



Wheat imports by Egypt

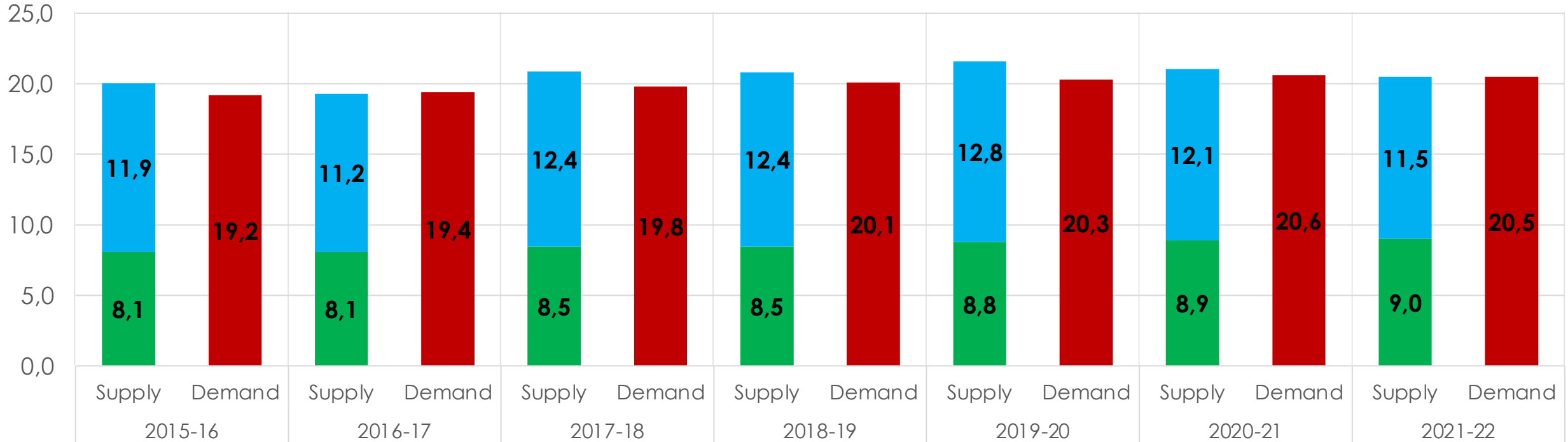
Supply&Demand, main importers and Share of Ukrainian origin

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Egypt wheat supply and demand (mln t)

