

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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Egypt

Sugar Annual

Sugar Annual Report

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Report Highlights:

While cane production continues to be stable, beet production is increasing at a dramatic rate. Even though beet production is growing, cane production is still 60 percent of total sugar output. Sugar imports in 2009 decreased as a result of the increase in the international sugar prices. However, imports are forecast to rebound in 2010 in order to replenish stocks.

Commodities:

Select

Production:

Cane: Total cane area harvested in 2009/10 is estimated at 183,000 HA, unchanged from the previous year. However, the amount of cane crop actually delivered to crushers is estimated to come from only about 112,000 HA; the difference (about 70,000 HA) represents non-official deliveries utilized in manufacturing sugar cane syrup in small rural plants, or otherwise consumed fresh or not harvested due to infestation.

Cane is grown primarily in Upper Egypt, and planted in January and harvested in mid-December. Cane processing is monopolized by one public sector company, the Sugar and Integrated Industries Company (SIIC). The SIIC was formed in 1963 when the government nationalized the eight private sugar mills that were operating at that time. Most of these mills were built in the 1920's. The SIIC has limited crushing capacity and can process no more than 70-80 percent of the total available sugar cane crop. However, it does have a considerable amount of excess refining capacity. In order to generate new sources of revenue to compensate for its financial losses, the company contracts some of its excess refining capacity to private importers who process raw sugar at a fee of LE 400 per MT.

Beet: While cane production and area are stable with no expectations for change due to scarce land and water resources in Egypt, beet area is expanding. In 2010/11 beet area is forecast to reach 151,200 HA compared to 98,000 HA in the previous year, and slight increase is expected for the following year. Beet area and production are increasing as beet cultivation is one of the most lucrative winter crops, especially in the newly reclaimed lands. In addition, the delivery price for beet increased from LE 300 per MT in 2008/09 to LE320 per MT in 2009/2010.

Most beet production is under the control of private sector companies, except for about 15,000 MT produced by the SIIC. Most production is located in the northern part of the Nile Delta, where the soil is quite poor and unsuitable for other crops, or in newly reclaimed desert land. Beets are planted in August-September and harvested in March.

Yield and Crop Quality

Cane: Weather does not play a major role in cane production in Egypt. The entire crop is irrigated and the climate is fairly consistent throughout the major production area of Upper Egypt. Low temperatures at night and mild temperatures during the day continue to keep the sugar content fairly stable. Preliminary reports on the 2010 crop indicate a sugar content of about 11.7 percent, compared to 11.8 percent for the 2009 crop. The sugar recovery rate in 2009/10 is unchanged from the previous year which was approximately 10.5 percent. The polarity of cane sugar is reported to be 99.8 percent.

Beet: Weather conditions for the beet-growing season in the Delta area have been favorable throughout most of the 2009/10 season. Yield is expected to average 20 MT per feddan (8.4 MT/HA) compared to 18 MT per feddan (7.6 MT/HA) in 2008/09 season due to the absence of the frost. For 2010/11, yield is expected to remain at the same levels of 2009/2010 or 8.7 MT/HA. The sugar recovery rate will continue to be stable at about 14.5 percent through the 2010/2011 season.

High Fructose Corn Syrup

The National Company for Maize Products (NCMP) is the only producer of high fructose corn syrup (HFCS) in Egypt. In 2009, production of HFCS was about 156,443 tons: 82,574 tons HFCS-55; and, the remainder is HFCS-42. This compared

to 154,443 tons in 2008. NCMP also produces about 45,000 tons of starch. For 2010, starch production is forecast to remain at 2009 levels.

NCMP has storage capacity of up to 50,000 tons for corn and 6,000 tons for HFCS. The company produces approximately 800 kilograms of HFCS from one metric ton of corn. HFCS-55 is utilized exclusively by soft drink bottlers. HFCS-42 is used in a variety of products including jams and jellies, ice cream, pastries, and canned fruits. In addition to HFCS, NCMP produces crude corn oil, corn gluten meal (60 percent protein), which is used mainly in poultry feed, and corn gluten feed (16 percent protein), used mainly in cattle feed. NCMP imported 280,000 tons of yellow corn in 2009, all from the United States. In late March 2009, the average price for HFCS-55 was LE 2,165 per MT, compared with LE 2,016 per MT in 2008. The current import price for raw sugar (from Brazil) is \$531 C&F per ton while the price for refined sugar is \$630 C&F per ton. (\$1=LE 5.5)

Consumption:

Sugar consumption is driven by population growth, and is forecast to continue growing modestly. Per capita sugar consumption in Egypt is about 33 kg per year. In 2008, the GOE increased the quantity of subsidized sugar distributed under the national ration system, due to allowing the addition of newborns to the ration cards after the ban for several years. As a result, under the current program, 900,000 tons of refined sugar is targeted for distribution under the ration system, compared to the 450,000 MT that was distributed in the past several years. The amount of subsidized sugar distributed under the ration system increased to 1.25 MMT in 2009 as a result of population growth. The remainder of total consumption is freely traded on the open market. Sugar consumption is expected to increase in 2010/11 as population increases.

