

Rice in Egypt

Egypt is the largest rice producer in the Middle East region and it is one of the most important agricultural crop which Egypt export to different countries around the world “about 60 country” due to the Egyptian competitive prices comparing to other exporter countries like Italy, Spain, Australia and USA .

Egyptian farmers, with the help of Egyptian researchers, are producing one of the world's highest rice yields. According to records, the average Egyptian rice farm yield in 2011 – 2012 was 3.5 tons per Fadden with total production about 5.5 million tons/ year.

And as per our records, rice consumption per person in Egypt in 2012 was 45 kg/ yr while the total local consumption was around 4.5 million ton/ year so the total amount available for export is about 1.3 million tons/ year and it is increasing year after year due to the improving of the productivity which pay the attention of the shipping agencies and make them to determine regular trips between the Egyptian exporting ports and the importing countries ports.

Thus, improving the productivity of rice systems would contribute to hunger eradication, poverty alleviation, national food security and economic development as rice provides 27% of dietary energy supply and 20% of dietary protein intake.

Egyptian Rice Types and time of planting and harvesting:

The high solar radiation, the long days and the cool nights between May and September are favorable to a high rice yield. So, the Egyptian Rice cultivates from the beginning of May till the end of June and its harvest season starts in the middle of August till the middle of October of the year. The Egyptian Rice considered from the type of Short and Medium round grain. Most of the planted rice varieties are japonica and the most famous variety are Sakha “101, 102, 104” and Giza “177, 178”.

Packing:

Standard Egyptian Rice specifications: Grade	Broken	Red Grains	Damaged & Yellow Grains	Immature Grains	Foreign Matters	Paddy
1	3%	1.5% max	0.25% max	2.00% max	0.05% max	0.00%
2	5%	2.00% max	0.50% max	2.50% max	0.10% max	0.00%
3	10%	2.50% max	1.00% max	3.50% max	0.20% max	0.03%
4	20%	3.00 % max	1.50% max	5.00% max	0.30% max	0.04%
5	30%	3.50% max	2.00% max	8.00% max	0.60% max	0.10%
6	40%	4.00 % max	2.50% max	2.50% max	0.70% max	0.20%

2. PRODUCTION:

Rice is a major summer crop in Egypt, occupying 10 percent of total crop area. The entire rice crop is irrigated. Rice requires a special irrigation regime and its cultivation is largely restricted to the northern part of the Delta. It is often planted on low quality land where the soil is fairly saline and has varying degrees of productivity. A limited amount of rice is also grown in the middle Delta and in Upper Egypt. Farmers normally exceed the area targeted by the government for rice cultivation despite the prospect of fines (LE 600/ feddan) for those who violate their targeted areas. This is due to the much higher profitability of rice cultivation compared to other traditional summer crops (i.e. corn and cotton) and the higher potential for exporting the crop. The government is trying to restrict the area of rice and increase the area of corn to save water.

Year	Production		Area Harvested		Yield	
	1000 MT	Growth Rate	1000 HA	Growth Rate	MT/HA	Growth Rate
2008	4673	0.39 %	672	0.30 %	10	0.00 %
2009	4564	-2.33 %	670	-0.30 %	10	0.00 %
2010	3100	-32.08 %	450	-32.84 %	10	0.00 %
2011	4250	37.10 %	700	55.56 %	9	-10.00 %
2012	5500	22.73 %	750	7.14 %	9	0.00 %

3. CONSUMPTION

Egypt consumes medium grain rice and rice consumption is relatively constant, as consumers continue to prefer wheat-based products. Rice stocks in MY 2011/12 are declining due to the noticeable decrease in production compared to MY 2010/11. There is no stock-holding policy, with levels reflecting pipeline supplies. Buyers tend to avoid holding stocks and push them to the export market.

Year	Domestic Consumption		FSI Consumption		Feed Domestic Consumption	
	1000 MT	Growth Rate	1000 MT	Growth Rate	1000 MT	Growth Rate
2008	4270	18.28 %	4270	18.28 %	0	0%
2009	3940	-7.73 %	3940	-7.73 %	0	0%
2010	3300	-16.24 %	3300	-16.24 %	0	0%
2011	4070	23.33 %	4070	23.33 %	0	0%
2012	4300	5.65 %	4300	5.65 %	0	0%

4. PRICE:

Rice Prices in the Egyptian Market: (US\$ = 7.05 LE)

- Egyptian rice: 4-5 LE /kg.
- Thai Rice: 7-15 LE /kg.
- Indian, Vietnamese: 6-9 LE /kg.
- Basmati Rice: 12.5 – 21 LE /kg.

