

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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Egypt

Oilseeds and Products Annual

Oilseed and Products Annual

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Report Highlights:

Vegetable oil import demand is forecast to rebound strongly in 2010/11 from low levels caused by the impact of the global financial crisis. Egyptian cottonseed production is forecast to increase in 2010/2011 as farmers plant more cotton. Soybean imports will continue their upward trend due to increasing demand.

Executive Summary:

Total Egyptian oilseed production is forecast to increase as farmers plant more cotton. Imports of edible oil decreased in 2009/2010 by about 30 percent as a result of the global financial crisis. However, imports are expected to rebound about 15 percent in 2010/2011 as a result of the recovery of the global market.

Commodities:

Select

Author Defined:

Production

Total Egyptian oilseed production declined in 2009/2010 by about 11 percent from the 2008/2009 level. However, total oilseed production is forecast to increase by 37 percent in 2010/2011 due to the expected increase in cotton production. Egyptian farmers are expected to plant more cotton in 2010/2011 as a result of the declining prices of other competing crops. Soybeans and sunflowers area and production are forecast to remain at current levels in 2010/2011 seasons. Egypt's major constraints to increase oilseed production will continue to be the scarcity of arable land, water and relatively limited returns compared to other crops. Cotton is the major oilseed grown in Egypt. It is produced primarily for fiber, with oil and meal production being of secondary importance. Soybeans and sunflowers also are cultivated, but on a much smaller scale. All oilseed production is flood irrigated, and all irrigation water is provided free of charge. Fertilizers are marketed without government intervention. The government sells cottonseed to farmers, at LE 3.60/kg.

Cotton: In 2009/2010, cotton production decreased about 11 percent from the previous year because of the farmers' negative response to declining cotton prices. Expectations are for a larger crop in MY 2010/2011 since prices for competing crops are also declining and there is higher export demand for cotton.

Sunflower: The total area planted to sunflowers is stagnant at 3,000 HA. The stagnation was due mainly to farmers reducing their planted acreage in response to the lower price paid to farmers by the crushers in Egypt. It is expected that planted area will continue at the same level in 2010/2011.

Soybeans: The total area planted to soybeans declined in 2009/2010 to 7,000 HA from 10,000 HA in 2008/2009. Further decline in soybean area is expected for 2010/2011. As in the case of sunflowerseed, the decline in area was primarily the result of the low price paid to farmers by the soybean processors. In addition, increased plantings of berseem (clover), with a prolonged growing season, make it more difficult for soybeans to fit into the crop cycle. The return from soybean production is less than other competing crops such as berseem, wheat, and beet.

Consumption

Egypt's annual oilseed crushing capacity is currently estimated at 1.8 million tons. About 60 percent of Egypt's crushing capacity is owned by public sector companies. The rest is operated by private sector firms. In 2009/2010, total oilseeds crushed were an estimated 1,772,000 MT, as compared to 1,700,000 MT in 2008. In 2010/2011 total oilseeds crushing is expected to increase by about 3 percent as a result of increased oil and meal demand.

Trade and Prices

Imports of soybeans are expected to rise by 10 percent in 2010/2011 over the 2009/10 USDA estimate, in response to anticipated recovery of poultry industry, and the increase demand from the aquaculture sector. The current average price for imported soybeans is \$290 per MT/C&F. much lower than the \$380 per MT/C&F price during the last half of MY2009.

U.S. soybeans are generally favored over Argentinean beans because of the higher protein content, while Brazil's darker beans produce a darker meal that raises quality concerns in the poultry industry. The American Soybean Association (ASA) continues to promote the utilization of soy products in poultry, cattle and recently aquaculture feed. Through a series of seminars for the end users, and field experiments, ASA has been able to demonstrate that the use of soy products in feed rations leads to improved production and reduces costs overall . These activities have been effective in educating end-users to the diverse uses and benefits of soybeans in animal feed. Hi-protein and full fat soy meals are gaining popularity thanks to ASA efforts.

Tariffs

With the exception of cottonseed, virtually all oilseeds can be imported freely into Egypt. The current tariff rate for soybeans, sunflower seed, linseed, palm kernel, and sesame seed, is zero from all sources.

