entry to 1,500 tons of Greek cotton which was already landed in Egypt.

General Information:

Egypt is facing a major crisis in their domestic cotton marketing as reported in our [GAIN Cotton Update](#). Farmers went into the planting season this spring with high price expectations for their crop, due to prevailing high world prices and Government of Egypt (GOE) statements encouraging production. However, with improved world cotton production and reduced demand due to the lingering effects of the worldwide economic crisis, world prices have dropped. In addition, the overall economic effects of the January 2011 Revolution are being felt in terms of reduced liquidity and willingness of banks to provide financing for seed cotton purchases by gins and traders.

The Ministry of Industry and Foreign Trade (MIFT) and the Ministry of Agriculture and Land Reclamation (MALR) have been meeting regularly since August of this year to monitor the demand and prices of the local cotton crop. The situation has gotten progressively worse on both fronts as importers are buying more imported cotton for quality and price preferences to supply the local textile industry. The primary impact has been on purchases of short/medium staple Upper Egypt cotton, but also is affecting long and extra long staple cotton marketing. On October 25th, the Farmers Union met with both Ministers and threatened to bring two to six million farmers to Cairo to protest the lack of demand and low prices. The Ministers responded by signing Ministerial Decree No. 1864 for 2011 which temporarily bans cotton imports for the current season until the local crop is sold.

As previously reported, cotton production is up 37 percent in 2011 due to high prices last year. There may be some move by the GOE to subsidize the difference between international and local prices maintain the competitiveness of the local textile industry. MALR is the only supplier of cotton seed to the growers and the expectation was that given the present market situation, farmers would reduce area planted next year. Cotton production has historical importance to Egypt and the GOE has been encouraging revival of the industry after many years of decline.

Ministerial Decree:

Begin text

Ministerial Decree
No (1864) for 2011

- After reviewing the Agricultural Law issued by Law No.53 for the year of 1966 and all its amended laws.
- And law No. 118 for the year of 1975 organizing Imports and Exports
- And on what the meeting held at Ministry of Agriculture has ended up to in Saturday August 20, 2011 and Tuesday October 25, 2011 under the auspices of Ministers of Agriculture and Land Reclamation and Ministry of Industry and Foreign Trade.

Decided

Article (1): Temporarily stopping the importation of cotton until contracting (selling) all Egyptian cotton for the current season (harvested season 2011) according to the data of the General Committee for Organizing Local Cotton Trade.

Article (2): All competent authorities have to implement this decree.

Issued in October 25, 2011

Minister of Agriculture
And Land Reclamation

Minister of Industry
and Foreign Trade

Salah EL-Sayed Youssef

Mahmoud Essa