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## **Egypt**

**Post:** Cairo

### **Egypt Announces Decision to Import Paddy Rice**

**Report Categories:**

Agricultural Situation, Agriculture in the Economy, Agriculture in the News,  
Climate Change/Global Warming/Food Security, Grain and Feed,  
Policy and Program Announcements, SP1 - Expand International Marketing Opportunities,  
SP2 - Prevent or Resolve Barriers to Trade that Hinder U.S. Food and Agricultural Exports

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**Report Highlights:**

On June 5, 2018, Egypt's government announced a decision to import rice (milled, paddy, cargo) to help meet market demand. Through this measure the government seeks to increase supply and avoid a potential price shock to consumers. FAS Cairo expects that the Ministry of Water Resources and Irrigation's January 2018 measure reducing cultivated areas may have led to grain hoarding. This has resulted in a decrease in the volume of rice being offered to the country's subsidy procurement system. Post anticipates a shortfall in supply in marketing year (MY) 2019/20. FAS Cairo believes that U.S.-origin paddy rice could be competitive for Egyptian millers.

## **General Information:**

**Government of Egypt Announces Rice Imports:** On June 5, 2018, Egypt's government announced a decision to import rice (milled, paddy, cargo) to help meet market demand. Through this measure the government seeks to increase supply and avoid a potential price shock to consumers. Earlier this year, Egypt lowered its rice cultivation area (see, [GAIN-EGYPT \(EG18012\) – Update to Egypt's Rice Production, Consumption, and Trade Figures](#)).

The government's announcement does not stipulate specific quantities of rice to be imported. It indicates that imported rice must be of high quality and meet consumer preferences. Egypt has not specified when imports would commence. Traders and rice millers concur that the government's decision to permit imports to cover the needs of its subsidy supply system is needed to avoid price shocks.

FAS Cairo expects that the Ministry of Water Resources and Irrigation's January 2018 measure reducing cultivated areas has led to grain hoarding. This has resulted in a decrease in the volume of rice being offered to the country's subsidy procurement system. Egyptian paddy rice prices on average increased in April 2018 to Egyptian pounds (EGP) 4,500/metric ton (MT) (\$255.60), up from EGP 4,000/MT (\$227.20) on February 1, 2018. Milled rice jumped to EGP 7,500/MT (\$426.10/MT) during the first week of April, up from the EGP 6,500/MT (\$369.30/MT) price seen earlier in March (EGP 17.60 = \$1.00 – April 2018).

Post has observed that almost immediately following the government's announcement to import rice, the price of local paddy rice fell from roughly EGP 5,500/MT (\$309/MT) to EGP 5,200/MT (\$292/MT). Milled rice prices currently range between EGP 7,500/MT (\$421/MT) to EGP 9,250/MT (\$520) depending on quality (EGP 17.85 = \$1.00 – June 2018). Post anticipates that price will be impacted by the August/September harvest and imports commencing.

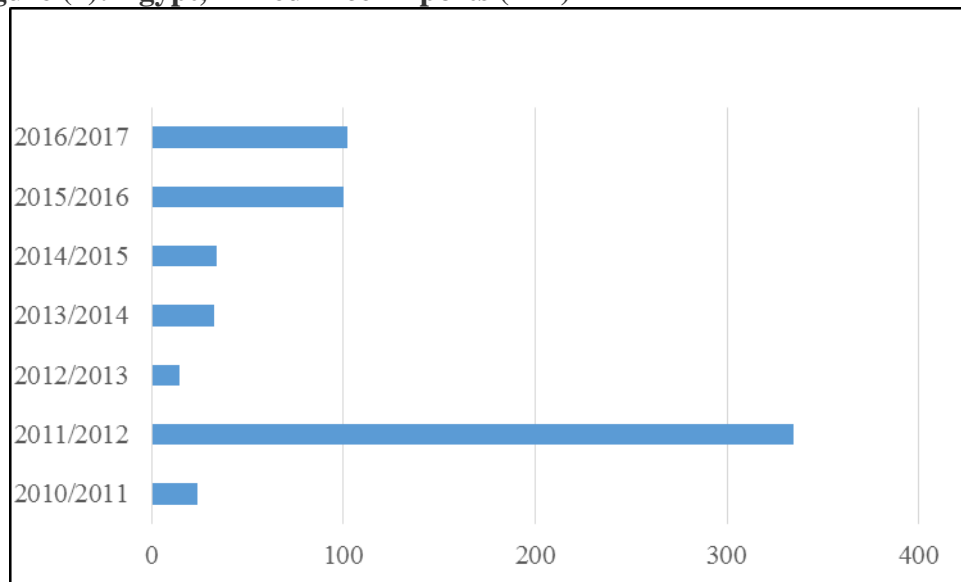
Over the past five years, rice cultivation beyond allotment limits set the Ministry of Water Resources and Irrigation has ranged from 210,000 to 294,000 hectares (about 400,000 to 700,000 *feddans*). Rice is an easy to cultivate, high yielding, profitable cash crop; whether farmers will continue to defy planting restrictions this season (MY 2018/19) is still to be determined.

**U.S.-Origin Paddy Rice Export Opportunity:** Post anticipates a shortfall in supply in marketing year (MY) 2019/20. Post foresees a much clearer picture emerging after this planting season ends.

Prices for U.S.-origin rice are competitive on the international market. Egyptian rice millers are indicating that they can work with U.S.-origin medium grade paddy rice (i.e., Jupiter variety). Post understands that while opportunities reside in supplying the Egyptian domestic market, the best prospects are in milling, branding, and re-exporting U.S.-origin paddy rice. Volumes that could be absorbed by Egypt range from 100,000 MT to upwards of 300,000 MT.

A significant portion of milled rice imports since 2010 has been destined for the subsidy program. Milled rice imports have averaged about 86,600 MT since MY 2010/11 (Figure 1).

**Figure (1): Egypt, Milled Rice Imports (MT)**



Source: FAS Cairo office research.

Egypt's major foreign supplier of milled rice is India, which benefits from price competitiveness and shipping proximity with lower freight costs. There are other types of long grain rice being imported by Egypt from South East Asia, but not in significant amounts. Paddy rice has not been imported in recent years due to the surplus of the local rice production.

FAS Cairo finds that the possibility for importing U.S.-origin paddy rice, and milling it in Egypt could be advantageous as follows:

1. Help meet local market demand year round
2. Foment the creation of a value-added product through the potential establishment of an Egyptian rice brand that could be exported regionally
3. Assist in generating much needed local employment, while more fully utilizing both public and private milling capacities
4. Reduce water usage for rice cultivation
5. May create grain sector investment opportunities in Egypt's industrial zones

The Ministry of Agriculture and Land Reclamation's (MALR) Central Administration for Plant Quarantine (CAPQ) is the competent national authority. It will take the lead by implementing specifications and guidelines that ensure the safe transport, handling and processing of the imported paddy rice. Once the CAPQ conducts the corresponding pest risk analysis, it will approve import permits for paddy rice. Currently no country can export paddy rice to Egypt, unless a pest risk analysis has been conducted. Post does not know of any country currently authorized to export paddy rice to Egypt.