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GAIN Report

Global Agricultural Information Network

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Approved By:

Orestes Vasquez

Prepared By:

Mohamed Hamza

Report Highlights:

News on developments in agriculture and food in Egypt.

Nile Nuggets

News on Developments in Agriculture and Food in Egypt
December 2015

PRESIDENT SISI TO INAUGURATE LAND RECLAMATION PROJECT: President Abdel Fattah Al-Sisi is set to inaugurate a desert reclamation project by the end of the year aimed at expanding Egypt's farmland by 20 percent. Egypt aims to reclaim 1.5 million feddans (630,000 hectares) making the total amount of farmland available 9.5 million feddans (3,990,000 hectares). More than 90 million Egyptians live on only seven percent of the country's 1 million sq. km landmass. According to Minister of Agriculture and Land Reclamation, closing Egypt's food deficit and increasing habitable space in a sustainable way are the key goals of the project. The government will start with 10,000 feddans (4,200 hectares) in the vast Western Desert, bordering Libya, using the reclaimed land to farm crops such as wheat and corn.

3000 HEAD OF SUDANESE CATTLE PURCHASED BY EGYPTIAN GOVERNMENT: Egypt's Minister of Supply and Internal Trade, Dr. Khaled Hanafi, announced that Sudan is supplying 3000 head of cattle as part of a deal for 800,000 heads to be supplied over three years. He added that the deal, worth LE1.3 billion (~ \$16.5 million), is the largest in the history of trade between Egypt and Sudan. The Minister stated that the cattle's age is between one and a half and two years will provide for high quality meat, which will be sold in Ministry of Supply's cooperatives and private sector outlets at LE50/kilogram (~ \$6.5/kilogram), in an effort to provide affordable beef. The ministry is providing the feed to avoid price hikes from increased production inputs.

EGYPT'S CENTRAL BANK AUCTIONS US\$ TO CLEAR IMPORTS: Egypt's central bank sold between \$750-1 billion in an exceptional dollar auction this month. The CBE injected the foreign currency liquidity in an unexpected move, providing much necessary relief to address the country's foreign exchange shortage that has seen goods pile up at ports. Media reports indicated that the dollars sold were directed at smaller importers, whose needs are less than \$750,000, prioritizing foodstuffs, medicine and raw materials.

LULU GROUP TO INVEST \$300 MILLION IN EGYPT: United Arab Emirates based Lulu Group is planning to invest \$300 million in establishing up to 10 hypermarkets in Egypt in the next two years, according to Chairman Yousuf Ali after opening the group's first hypermarket in Cairo. The hypermarket will offer a window of opportunities to the local community, by procuring and promoting local agricultural products for its Egyptian operations, as well as to supply its stores across the GCC and the Far East. The key focus will be on sourcing local produce, meat, fish, cheese, and pickles. Lulu also plans to set up own food processing plants to further boost exports. Apart from Cairo, the new hypermarkets will be opened in other places including Alexandria and Minya.

AL-MAWLID DESSERTS: On December 24, 2015, Muslims around the world celebrated the birthday of the prophet Mohamed or "*Al-mawlid Elnabway*". Special sweets made from sugar and nuts during the month for people to enjoy in addition to "*Aroset Al-mawild*" or "*Al-mawlid Pride*" which is a doll for girls made of sugar and nuts and decorated with colored paper. For boys there is "*Hossan Al-mawild*" or "*Al-mawlid Horse*" which is a knight doll on a horse waving its sword as a sign of conquest and war victories.



Egypt by Numbers

(Source: EIU)

Saudi Arabia Pledges US\$8bn in Aid: Saudi Arabia has agreed to provide SR30bn (US\$8bn) in financial support to Egypt over five years, according to a statement issued after a visit to Cairo on December 15th by Prince Mohammed bin Salman bin Abdel-Aziz al-Saud, the Saudi defense minister and deputy crown prince.

Budget Deficit Surpasses Government 2014/15 Target: The Ministry of Finance issued its final budget outturn figures for fiscal year 2014/15 (July-June), showing a deficit of 11.5 percent of GDP. This compares with a targeted deficit of 10% of GDP, and with a revised actual deficit of 12.2% of GDP in 2013/14, a year in which budget revenue was boosted by exceptional revenue in the form of grants from Gulf Arab donors.

Economy Grew at 4.2 Percent in 2014/15: In early December, the Ministry of Planning issued real GDP figures for FY2014/15 (July 1st-June 30th), showing that the economy grew by 4.2 percent at market prices, the best performance since FY2009/10.

Shares Rally after Central Bank Clears Payment Backlog: The Egyptian stock market clawed back some ground at the start of December, after the Central Bank of Egypt announced that it had cleared a US\$547m backlog of orders placed by foreign portfolio investors. Market sentiment has been fragile as a result of underlying concerns about the scarcity of foreign exchange and its impact on both economic growth and on the performance of listed companies that depend on importing components and raw materials. The EGX-30 index dropped to 6,321 on November 24th, its lowest level so far this year, and the lowest since share prices started to climb towards the end of 2013. The central bank's announcement on December 1st triggered a rally, and the EGX-30 closed the following day at 6,644. However, this is still about 25% down in the year to date.