5. TRADE (IMPORT & EXPORT):

Exports in 2013 are expected to recover slightly and reach 285 TMT. The government has achieved its objective to export between 120 - 125 TMT in 2012. The leading import markets are: Belgium (54.46%), United Kingdom (35.24%), Libya (3.67%), Syria (2.17%), and Spain (2.05%). However, in 2014, exports are forecast to decline even further as a result of government restrictions on the area cultivated with rice and the increase in local consumption.

Imports	2008	2009	2010	2011	2012
	Exported quantity, Tons				
World	358,105	651,377	573,080	42,765	124,951

On February 4, 2013, the Minister of Trade and Industry issued a decree which removed the ban on rice exports as of 2011. This decree (no. 105), the Minister of Trade and Industry, allows traders to export rice only if they deliver an equivalent quantity to the government agency, "General Authority for Supply Commodities (GASC)" as part of its food subsidy scheme. In the past, there were government to government deals with Jordan, Syria, and Sudan, but since the government set a system of tying the rice exports to the new tender system, only a shipment of 20 TMT was exported to Turkey through the Turkish Grain Board (TMO) to stabilize the prices there. There was an attempt to conclude a deal with the Syrian government but it stopped when this new system was introduced and because of the political tension between the two countries. Puerto Rico has imported 38 TMT of rice from Egypt in 2012. Most of the EU (mainly Belgium) imports broken rice from Egypt. Small quantities of high quality name-brand rice are imported by up-scale supermarkets in Europe.

EGYPT IMPORTS & EXPORTS OF RICE

1,000 US\$

IMPORTS					EXPORTS				
Importers	2010	2011	2012	Market Share	Exporters	2010	2011	2012	Market Share
World	9,111	52,920	173,060	100.00	World	365,538	17,102	84,605	100.00
India	4,292	5,539	125,506	72.52	Libya	164,763	631	28,308	33.46
Pakistan	2,361	8,791	29,372	16.97	Belgium	12,390	9,713	19,912	23.54
Russia	985	1,055	6,689	3.87	UK	6,227	6,065	9,614	11.36
Thailand	1,183	4,693	2,812	1.62	Syria	68,697	2,589	9,572	11.31
Belarus	1,202	2,658	2,426	1.40	Morocco	9,900	8,906	6,542	7.73
Turkey	526	1,199	1,258	0.73	Sudan	8,428	5,569	1,614	1.91
Italy	282	315	703	0.41	Lebanon	9,668	986	1,443	1.71
USA	620	8,834	602	0.35	KSA	6,336	209	975	1.15
Libya	896	445	231	0.13	Romania	1,636	636	919	1.09
China	139	135	197	0.11	Jordan	2,859	896	852	1.01

Options for Importing Paddy Rice:

An option supported by the traders and owners of the mills is to import medium grain paddy rice to be milled and re-exported as Egyptian rice to their traditional markets in the Middle East besides consuming it in Egypt for the ration card holders and in the free market. Such option will force the local traders to reduce their prices. Traders, mills owners, and related industries are in favor of this option, but MOA is not for quarantine reasons. The traders have strong interest in importing U.S. medium grain paddy rice to permit Egyptian millers to continue to supply their regional market. Egypt's agricultural science establishment refused to allow this deal for quarantine reasons (Egypt's rice producing areas are fairly disease free and there is a great deal of concern about introducing new diseases and pests). The Egyptian rice industry does not want to import brown rice, as they do not think this will be profitable. Parts of their earnings come from sales of rice husks and bran. The Egyptian scientists claim that the Egyptian rice is infested with only five diseases and pests compared to 70 disease and pests contamination in the imported paddy rice. The United States successfully exports paddy rice to a number of rice producing countries without any phytosanitary problems. The trade is proposing to set up a dehusking facility in one of Egypt's free ports. They would import U.S. paddy, dehusk it and provide the brown rice to local millers. Presumably, the dehusking would be on a toll basis. Also, presumably they are also looking into some way to either re-export the husks or make them disease-free so that they can be utilized by the livestock industry in Egypt.

Traders say that importing paddy rice will have a value added to the Egyptian economy. There is no official decree of not allowing the importation of paddy rice and while the Minister of Agriculture was on the side of dehusking, no decision has been made in this regard. According to the importers, this idea if even has agreed on, it may not work, because they have to pay higher freight since they will import paddy rice (30% more weight than the milled rice) if the extraction rate is 70%, while the customs on rice whether it is milled or not is 1% only.

The third option proposed by the exporters is to relate the allowed quantity imported of rice with quantity exported in the sense that allowing the traders to export one ton of rice against the importation of one and half ton of rice.

