



GIEWS Country Brief Egypt

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FOOD SECURITY SNAPSHOT

- Maize and rice harvests underway, winter cereal planting to start in November
- Average cereal harvest forecast in 2020
- Slightly above-average import requirements forecast for 2020/21 marketing year
- Negative food price inflation prevails in 2020

Maize and rice harvests underway, winter cereal planting starting shortly

Harvesting of 2020 maize and rice crops, expected to be completed by November, is ongoing under favourable conditions. Sowing of the 2021 winter wheat will start shortly after, followed by sowing of winter barley.

Cereals are grown on irrigated fields, resulting in relatively stable yields. About 3.4 million feddans (equivalent to 1.42 million hectares) were planted with wheat in the 2019/20 cropping year, slightly more than 3.27 million feddans (1.37 million hectares) planted in the previous year. The plan for the 2020/21 crop year calls for 3.6 million feddans (1.51 million hectares) to be planted with wheat. In 2020, the area cultivated with maize reached 2.61 million feddans (1.1 million hectares), slightly above the 2.56 million feddans (1.07 million hectares) in 2019.

Ahead of the 2020 harvest, the farm gate price of paddy rice decreased to EGP 2 000-EGP 3 000 (USD 125-USD 188), down by 33 percent compared to the previous year. The rice is being harvested from 1.5 million feddans (630 000 hectares), well above the limit of the 1.08 million feddans (452 000 hectares) set by the Ministry of Water Resources and Irrigation to limit the area planted and save water.

Average cereal crop forecast in 2020

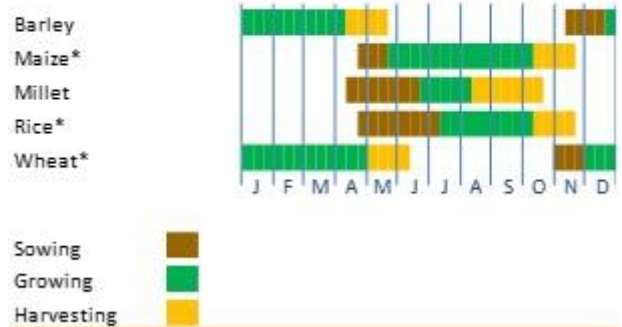
The 2020 cereal output is forecast at 24.7 million tonnes, slightly up from the level of the previous year and the five-year average. At 9 million tonnes, wheat production is estimated to remain at the same level as the previous year and the five-year average.

In the 2020 wheat procurement season, running from 15 April to 15 July, the General Authority for Supply Commodities (GASC) purchased 3.6 million tonnes (out of which about 100 000 tonnes is for seeds), up from the 3.27 million tonnes purchased in the previous year. The 2020 procurement prices announced in

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Crop Calendar

(*major foodcrop)



Source: FAO/GIEWS.

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Cereal Production

	2015-2019 average	2019	2020 forecast	change 2020/2019
	000 tonnes			percent
Wheat	9 034	9 000	9 000	0.0
Maize	7 783	7 450	7 500	0.7
Rice (paddy)	6 464	6 690	7 200	7.6
Others	978	1 006	1 056	5.0
Total	24 258	24 146	24 756	2.5

Note: percentage change calculated from unrounded data.
Source: FAO/GIEWS Country Cereal Balance Sheet.

March 2020 range from USD 284 to USD 297 per tonne (EGP 670-EGP 700 per ardeb or 150 kg) based on quality and moisture levels, up from the USD 251-USD 263 per tonne (EGP 665-EGP 685 per ardeb or 150 kg) applied in 2019. The procurement prices are derived from a moving average of prices paid for imported wheat in the previous two months.

Although supply chains in the country have generally shown resilience during the COVID-19 pandemic, the citrus exports declined by almost 18 percent in the first nine months of 2020 compared to the same period in 2019 due to the suspension of air, land and maritime transport links. The ban suspending exports of broad beans to ensure adequate supplies on the domestic market was extended for an additional three months in September.

To develop internal trade, increase market participation of smallholder farmers and limit price volatility, in September 2020, the country established the Egyptian Commodities Exchange Company to trade wheat, vegetable oil, sugar and rice, all commodities with large market volumes and easy storage.

Cereal import requirements forecast slightly above average in 2020/21 marketing year

The overall cereal import requirements in the 2020/21 marketing year (July/June) are forecast at about 24.2 million tonnes, close to the previous year's level and 10 percent higher than the five-year average.