OIL MEALS

Production

The production of cotton meal declined in MY 2009/2010 as a result of a drop in the production of cotton. However, cotton meal is forecast to increase in 2010/2011 as a result of the expected increase in cotton production. Soybean meal production increased in MY 2009/2010 due to increased oil and meal demand. A further jump in soybean meal production is expected in 2010/2011 as the poultry industry continues to recover. Sunflower meal production is forecast to remain at current levels.

Consumption

The demand for meal, especially soybean meal increased in MY 2009/2010 due to the modernization of the livestock industry in Egypt. The poultry sector, which was badly affected by outbreaks of avian influenza is slowly starting to recover. That improvement in the sector should contribute to a higher demand on soybean meal in 2010/2011. Most soybean meal is utilized in poultry rations, while cottonseed cake and to some extent sunflower meal are used in livestock feed. The aquaculture industry also is beginning to expand and modernize, and many farms have begun using high quality feed rations based on protein meals, primarily soybean meal. _

Trade

Soybean meal continued to be the only meal imported into Egypt in 2009/2010. The total quantity imported was 250,000 MT, of which 92,000 MT was sourced from the U.S, the balance of imports was from South America, mostly Argentina. In 2010/2011, import levels are forecast to decrease to about 230,000 MT due mainly to the increased crushing capacity of the main crushing soybean plant. However, the U.S. share is expected to slightly increase as its price is expected to be competitive.

U.S. soybean meal is currently imported at \$360 per MT C&F for 44 percent protein, compared to \$355 per MT C&F from South America.

Tariffs

Oil cake and other meals extracted from vegetable oilseeds are subjected to an import duty of 10 percent. This tariff was imposed some years ago and it is true for all sources.

OILS

PRODUCTION

It is expected that cotton seed oil production will increase due to the anticipation of a larger crop of cotton in MY 2010/2011. All imported palm oil is processed into ghee (shortening). A small part is refined before being packaged for direct household consumption. Egypt does not produce any palm oil. It is mostly imported from Malaysia and some from Indonesia. Most domestic soy oil production is purchased by the government for the subsidized ration. Crushers may only make a small return off the oil, so their profits mainly come from the meal.

Consumption and Prices

Total consumption of vegetable oils in MY 2009/2010 is estimated at 1,599,000 MT compared to 1,779,000 MT in MY 2008/2009. However, for MY 2010/2011, imports are forecast to increase as a result of the recovery of the global market, which was affected badly by the financial crisis.

Egyptian per capita consumption of oils is estimated at slightly over 20 Kg/year. Given the importance of vegetable oil in Egyptian cuisine, this low consumption figure strongly suggests that vegetable oil is often used well after its optimal life

span (particularly in popular restaurants). Two thirds of oil is used for direct household and institutional consumption. The remainder is used to manufacture ghee. A portion of the vegetable oil consumption in Egypt is subsidized and distributed through a ration card system. Ration card holders are allowed only 0.50 Kg./person/month at a subsidized price of LE 0.50. In addition to that another 1.5 kg at LE 4.5 per kg is allowed. The average price for oil marketed by private producers ranges from LE 10/Kg. to LE 12/Kg. Because of its relatively low price, palm oil continues to maintain its competitive position with other imported oils for both human consumption and industrial use. Palm stearin is imported mainly as a substitute for tallow in soap manufacturing.

TRADE

Egypt continues to rely on imports to meet the bulk of its vegoil requirements. In 2009/2010, total Egyptian oil imports declined about 30 percent, mostly due to the world financial crisis. However, imports of edible oil are expected to increase from 615,000 MT in 2009/2010 to 650,000 MT in 2010/2011 as a result of the recovery of the global market, which was affected badly by the financial crisis. Imports of soybean oil and sunflower oil are forecast to increase in 2010/2011 by 2 percent and 7 percent respectively.

Egypt's imports of palm oil from Malaysia and Indonesia, for both direct consumption and industrial uses, decreased in 2009/2010 as a result of the world financial crisis. However, palm oil imports for 2010/2011 are forecast to increase by about 25 percent. The current average prices for imported palm oil are \$830 per MT C&F compared to \$850 per MT C&F in during 2009.