5. POLICY:

The removal of the export ban occurred much earlier than expected. The ban, which began on April 1, 2010 ended in Feb 2012. At the time the ban was implemented, rough rice prices had reached about \$430 per ton, compared to about \$200 at the beginning of the export season. Similarly, export prices for milled rice jumped from \$450/ton to \$750/ton and by the end of 2012 it was about \$ 680/ton. The decision to suspend exports had an immediate impact on prices, with rough rice prices dropping almost \$100 per ton to \$330 on the local market. This ban forced many countries in the region to source rice from other countries, including the United States.

The government-owned rice mills are protesting the export quota auction scheme because they fear that they will lose money if they successfully bid on the export quota, but don't have an export contract locked in. At the same time, if they have an export contract but cannot obtain the export quota they will be in default to the importer or forced to buy the export quota at a premium from a successful bidder.

The private trade is better able to operate in this environment and does not have any problems with the export quota auction except that Ministry of Trade and Industry may not reveal the quantity of quota available or the minimum bid. The quota ranges from LE 600 to LE750/ton. There has been some contraband exporting of rice as salt or broken rice, especially to Lebanon.

According to the exporters, in order for the Egyptian government to maintain enough quantities for local consumption and, at the same time, reduce the area cultivated with rice, the government is planning to tighten the export restrictions and limit the export licenses issued.

6. IMPORT REGULATIONS

General conditions:

- The process of inspection and certification of imported goods is centralized under the General Organization for Export and Import Control (GOEIC) located in the Ministry of Trade and Industry. There are representatives from other ministries such as the Ministry of Agriculture and the Ministry of Health monitoring the inspection process. Release certificate is not issued unless all authorities approve the consignment and hence GOEIC issues a release or approval certificate.
- It often takes about two weeks for the product to complete all customs formalities. The rejection of a product for any reason quickly throws the consignment “off track,” or as one importer puts it, “into a loop”. Getting the product out of the loop and back on track is both time consuming (occasionally in excess of 3 months or more) and expensive. There are no guarantees or assurances in appealing a rejection. In the end, authorities may still refuse to clear the product.
- Egyptian authorities claim that all product standards and requirements applied to imported food are identical to those applicable to domestically produced products. In fact, Egyptian authorities are stricter in enforcing product standards on imported food products than on locally produced food products. If a local product standard for a specific imported item does not exist, Egyptian authorities may apply the standard for that product used in the country of origin. Importers report that they frequently encounter problems because of illdefined product standards. All product specifications used in Egypt include the following information:
 - Name of product
 - Ingredients
 - General provisions governing the condition of the product
 - Specifications
 - Packaging and labeling statements
 - Means of testing and analysis
 - Production dates
 - Authorities setting the standard for the product

After a product standard is approved, the Egyptian Organization for Standardization and Quality Control assigns it an identification number. The number also includes the year in which it is announced (e.g., 1812/2013).

Some modifications to regulations are announced in the “Official Gazette.” Others are implemented without official notification. Once a ministerial rule (e.g., decree, law, etc.) is

issued, importers are strongly advised to periodically check with the various government clearing authorities to see if it has been amended (for example, by internal memoranda). Laws often change and invariably take effect as soon as they are announced.

The following tests are mandatory on all imported rice products upon arrival:

- Laboratory tests and analyses by the Ministry of Health
- Labeling and product compliance with the Egyptian Standards enforced by the General Organization for Export and Import Control (GOEIC) of the Ministry of Trade and Industry.

All tests are conducted in government laboratories. Tests and analyses by private laboratories are not permitted or acceptable. Tests and analysis are conducted to assure that the product is fit for human consumption, free from contagious diseases, and in compliance with Egyptian product specifications.

Since inspection is now centralized in GOEIC, a committee is formed with representatives from the Ministry of Agriculture, Health, and GOEIC. Each ministry performs its analysis on the same product sample and issues its results to GOEIC. If one ministry rejects the product, GOEIC, in turn, also rejects the product.

The number of samples withdrawn has been reduced as a result of centralizing the inspection process with GOEIC. Importers are supposed to be notified of all test results within 7 days after samples have been drawn. However, for canned products, mineral water, and frozen products, tests results must be submitted within 14 days after samples have been drawn.

A product may be rejected for the following reasons:

- Not fit for human consumption
- Incorrect labeling
- Prohibited colors, additives, or preservatives
- Incorrect or missing certificates (however, authorities usually allow importers extra time to submit corrected documents)
- Failure to comply with Egyptian product specifications
- Less than 50 percent of the established shelf life remains for the product

If a product is rejected, it may be:

- re-exported from the port of entry.
- Or confiscated at the port of entry.

