

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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Egypt

Post: Cairo

Revised Cotton Outlook

Report Categories:

Cotton and Products

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Report Highlights:

Post has revised our 2012/2013 forecast based on new information. Total area planted is expected to decrease by 45% from 2011/2012 to 121,000 HA. Based on reduced area, total production is forecast at 430,000 bales while exports are expected to drop to 360,000 bales. Imports are expected to increase to 530,000 bales. The cotton import ban was officially lifted on March 18th, 2012 but no import permits have been granted. However, with reduced domestic production, Post expects import permits to be granted next fall.

General Information:

The Ministry of Agriculture and Land Reclamation has updated their estimate of the area cultivated with cotton for the 2012/2013 season. Post updated the cotton forecast from our April [Cotton and Products Annual](#), based on new estimates and other reports.

Production of lint cotton is forecast to decrease during 2012/2013 season by 42.2% to 430,000 bales versus 745,000 bales in 2011/2012 season. The expected decrease in production is a consequence of the drop in total area planted. Total area planted is forecast to drop by 45% at 121,000 HA in 2012/2013 versus 220,000 HA in 2011/2012, as farmers respond to lower market prices. Farmers are also reluctant to grow cotton due to the marketing problems in selling the 2011/2012 crop. Thru May 27th, 2012, 313,000 bales out of the total production of 745,000 bales in 2011/2012 remained unsold.

Total lint consumption is likely to increase to 600,000 bales during the 2012/2013 season versus 573,000 bales in 2011/2012. The expected increase in domestic consumption is due to post's expectations of a better economic environment after the economic stagnation that accompanied the political unrest since January 2011. In addition, post expects improvement in the spinning industry after resolving most of the obstacles that negatively affected this industry in 2011/2012 ([Cotton and Products Annual](#)). Spinners usually import 53% of their needs and buy 47% from the local supply. Thru May 27th, 2012, the total amount of lint cotton delivered by traders to local spinning mills was 183,788 bales (9,016 bales of Giza 88 – 133,618 bales of Giza 86 – 10,154 bales of Giza 80 – 31,001 bales of Giza 90) which represent 35% of their usual needs.

In 2012/2013, imports are expected to increase to 530,000 bales versus 300,000 bales the previous year. Imports will bridge the gap between the expected decline in production and the expected increase in domestic consumption. Post expects that the GOE will grant import permits by Fall 2012 and likely will not ban cotton imports in 2012/2013. The cotton import ban was clearly contrary to Egypt's WTO obligations. On March 18th, 2012, the Minister of Agriculture and Land Reclamation (MALR) signed Decree 438 to once again permit the importation of cotton from all origins. Cotton importation was banned on October 24th, 2011, followed by another decision on November 22nd, 2011 that eased and gave exceptions for the importation of cotton. However, although the cotton ban was "officially" lifted based on the Ministerial decree number 438, no import permits have been granted since March 18th, 2012.

Total imports for MY2011/2012 are estimated at 300,000 bales. These imports occurred from the beginning of the marketing year, which starts in August, to the date of the import ban that was in October 24th, 2011. In addition, since November 22nd, 2011, imports are permitted under five specific cases ([Cotton and Products Annual](#)) include imports coming for mills in the free zones.

Post forecasts exports to decrease to 360,000 bales from 382,000 bales in 2011/2012. Thru May 27th, 2012, total export commitments for the 2011/2012 season were 308,458 bales of which only 234,336 bales have been shipped. Total export commitments include 208,909 bales of Giza 86 and 96,363 bales of Giza 88. The leading importers were China (24%), Pakistan (21%) and India (15%). Recent reports indicated that Egypt exported the S677 variety, which is a mixture of Giza 77, to Pakistan and China. Sources are expecting that this new variety will contribute to the increase in exports in the coming years.

The GOE subsidizes farmers and spinners in order encourage the marketing of the local produced cotton. On January 7th, 2012, the Government increased the amount of funds allocated to subsidize farmers from LE 150 million (LE 1 = \$ 6.02) to LE 200 million. In addition, the Government announced the allocation of LE 300 million to subsidize the public sector companies that are engaged in spinning and weaving industry in order to encourage them to buy the locally produced cotton. Recent reports indicate that the total allocated money has been received by the Principal Bank for Development and Agricultural Credit (PBDAC). However, the Cotton and Textile Industries Holding Company (CTIHC) refuses to buy cotton from traders due to its high prices compared to the international cotton prices, even though it is subsidized by LE 150/qintar (50 kg) for Giza 86 variety and LE 180/qintar for Giza 80 and 90 varieties.

Ending stocks for 2012/2013 are estimated at 300,000 bales same as previous year. Thru May 27th, 2012, 313,000 bales of Egyptian cotton out of total production of 745,000 bales produced in 2011/2012 remained unsold. Stocks consist of stocks of Egyptian cotton held by traders (IDC/CATGO report below) as well as stocks of Egyptian cotton held by spinners and imported cotton held by traders and spinners. Post's April Annual mistakenly used only the traders stocks of Egyptian cotton to represent stocks.

Variety	Beginning stock at September 1 st 2011	Production Season 2011/2012	Total Supply Season 2011/2012	Spinning deliveries till May 27, 2012	Commitments Season 2011/2012 till May 27, 2012	Total Distribution	Remaining in May 27, 2012	Shipments Season 2011/2012 till May 27, 2012
Giza 45	325	0	325	0	309	309	16	309
Giza 70	2,793	0	2,793	0	41	41	2,752	41
Giza 87	351	0	351	0	327	327	24	309
Giza 88	16,297	143,694	159,991	9,016	96,363	105,379	54,612	74,221
Giza 92	25	1,585	1,610	0	1,600	1,600	10	1,600
Giza 86	34,436	530,795	565,232	133,618	208,909	342,527	222,705	157,064
Giza 80	32	18,840	18,872	10,154	0	101,54	8,719	0
Giza 90	3,499	50,020	53,519	31,001	0	31,001	22,518	0
Other under trials	3	14	18	0	13	13	4	0
Mixed Export's Type (E.T)	2,138	0	2,138	0	895	895	1,243	792
Grand Total	59,899	744,949	804,847	183,788	308,458	492,245	312,602	234,336

Data in 480 lb. Bales

Source: IDC/CATGO

Cotton; Egypt	2010/2011			2011/2012			2012/2013		
	Market Year Begin: Aug 2010			Market Year Begin: Aug 2011			Market Year Begin: Aug 2012		
	USDA Official	Old Post	New Post	USDA Official	Old Post	New Post	USDA Official	Old Post	New Post
Area Planted	0	0	0	0	0	0	0	0	0
Area Harvested	155	155	157	220	220	220		154	121
Beginning Stocks	270	220	270	307	60	210		70	300
Production	600	580	550	800	745	745		550	430
Imports	575	570	560	400	200	300		560	530
MY Imports from U.S.	0	0	0	0	0	0		0	0
Total Supply	1,445	1,370	1,380	1,507	1,005	1,255	,296	1,180	1,260
Exports	425	505	430	400	400	382	375	440	360
Use	700	800	730	650	522	560	600	620	590
Loss	13	12	10	13	13	13	10	10	10
Total Dom. Cons.	713	812	740	663	535	573	610	630	600
Ending Stocks	307	53	210	444	70	300	311	110	300
Total Distribution	1,445	1,370	1,380	1,507	1,005	1,255	1,296	1,180	1,260