Trade:

Egypt's total sugar imports in 2009/2010 was about 35 percent lower than 2008/2009. This decrease was mainly due to increased imports in 2008 as a result of defaults, many transactions resulted from the international financial crises. About 300,000 Mt were destined to Black Sea area but were directed to Egypt. Also low international sugar prices have led to increase imports to replenish the stocks. The expected increase in sugar imports in 2010/2011 is mainly due to meet the population-growth led increase in consumption. Of the 978,000 tons imported in 2009, only 94,269 tons were refined sugar (raw value). This represents a 30 percent decrease from the import level of 2008. The average import price during 2009 for white sugar was reported at \$630/MT/C&F and for raw sugar was \$530/MT/C&F. This compared to \$470/MT/CIF \$350/MT/CIF respectively. The current import tariff on white sugar and raw sugar are 10 and 2 percent respectively. In addition, the government imposes an import fee of LE 500 per ton on white sugar as a protection for the inefficient local industry.

Import Trade Matrix

Import Trade Matrix Sugar Cane for Centrifugal			
Time Period	2008	Units: MT	2009
Imports for:			
U.S.		U.S.	
Others		Others	
Brazil	1,238,784	Brazil	788,135
E.U	143,767	E.U	94,269
Total for Others	1,382,551		882,404
Others not Listed			95,596
Grand Total	1,382,551		978,000

Stocks:

Egypt normally maintains strategic sugar stocks at least equal to about 60 days of total consumption, or approximately 500,000 tons. In 2010/2011, Egypt's sugar stocks are forecast to recover and reach slightly over a million tons (raw sugar basis), mainly due to the increase in imports. Stocks are held mainly by the SIIC, or at storage facilities belonging to the Ministry of Welfare.

Production, Supply and Demand Data Statistics:

Sugar, Centrifugal Egypt	2009			2010		2011		
	2008/2009			2009/2010		2010/2011		
	Market Year Begin: Jan 2008			Market Year Begin: Jan 2009		Market Year Begin: Jan 2010		
	USDA Official Data		New Post	USDA Official Data		New Post	USDA Official Data	
			Data			Data		Data
Beginning Stocks	544	407	544	746	690		859	
Beet Sugar Production	543	543	543	600	750		755	
Cane Sugar Production	1,069	1,069	1,069	1,150	1,070		1,075	
Total Sugar Production	1,612	1,612	1,612	1,750	1,820		1,830	
Raw Imports	1,250	1,250	1,222	1,250	883		1,000	
Refined Imp.(Raw Val)	160	160	160	160	95		120	
Total Imports	1,410	1,410	1,382	1,410	978		1,200	
Total Supply	3,566	3,429	3,538	3,906	3,488		3,889	
Raw Exports	0	0	0	0	0		0	
Refined Exp.(Raw Val)	100	100	100	250	0		50	
Total Exports	100	100	100	250	0		50	
Human Dom. Consumption	2,720	2,720	2,748	2,720	2,629		2,800	
Other Disappearance	0	0	0	0	0		0	
Total Use	2,720	2,720	2,748	2,720	2,629		2,800	
Ending Stocks	746	609	690	936	859		1,039	
Total Distribution	3,566	3,429	3,538	3,906	3,488		3,889	

Sugar Cane for Centrifugal Egypt	2009			2010		2011		
	2008/2009			2009/2010		2010/2011		
	Market Year Begin: Jan 2009			Market Year Begin: Jan 2010		Market Year Begin: Jan 2011		
	USDA Official Data		New Post	USDA Official Data		New Post	USDA Official Data	
			Data			Data		Data
Area Planted	112	0	112		112		112	
Area Harvested	111	0	111		111		111	
Production	10,953	0	10,953		11,000		11,000	
Total Supply	10,953	0	10,953		11,000		11,000	
Utilization for Sugar	10,953	0	10,953		11,000		11,000	
Utilizatn for Alcohol	0	0	0		0		0	
Total Utilization	10,953	0	10,953		11,000		11,000	

Sugar Beets Egypt	2009		2010		2011	
	2008/2009		2009/2010		2010/2011	
	Market Year Begin: Jan 2006		Market Year Begin: Jan 2007		Market Year Begin: Jan 2008	
	USDA Official Data	New Post	USDA Official Data	New Post	USDA Official Data	New Post
		Data		Data		Data
Area Planted	63	63		98		151
Area Harvested	62	62		97		150
Production	3,145	3,145		3,700		5,700
Total Supply	3,145	3,145		3,700		5,700
Utilization for Sugar	3,145	3,145		3,700		5,700
Utilizatn for Alcohol	0	0		0		0
Total Distribution	3,145	3,145		3,700		5,700