

USDA Foreign Agricultural Service

# GAIN Report

Global Agricultural Information Network

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## Nile Nuggets for November 2015

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**Approved By:**

Orestes Vasquez

**Prepared By:**

Mohamed Hamza & Ibrahim Al-Habbal

**Report Highlights:**

Agricultural and Food Developments during the month of November 2015.

# Nile Nuggets

News on Developments in Agriculture and Food in Egypt

November 2015

**EGYPTIAN GOVERNMENT CAVES TO THE DOMESTIC POULTRY INDUSTRY:** Egypt's Ministry of Supply and Internal Trade (MoSIT) caved to the local poultry industry, canceling its first-ever international tender for whole frozen chicken and leg quarters, issued in mid-November. MoSIT's tender unsettled the local industry, which came out in force offering to match prices offered by the international bidders. Last week, MoSIT signed a protocol with the Egyptian Poultry Association (EPA), who would supply 2,000 metric tons (MT) of whole chickens and 2,000 MT of chicken leg quarters to government consumer cooperatives. The deal came after EPA reached an agreement with the Ministry of Agriculture and Land Reclamation (MALR), in which MALR agreed to subsidize the supplying companies with LE28 million (\$3.5 million). Egypt's local press had reported that an offer from a U.S. company had been initially accepted to supply 500 tons of poultry, but officials have been reluctant to confirm if the deal went through, leading many traders to believe that the government rescinded on its agreement.

**EGYPT'S DECISION TO SLASH WHEAT SUBSIDIES:** Earlier this month, the Government of Egypt said it would no longer pay a fixed, highly-subsidized price to procure local wheat. Instead the government will directly subsidize farmers LE1,300/*fedan* (\$162/*fedan* or \$68/HA) up to a maximum of 25 *fedans* per farmer. The government will then buy local wheat at the average global wheat prices prevailing during the harvest time. Estimates from the former adviser to the Ministry of Supply indicate that farmers will earn between LE1, 500 and LE1, 800/*fedan* (\$187 - \$225/*fedan* or \$78-94/HA) less as compared to the previous five years. Producers have strongly objected to the new program, indicating that the current support level is already insufficient and any decrease will negatively impact future harvests.

**CARREFOUR SET TO OPEN NINE BRANCHES AT AN ESTIMATED COST OF LE2 BILLION:** Egypt's Supply and Internal Trade Minister, Dr. Khaled Hanafi, inaugurated a new Carrefour outlet in Tanta, Gharbiya. Carrefour plans to open nine additional branches, ranging in size from 20,000 to 40,000 square meters, requiring LE2 billion (\$250 million) in investment. All of these branches will be located outside of the governorates of Alexandria and Cairo, generating around 20,000 direct and indirect job opportunities.

**WINTERTIME – ARE YOU READY FOR LENTIL SOUP:** Lentil soup, known in Egypt as “*Shourbet Ads*”, is one of the famous Egyptian winter dishes. As with most dishes, there are many ways to make Egyptian lentil soup, but red lentils are generally base for all versions. Many Egyptians simply add spices to the lentils and blend them to smooth. Some add a few veggies that go well with the lentils. Others still add rice to the lentils and eat them with bread. The key to making an authentic Egyptian lentil soup is the spices. Instead of having it as soup, some prefer to have it with bread and raw onion.



### EGYPT'S NUMBERS

- **Egyptian Economic Growth:** The slow implementation of new projects and structural reforms, as well as ongoing security issues, will restrict growth going forward. Focus Economics panelists expect GDP to have expanded 3.9% in FY 2015. For FY 2016, the panel sees GDP growing 4.0%, which is down 0.1 percentage points from last month's forecast.
- **Inflation Climbs Further in October 2015:** In October, consumer prices increased 2.2% over the previous month, which followed the 2.5% increase recorded in September. According to the Central Agency for Public Mobilization and Statistics, the increase was mainly driven by higher prices for food and non-alcoholic beverages. Inflation climbed from 9.2% in September to 9.7% in October. Meanwhile, annual average inflation decreased from 10.3% in September to 10.1% in October.
- **This month, farmers started to cultivate their citrus crops.** Egypt is expected to remain the world's largest orange exporter in 2015/2016 with total exports forecast at 1.3 million tons.