The country remains the world's largest wheat importer. Wheat imports for the current 2020/21 marketing year (July/June) are estimated at 13.5 million tonnes, about 500 000 tonnes more than in the previous year and about 10 percent above the average of the last five years. The three largest suppliers remain the Russian Federation, Ukraine and Romania. To diversify import sources, in 2020/21, the country imported also some small quantities of wheat from Poland.

To cope with the increased demand during the COVID-19 pandemic, the President gave instructions to import an additional 800 000 tonnes of wheat above the normally-contracted quantities. The Ministry of Supply and Internal Trade (MSIT) issued directives to maintain strategic stocks sufficient to cover the domestic needs for six months, up from the four months applied in the past. Quantities stored as of end-September, together with quantities already contracted, are expected to cover the domestic needs until mid-April 2021. The total storage capacity of the MSIT is currently 3.6 million tonnes.

Imports of white sugar were suspended for an additional three months in September 2020 to protect the national industry.

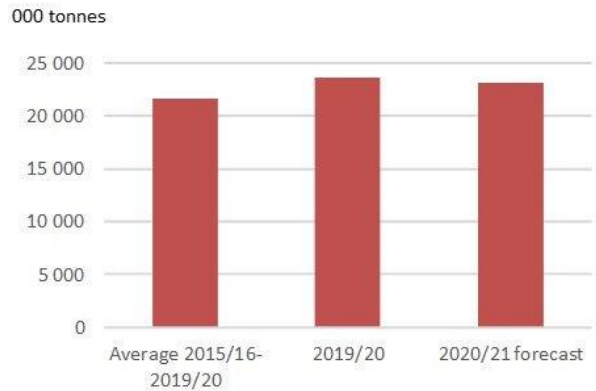
Food price inflation negative in September 2020

In September 2020, the annual food price inflation registered a negative 3.5 percent, mostly on the account of decreasing prices of fresh vegetables. In the past 12 months, the food price inflation has generally been negative. The annual consumer price inflation recorded an increase of 3.3 percent in September.

About 71 million of the country's 99 million people benefit from a subsidy card programme that entitles them to EGP 21 (USD 1.16) worth of goods per month in addition to five loaves of bread per day. The MSIT issued a decree to reduce the weight of

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Cereals Imports



Note: Includes rice in milled terms. Split year refers to individual crop marketing years (for rice, calendar year of second year shown).
Source: FAO/GIEWS Country Cereal Balance Sheets.

the subsidized bread load to 90 gm, down from 110 gm, effective from 18 August 2020. The reduction in weight is expected to save about 1.5 million tonnes of wheat for subsidized flour per year. The Ministry also set the price of a 100 kg bag of flour at EGP 265 for bakeries that use diesel fuel and at EGP 283 for bakeries that use natural gas. The actual cost of producing subsidized bread is estimated at 67 Piasters, while consumers pay 5 Piasters (USD 0.03). Under the current system, beneficiaries can convert their unused “bread quota” into points to be spent on 44 selected food products sold in State-owned or partnered private shops. Plans are in place to convert subsidy cards into debit cards where citizens will receive a cash equivalent instead of a quantitative value of each commodity.

In the current fiscal year (2020/21), the economy is forecast to grow at 2.8 percent, down from the 3.5 percent recorded in the previous fiscal year. The decrease is mainly attributed to the partial lockdown introduced in March to contain the spread of COVID-19 pandemic and to the decrease in tourism.

The country's foreign reserves reached USD 38.4 billion in September 2020, up by USD 59 million from August 2020, but down from the USD 45.5 billion in February 2020. Foreign reserves were run down to cope with the measures introduced to contain the spread of the COVID-19 pandemic. Foreign reserves were declining until May when an emergency loan of USD 2.77 billion was granted by the International Monetary Fund (IMF), and the country sold USD 5 billion in Eurobonds in May. In July, the first tranche of USD 2 billion was received from the Stand-by Agreement loan from the IMF. The current level of foreign exchange is reported to cover eight months of commodity imports.

According to the Ministry of Planning, the measures introduced to contain the spread of the COVID-19 pandemic had an impact on about 70 percent of the workforce in the form of increased unpaid leave and reduced working hours. Precarious workers were particularly affected.

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