



GIEWS Country Brief Egypt

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FOOD SECURITY SNAPSHOT

- Maize and rice harvests nearing completion, winter cereal planting underway
- Average cereal harvest forecast in 2021
- Slightly above-average import requirements forecast for 2021/22 marketing year
- Food price inflation increased in September 2021

Maize and rice harvests nearing completion, winter cereal sowing underway

Harvesting of 2021 maize and rice crops is nearing completion. Sowing of the 2022 winter wheat crop is expected to be completed by the end of November. A small winter barley crop will be sowed from mid-November. Weather conditions are favourable for all ongoing agricultural operations.

The plan for the 2021/22 crop year, the planting of which is ongoing, calls for 3.5 million feddans (1.46 million hectares) to be planted with wheat, about the same as in 2020/21. Cereals are grown on irrigated fields, resulting in relatively stable yields. The prices for winter cereal seeds for the current planting season increased compared to the previous season: a bag (30 kg) of wheat seeds costs EGP 260 (USD 16.50), up from EGP 215 (USD 13.67) in 2020. The price of a bag of barley seed increased from EGP 185 (USD 11.76) to EGP 250 (USD 15.86).

Average cereal crop forecast in 2021

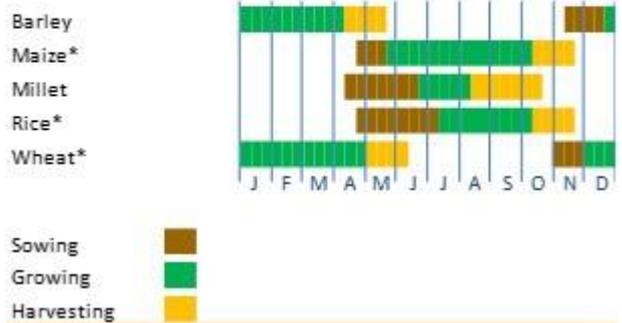
The 2021 cereal output is estimated at an average level of 23.8 million tonnes. At 9 million tonnes, the 2021 wheat production is expected to remain at the same level as the previous year and the five-year average.

During the 2021 wheat procurement season, running from 15 April to 15 July, the Ministry of Supply and Internal Trade purchased about 3.428 million tonnes of local wheat, lagging behind the target of 3.6 million tonnes, and slightly less than 3.483 million tonnes purchased in 2020. Depending on quality and moisture levels, the 2021 procurement prices ranged from EGP 705 to EGP 725 per ardeb (150 kg, corresponding to USD 298 to USD 307 per tonne), up from EGP 670 to EGP 700 (USD 284 to USD 297 per tonne) in 2020. The procurement prices are derived from a moving average of prices paid for imported wheat in the previous two months.

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Crop Calendar

(*major foodcrop)



Source: FAO/GIEWS.

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Cereal Production

	2016-2020 average	2020	2021 estimate	change 2021/2020
	000 tonnes			percent
Wheat	8 822	9 000	9 000	0.0
Maize	7 270	7 577	7 500	-1.0
Rice (paddy)	6 276	6 540	6 300	-3.7
Others	986	964	975	1.1
Total	23 355	24 081	23 775	-1.3

Note: percentage change calculated from unrounded data.

Source: FAO/GIEWS Country Cereal Balance Sheet.

The government aims to increase the country's self-sufficiency from about 50 percent in 2020 to 65 percent in 2025. While increases in planted area (from 3.4 to 3.7 million feddans) as well as increases in average yields (from 2.7 to 3 tonnes per feddan) using improved seeds and better cropping practices are foreseen, a crucial part rests on lowering average per capita consumption from over 180 kg to 150 kg. In 2020, the weight of a subsidized bread was unified from 100 to 110 grams to 90 grams, resulting in a decline of wheat used for production of subsidized bread from 9.6 million to 8.76 million tonnes.

In 2021, the better enforcement of restrictions to limit rice cultivation, imposed by the law governing water resources and preventing salinization, shifted some land to cotton and maize crops, that were also receiving higher prices. Cotton prices, at EGP 3 900 per quantar (about 157 kg of seed cotton, corresponding to USD 248) increased by 70 percent compared to last year. The cotton area increased to 236 000 feddans (about 100 000 hectares), up from 183 000 feddans in 2020.

In 2021, the allotted rice cultivation area in nine governorates was 1.074 million feddans (about 451 000 hectares). In the past, farmers used to cultivate an estimated additional 200 000 to 300 000 hectares illegally, but in 2021 this area was not planted. Distribution of new high yielding varieties of rice in the allotted cultivation area buffered the decline in 2021 production.

Cereal import requirements forecast slightly above average in 2021/22 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.

Wheat imports for the current 2021/22 marketing year (July/June) are estimated at 13 million tonnes, about 7 percent more than the average imports in the previous year. Currently, the three largest suppliers are the Russian Federation, Ukraine and Romania. However, the export tariffs imposed by the Russian Federation are likely to result in some changes in import origins.

The Ministry of Supply estimates the current wheat storage capacity in silos at 3.4 million tonnes, up from 1.2 million tonnes in 2014. As of early November, the strategic reserves of wheat were sufficient to cover domestic utilization needs for six months.

Following the COVID-19-induced decline in agricultural exports in 2020, the exports during the first nine months of 2021 increased by over 14 percent compared to the same period in 2020. The main exports are citrus fruits, potatoes and other types of fruits and vegetables.

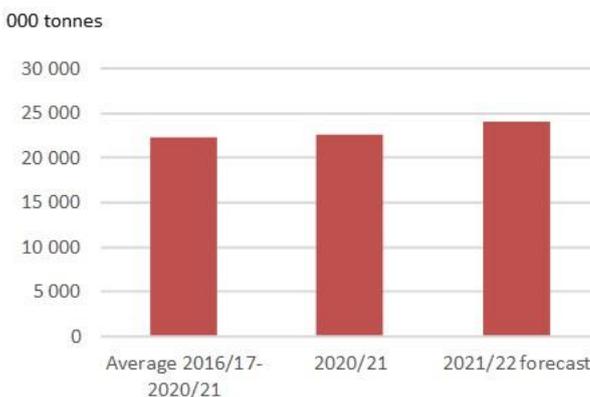
Food price inflation increased in September 2021

In September 2021, the annual food price inflation was estimated at 10.6 percent, up from 6 percent in August 2021 and well above the negative values in September 2020. The increase in September 2021 was mostly on the account of strengthening prices of fresh vegetables. The annual consumer price inflation was estimated at 8 percent in September 2021, up from 3.3 percent in September 2020.

The country's foreign reserves reached USD 40.8 billion at the end of September 2021, up from USD 38.4 billion in

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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.

September 2020, but down from the USD 45.5 billion in February 2020. Foreign reserves run down in 2020 to cope with the measures introduced to contain the spread of the COVID-19 pandemic and are currently slowly recovering, although increases in world commodity prices are likely to constrain their purchasing power on the international markets.

About 71 million people, over 70 percent of the country's population, 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 government is considering increasing the price of subsidised bread which is currently EGP 0.05 (5 piasters or USD 0.0032) and it did not change during the last 30 years, but the new price will unlikely reach the real cost of production of EGP 0.67. The resources to finance subsidies on food commodities during the 2021/22 fiscal year (July/June) amount to about EGP 87.22 billion (USD 5.56 billion), of which EGP 50.62 billion is to subsidize bread. In the 2020/21 fiscal year, the bread and food subsidy allocation amounted to EGP 84.5 billion (USD 5.4 billion).

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