Oilseed, Cottonseed Egypt	2008			2009			2010		
	2008/2009			2009/2010			2010/2011		
	Market Year Begin: Oct 2007			Market Year Begin: Oct 2008			Market Year Begin: Oct 2009		
	USDA Official Data		New Post Data	USDA Official Data		New Post Data	USDA Official Data		New Post Data
Area Planted (Cotton)	140	133	140	250	110	119			160
Area Harvested (Cotton)	130	133	130	117	110	119			160
Seed to Lint Ratio	6,800	6,800	6,800	6,800	6,800	6,800			6,800
Beginning Stocks	5	2	5	4	5	4			4
Production	152	180	152	140	150	136			174
MY Imports	0	0	0	0	0	0			0
MY Imp. from U.S.	0	0	0	0	0	0			0
MY Imp. from EU	0	0	0	0	0	0			0
Total Supply	157	182	157	144	155	140			178
MY Exports	0	0	0	0	0	0			0
MY Exp. To EU	0	0	0	0	0	0			0
Crush	150	173	150	138	148	132			174
Food Use Dom. Cons.	0	0	0	0	0	0			0
Feed Waste Dom. Cons.	3	4	3	3	3	4			4

Total Dom. Cons.	153	177	153	141	151	136			178
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Meal, Cottonseed Egypt	2008			2009			2010		
	2008/2009			2009/2010			2010/2011		
	Market Year Begin: Oct 2007			Market Year Begin: Jun 2009			Market Year Begin: Oct 2009		
	USDA Official Data		New Post	USDA Official Data		New Post	USDA Official Data		New Post
			Data			Data			Data
Crush	150	173	150	138	148	132			174
Extr. Rate, 999.9999	0.	0.	0.4667	0.	0.	0.4545			0.4598
Beginning Stocks	0	0	0	0	0	0			0
Production	70	81	70	64	68	60			80
MY Imports	5	0	5	5	0	0			0
MY Imp. from U.S.	0	0	0	0	0	0			0
MY Imp. from EU	0	0	0	0	0	0			0
Total Supply	75	81	75	69	68	60			80
MY Exports	0	0	0	0	0	0			0
MY Exp. to EU	0	0	0	0	0	0			0
Industrial Dom. Cons.	0	0	0	0	0	0			0
Food Use Dom. Cons.	0	0	0	0	0	0			0
Feed Waste Dom. Cons.	75	81	75	69	68	60			80
Total Dom. Cons.	75	81	75	69	68	60			80
Ending Stocks	0	0	0	0	0	0			0
Total Distribution	75	81	75	69	68	60			80

Oil, Cottonseed Egypt	2008			2009			2010		
	2008/2009			2009/2010			2010/2011		
	Market Year Begin: Oct 2007			Market Year Begin: Jun 2009			Market Year Begin: Oct 2009		
	USDA Official Data		New Post	USDA Official Data		New Post	USDA Official Data		New Post
			Data			Data			Data
Crush	150		150	138		132		174	
Extr. Rate, 999.9999	0.		0.16	0.		0.1591		0.1609	
Beginning Stocks	0		0	0		0		0	
Production	24		24	22		21		28	
MY Imports	0		0	0		0		0	
MY Imp. from U.S.	0		0	0		0		0	
MY Imp. from EU	0		0	0		0		0	
Total Supply	24		24	22		21		28	
MY Exports	0		0	0		0		0	

MY Exp. to EU	0		0	0		0		0
Industrial Dom. Cons.	5		5	4		3		3
Food Use Dom. Cons.	19		19	18		18		25
Feed Waste Dom. Cons.	0		0	0		0		0
Total Dom. Cons.	24		24	22		21		28
Ending Stocks	0		0	0		0		0
Total Distribution	24		24	22		21		28