If the rejection is due to unsatisfactory laboratory tests, the importer has the right to have the product re-tested three times. The appeal for reconsideration should be submitted to GOEIC within seven days.

Labeling Requirements:

Egypt requires restrictive labeling for imports of food products. In addition to the foreign language, all information must also be written in Arabic. Arabic language is mandatory. Any contradiction between the English and Arabic dates may lead to product rejection. Labels can be printed on the package or be of a permanent adhesive type. Products cannot show more than one date of manufacture or expiration on the package. For example, goods have been rejected if the inside package has a different date than the outside carton. Information

on the label cannot be erased, scratched, or altered in any way. Requirements are more restrictive for meat and poultry products.

All labels must include the following information:

- Name and address of manufacturer
- Brand or trademark, if appropriate
- Country of origin
- Type of product and grade
- Name and address of importer
- Production and expiration dates. These dates may be mentioned separately on the top of the package. They can be applied by laser, imposed, or printed. In such cases, there is no need to repeat them on the label.
- Product use instructions (optional)
- Product ingredients
- Storage instructions or temperature
- Net weight
- Gross weight and total number of the packages per case or carton

Packaging and Container Regulations:

Egypt has no special packaging or container size requirements, regulations, or preferences. There is no special Municipal Waste Disposal Laws or product recycling regulations and there are no restrictions or limitations on the use of any packaging materials like PVC.

Import Procedures:

Any product not in compliance with Egyptian import requirements will likely be rejected. It is the appeal process, which accounts for the added time and expense involved in clearing the product through customs.

The initial import procedure entails the assignment of a shipping agent (a GOE entity and separate from the vessel shipping agent); arrival of the consignment at port and a comparison of the invoice and bill of lading with the ship's manifest; issuance of a title transfer document to the importer; the unloading of the consignment; the purchase and completion of the "Importation Form" and registration of the consignment with customs in the so-called "No. 46 Book;" and initial tariff classification of the product. Egyptian companies often rely on customs brokers, or their own staff to check on shipments and to clear products through customs.

The following documents must be presented to the customs office in order for a shipment to be released:

- Bill of Lading
- Commercial Invoice
- Certificate of Origin (countersigned by the Chamber of Commerce and notarized by the Egyptian Embassy or Consulate in the country of origin)
- Health Certificate
- Packing List
- Weight List
- Insurance Policy
- Import/Export Permit of the importer
- If the importer is an agent of a Thai (or other foreign) manufacturer, the latter has to present an Agency Authorization Certificate for the products being imported.

- Form 11 from a local bank advising that payment has been transferred to the supplier. This form guarantees payment to the supplier.

The following documents are optional:

- A letter from the bank indicating that all administration fees have been paid. If this letter is not submitted, all administrative expenses must be paid at the port.
- A Radiation Certificate.

Batch Number Certificates

Batch Number Certificates (BNC) are required for all food products in order to facilitate product sample withdrawal. Each batch will be considered as a different item for sample withdrawal purposes.

Samples will be drawn from each batch having different production and expiration dates. Products with different dates are considered to be different items and should be identified as such on the Release Certificate and Batch Number Certificate.

Product Sampling

All product samples should be representative of the consignment and should be drawn during the unloading process. A committee is formed to withdraw random samples (i.e., the Physical Examination Committee. One representative sample (specified in size) is drawn from each consignment and respective inspection agencies have that sample for testing. However, each agency conducts its own laboratory tests. Tests maybe conducted by 3 different laboratories.

Cleanliness must be assured when samples are taken to avoid contamination. Also, the committee is supposed to take the necessary steps to assure the soundness of the product samples while they are being transported to the laboratory for analysis. All sample information is indicated on the Form of Examination Results.

7. Sources:

- The Food and Agriculture Organization (FAO), www.fao.org
- Central Agency for Public Mobilization and Statistics, CAPMAS, www.capmas.gov.eg
- International Grains Council, www.igc.int
- Egyptian International Trade Point, www.tpegypt.gov.eg
- Ministry of Agriculture of Egypt, www.agr-egypt.gov.eg
- World Bank, www.worldbank.org
- Ministry of Social Security, www.mss.gov.eg
- Ministry of Supply and Home Trade, www.mss.gov.eg
- General Authority of Supply Commodities, GASC, www.gasc.gov.eg
- Egypt State Information Service, www.sis.gov.eg
- The Agricultural Research Center in Egypt, www.arc.sci.org
- Egyptian Customs Authority, www.customs.gov.eg

*** NB:**

TMT refers to Thousands Metric Tons