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Post: Cairo

Update to Egypt's Rice Production, Consumption, and Trade Figures

Report Categories:

Agriculture in the Economy, Agriculture in the News, Agricultural Situation,
Climate Change/Global Warming/Food Security, Grain and Feed,
SP1 - Expand International Marketing Opportunities

Approved By:

Ali Abdi, Minister-Counselor

Prepared By:

Ahmed Wally, Agricultural Specialist and Mariano J. Beillard, Senior Regional Agricultural Attaché

Report Highlights:

FAS Cairo forecasts Egypt's marketing year (MY) 2018/19 (October-September) milled rice production to drop to 3.3 million metric tons (MMT), down 1.0 MMT from the MY 2017/18 estimate. On January 26, 2018, the Ministry of Water Resources and Irrigation reduced the allotted rice cultivated area for MY 2018/19 from 451,920 hectares (1.076 million feddans) to 304,080 hectares (724,200 feddans).

Post forecasts Egypt's MY 2018/19 rice consumption at 4.0 MMT, down by 400,000 metric tons (MT) from the MY 2017/18 estimate. Egypt's MY 2018/19 rice imports are forecast at 200,000 MT, to compensate for an anticipated reduction in local rice production.

General Information:

RICE:

PRODUCTION:

FAS Cairo forecasts Egypt's marketing year (MY) 2018/19 (October-September) milled rice production to drop to 3.3 million metric tons (MMT), down 1.0 MMT compared to the MY 2017/18 estimate. Planted area is forecast to drop to 588,000 hectares. Post's MY 2017/18 milled rice production and area harvested estimates remain unchanged from the U.S. Department of Agriculture's (USDA) official estimate of 4.3 MMT and 762,000 hectares, respectively.

On January 26, 2018, the Ministry of Water Resources and Irrigation (MWRI) reduced the allotted rice cultivated area for MY 2018/19 from 451,920 hectares (1.076 million feddans) to 304,080 hectares (724,200 feddans). The Ministry is curtailing plantings in response to farmers having violated last year's allotments. Farmers in MY 2017/18 planted some 309,080 hectares above the Ministry's limits. Farmers planting rice in May-June 2017 (MY 2017/18) outside the government's allotment area of 451,920 hectares had then faced a fine of EGP 8,000/ hectare (~\$442/ hectare) (EGP 18.10 = \$1.00 – May 2017).

Post anticipates that despite increased government enforcement, farmers will again violate allotment limits. We foresee some 283,920 hectares of non-authorized rice plantings during the MY 2018/19 season. During the past five years, cultivation beyond the MWRI's allotment limit has ranged from 210,000 to 294,000 hectares (400,000 to 700,000 feddans). Rice is an easy to cultivate, high yielding profitable cash crop; farmers will continue to defy planting restrictions.

Northern Delta rice cultivation helps limit seawater intrusion into the aquifer. Recycled water irrigates 60 percent of the rice fields. Early maturing rice varieties developed by the Agriculture Research Center grow in three months; using 9,500-11,000 cubic meters of water per hectare.

CONSUMPTION:

FAS Cairo forecasts Egypt's MY 2018/19 rice consumption at 4.0 MMT, down by 400,000 metric tons (MT) from the MY 2017/18 estimate. Post's MY 2017/18 rice consumption estimate remains unchanged from the USDA official estimate of 4.4 million metric tons.

Post attributes the MY 2018/19 drop in consumption to retail prices increasing. Depending on the brand and quality, prices range between EGP 7 to 9 per kilogram. We find that the availability of other more affordable carbohydrate sources (i.e., mainly lower-priced pasta) is enticing consumers pinching piasters (cents). Egypt's revamped subsidy program is facilitating this shift by allowing consumers more choices. Beneficiaries are shifting away from higher-priced rice to lower-cost pasta, as well as picking up more frozen vegetables and frozen chicken.

Current paddy rice prices (April 2018) average EGP 4,500/ MT (\$255.60), up from EGP 4,000/ MT (\$227.20) (February 1, 2018). We attribute the price increase to the MWRI's decision to reduce allotted rice cultivated area. Milled rice has now 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).

The General Authority for Supply Commodities' (GASC) contracted private rice millers are currently supplying milled rice at EGP 6,100 per metric ton. The government's subsidy program absorbs roughly 70,000 to 100,000 MT of rice per month. Subsidy program packaged rice sells for EGP 6.50 per kilogram.

TRADE:

FAS Cairo forecasts Egypt's MY 2018/19 rice imports at 200,000 MT, to compensate for an anticipated reduction in local rice production. Egypt sometimes imports lower-cost India-origin rice to supply its subsidy program.

Egyptian rice exports remain prohibited. Traders however report that about 50,000 MT of Egyptian rice does make it way to neighboring markets despite the ban on exports.

STOCKS:

FAS Cairo forecasts Egypt's MY 2018/19 rice ending stocks will drop to 824,000 metric tons. The downward forecast is premised on an anticipated decrease in local rice production resulting from reductions in planted area.

Egypt's MY 2017/18 rice ending stocks is revised upward to 1.374 MMT, up 50,000 MT or 3.77 percent from the USDA official estimate. This upward revision reflects the ban on rice exports.

Rice, Milled Market Begin Year Egypt	2016/2017		2017/2018		2018/2019	
	Oct 2016		Oct 2017		Oct 2018	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	850	850	762	762	0	588
Beginning Stocks	924	924	1474	1474	0	1374
Milled Production	4800	4800	4300	4300	0	3300
Rough Production	6957	6957	6232	6232	0	4783
Milling Rate (.9999)	6900	6900	6900	6900	0	6900
MY Imports	150	150	50	50	0	200
TY Imports	150	150	50	50	0	200
TY Imp. from U.S.	0	0	0	0	0	0
Total Supply	5874	5874	5824	5824	0	4874
MY Exports	100	100	100	50	0	50
TY Exports	100	100	100	50	0	50
Consumption and Residual	4300	4300	4400	4400	0	4000
Ending Stocks	1474	1474	1324	1374	0	824
Total Distribution	5874	5874	5824	5824	0	4874
Yield (Rough)	8.1847	8.1847	8.1785	8.1785	0	8.1344

(1000 HA) ,(1000 MT) ,(MT/HA)