Oilseed, Soybean Egypt	2008			2009			2010		
	2008/2009			2009/2010			2010/2011		
	Market Year Begin: Oct 2008			Market Year Begin: Oct 2009			Market Year Begin: Oct 2010		
	USDA Official Data		New Post	USDA Official Data		New Post	USDA Official Data		New Post
			Data			Data			Data
Area Planted	14	10	14	14	11	12		11	
Area Harvested	13	10	13	13	11	12		11	
Beginning Stocks	23	50	23	44	15	44		26	
Production	32	27	32	32	29	27		25	
MY Imports	1,575	1,020	1,575	1,500	1,025	1,623		1,650	
MY Imp. from U.S.	1,097	870	1,097	800	800	1,131		1,150	
MY Imp. from EU	0	0	0	0	0	0		0	
Total Supply	1,630	1,097	1,630	1,576	1,069	1,694		1,701	
MY Exports	0	0	0	0	0	0		0	
MY Exp. to EU	0	0	0	0	0	0		0	
Crush	1,545	1,055	1,545	1,480	1,007	1,635		1,644	
Food Use Dom. Cons.	15	10	15	16	14	13		12	
Feed Waste Dom. Cons.	26	17	26	28	23	20		20	
Total Dom. Cons.	1,586	1,082	1,586	1,524	1,044	1,668		1,676	
Ending Stocks	44	15	44	52	25	26		25	
Total Distribution	1,630	1,097	1,630	1,576	1,069	1,694		1,701	

Meal, Soybean Egypt	2008			2009			2010		
	2008/2009			2009/2010			2010/2011		
	Market Year Begin: Oct 2008			Market Year Begin: Oct 2009			Market Year Begin: Oct 2010		
	USDA Official Data		New Post	USDA Official Data		New Post	USDA Official Data		New Post
			Data			Data			Data
Crush	1,545	1,055	1,545	1,480	1,007	1,635		1,644	
Extr. Rate, 999.9999	1.	1.	0.7961	1.	1.	0.7951		0.8029	

Beginning Stocks	10	13	10	69	18	69		60
Production	1,230	800	1,230	1,180	802	1,300		1,320
MY Imports	279	250	279	250	245	250		230
MY Imp. from U.S.	99	90	99	75	80	92		95
MY Imp. from EU	0	0	0	0	0	0		0
Total Supply	1,519	1,063	1,519	1,499	1,065	1,619		1,610
MY Exports	0	0	0	0	0	0		0
MY Exp. to EU	0	0	0	0	0	0		0
Industrial Dom. Cons.	0	0	0	0	0	0		0
Food Use Dom. Cons.	0	0	0	0	0	0		0
Feed Waste Dom. Cons.	1,450	1,045	1,450	1,467	1,050	1,559		1,600
Total Dom. Cons.	1,450	1,045	1,450	1,467	1,050	1,559		1,600
Ending Stocks	69	18	69	32	15	60		10
Total Distribution	1,519	1,063	1,519	1,499	1,065	1,619		1,610

Oil, Soybean Egypt	2008			2009			2010		
	2008/2009			2009/2010			2010/2011		
	Market Year Begin: Oct 2008			Market Year Begin: Oct 2009			Market Year Begin: Oct 2010		
	USDA Official Data		New Post	USDA Official Data		New Post	USDA Official Data		New Post
			Data			Data			Data
Crush	1,545	1,055	1,545	1,480	1,007	1,635		1,644	
Extr. Rate, 999.9999	0.	0.	0.178	0.	0.	0.1774		0.1776	
Beginning Stocks	23	50	23	10	100	10		10	
Production	275	190	275	265	181	290		292	
MY Imports	320	590	320	350	600	245		250	
MY Imp. from U.S.	0	19	0	0	20	13		15	
MY Imp. from EU	0	0	0	0	0	0		0	
Total Supply	618	830	618	625	881	545		552	
MY Exports	3	0	3	3	0	0		0	
MY Exp. to EU	0	0	0	0	0	0		0	
Industrial Dom. Cons.	11	12	11	11	13	10		12	
Food Use Dom. Cons.	594	718	594	601	778	525		530	
Feed Waste Dom. Cons.	0	0	0	0	0	0		0	
Total Dom. Cons.	605	730	605	612	791	535		542	
Ending Stocks	10	100	10	10	90	10		10	
Total Distribution	618	830	618	625	881	545		552	

Oilseed, Sunflowerseed	2008	2009	2010
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Egypt	2008/2009		2009/2010		2010/2011	
	Market Year Begin: Jun 2008		Market Year Begin: Jun 2009		Market Year Begin: Jun 2010	
	USDA Official Data	New Post	USDA Official Data	New Post	USDA Official Data	New Post
		Data		Data		Data
Area Planted	2	3	2	3		3
Area Harvested	3	2	3	2		2
Beginning Stocks	0	0	0	0		0
Production	5	5	5	5		5
MY Imports	0	0	0	0		0
MY Imp. from U.S.	0	0	0	0		0
MY Imp. from EU	0	0	0	0		0
Total Supply	5	5	5	5		5
MY Exports	0	0	0	0		0
MY Exp. to EU	0	0	0	0		0
Crush	5	5	5	5		5
Food Use Dom. Cons.	0	0	0	0		0
Feed Waste Dom. Cons.	0	0	0	0		0
Total Dom. Cons.	5	5	5	5		5
Ending Stocks	0	0	0	0		0
Total Distribution	5	5	5	5		5

Meal, Sunflowerseed Egypt	2008		2009		2010	
	2008/2009		2009/2010		2010/2011	
	Market Year Begin: Oct 2008		Market Year Begin: Oct 2009		Market Year Begin: Oct 2010	
	USDA Official Data	New Post	USDA Official Data	New Post	USDA Official Data	New Post
	Data		Data		Data	
Crush	5	5	5	5		5
Extr. Rate, 999.9999	0.	0.4	0.	0.4		0.4
Beginning Stocks	0	0	0	0		0
Production	2	2	2	2		2
MY Imports	72	72	150	150		60
MY Imp. from U.S.	0	0	0	0		0
MY Imp. from EU	0	0	0	0		0
Total Supply	74	74	152	152		62
MY Exports	0	0	0	0		0
MY Exp. to EU	0	0	0	0		0
Industrial Dom. Cons.	0	0	0	0		0
Food Use Dom. Cons.	0	0	0	0		0

Feed Waste Dom. Cons.	74		74	152		152			62
Total Dom. Cons.	74		74	152		152			62
Ending Stocks	0		0	0		0			0
Total Distribution	74		74	152		152			62

Oil, Sunflowerseed Egypt	2008			2009			2010		
	2008/2009			2009/2010			2010/2011		
	Market Year Begin: Oct 2008			Market Year Begin: Oct 2009			Market Year Begin: Oct 2010		
	USDA Official Data		New Post	USDA Official Data		New Post	USDA Official Data		New Post
			Data			Data			Data
Crush	5	0	5	5	0	5			5
Extr. Rate, 999.9999	0.	0.	0.2	0.	0.	0.2			0.2
Beginning Stocks	0	0	0	17	0	17			5
Production	1	0	1	1	0	1			1
MY Imports	405	260	405	400	250	370			400
MY Imp. from U.S.	0	0	0	0	0	0			0
MY Imp. from EU	0	0	0	0	0	0			0
Total Supply	406	260	406	418	250	388			406
MY Exports	0	0	0	0	0	0			0
MY Exp. to EU	0	0	0	0	0	0			0
Industrial Dom. Cons.	0	0	0	0	0	0			0
Food Use Dom. Cons.	389	260	389	398	250	383			400
Feed Waste Dom. Cons.	0	0	0	0	0	0			0
Total Dom. Cons.	389	260	389	398	250	383			400
Ending Stocks	17	0	17	20	0	5			6
Total Distribution	406	260	406	418	250	388			406

Oil, Palm Egypt	2008			2009			2010		
	2008/2009			2009/2010			2010/2011		
	Market Year Begin: Oct 2008			Market Year Begin: Oct 2009			Market Year Begin: Oct 2010		
	USDA Official Data		New Post	USDA Official Data		New Post	USDA Official Data		New Post
			Data			Data			Data
Area Planted	0	0	0	0	0	0			0
Area Harvested	0	0	0	0	0	0			0
Trees	0	0	0	0	0	0			0
Beginning Stocks	0	0	0	200	0	200			100
Production	0	0	0	0	0	0			0
MY Imports	960	750	960	850	760	560			700

MY Imp. from U.S.	0	0	0	0	0	0			0
MY Imp. from EU	0	0	0	0	0	0			0
Total Supply	960	750	960	1,050	760	760			800
MY Exports	0	0	0	0	0	0			0
MY Exp. to EU	0	0	0	0	0	0			0
Industrial Dom. Cons.	140	160	140	175	165	150			150
Food Use Dom. Cons.	620	590	620	675	595	510			550
Feed Waste Dom. Cons.	0	0	0	0	0	0			0
Total Dom. Cons.	760	750	760	850	760	660			700
Ending Stocks	200	0	200	200	0	100			100
Total Distribution	960	750	960	1,050	760	760			800