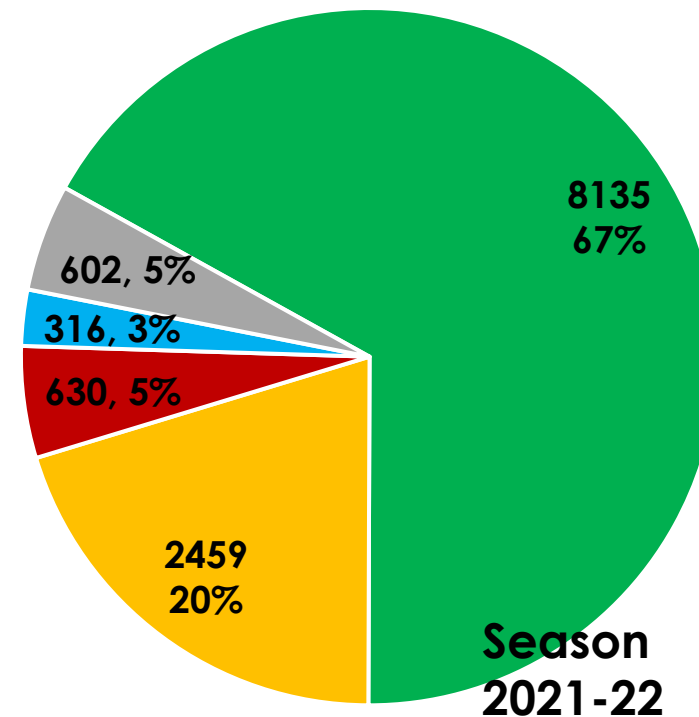
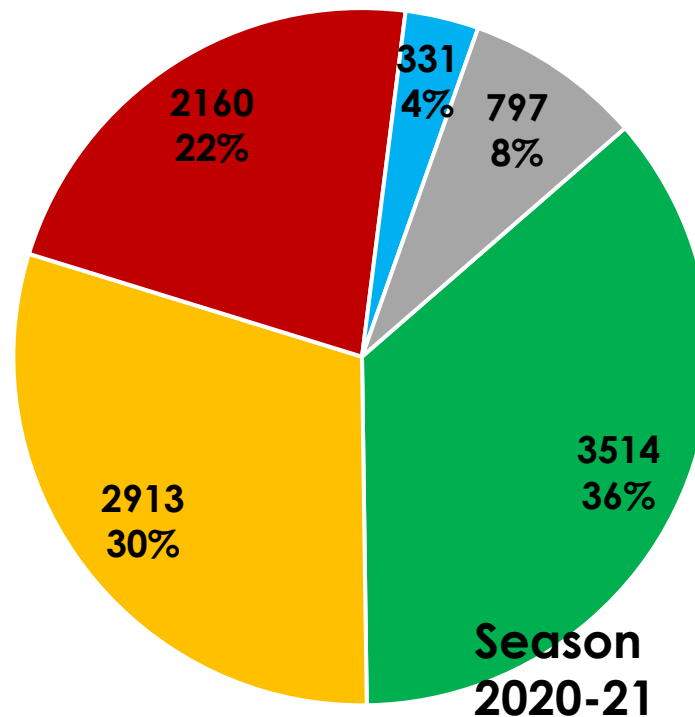
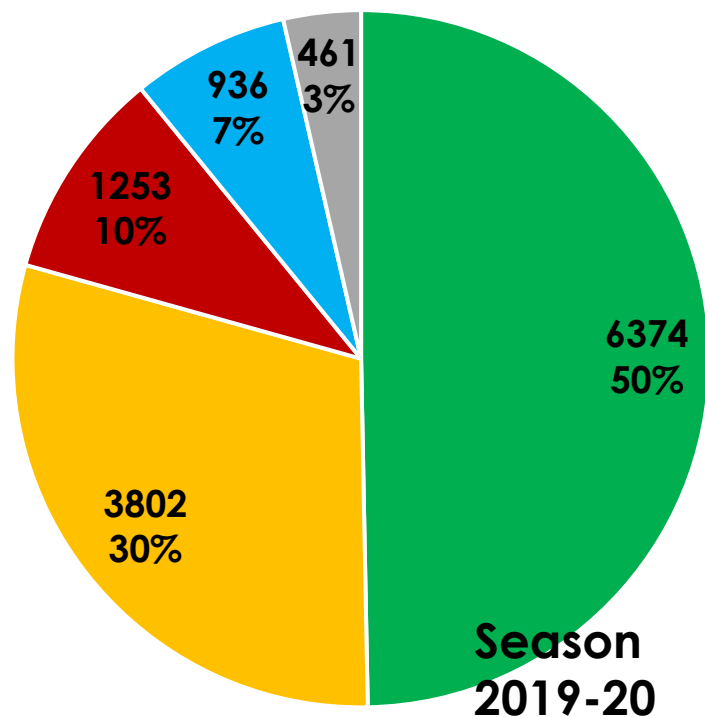
■ Production ■ Imports ■ Domestic Consumption



Egypt's 100 million population needs 20 million tons of wheat annually. At the same time, population growth of 2% means a constant increase in these needs. Egypt has its own large production of wheat (TOP-15), but this is enough to cover only 40-45% of needs. The rest must be imported. Egypt, together with Indonesia, is the largest importer of wheat in the world. Thanks to large-scale irrigation, yields in Egypt are quite predictable, and the size of the crop varies mainly due to changes in the amount of planted area. This contributes to clearer planning of purchases by the state, which will be discussed later. Key exporters of wheat in the world are located near Egypt - EU countries, Ukraine and Russia. Because of this, almost all purchases are made from these countries. In addition to the short logistical arm, ships from Europe also do not need to cross the Suez Canal (and pay additional fees).

Egypt wheat imports by origin (kt)

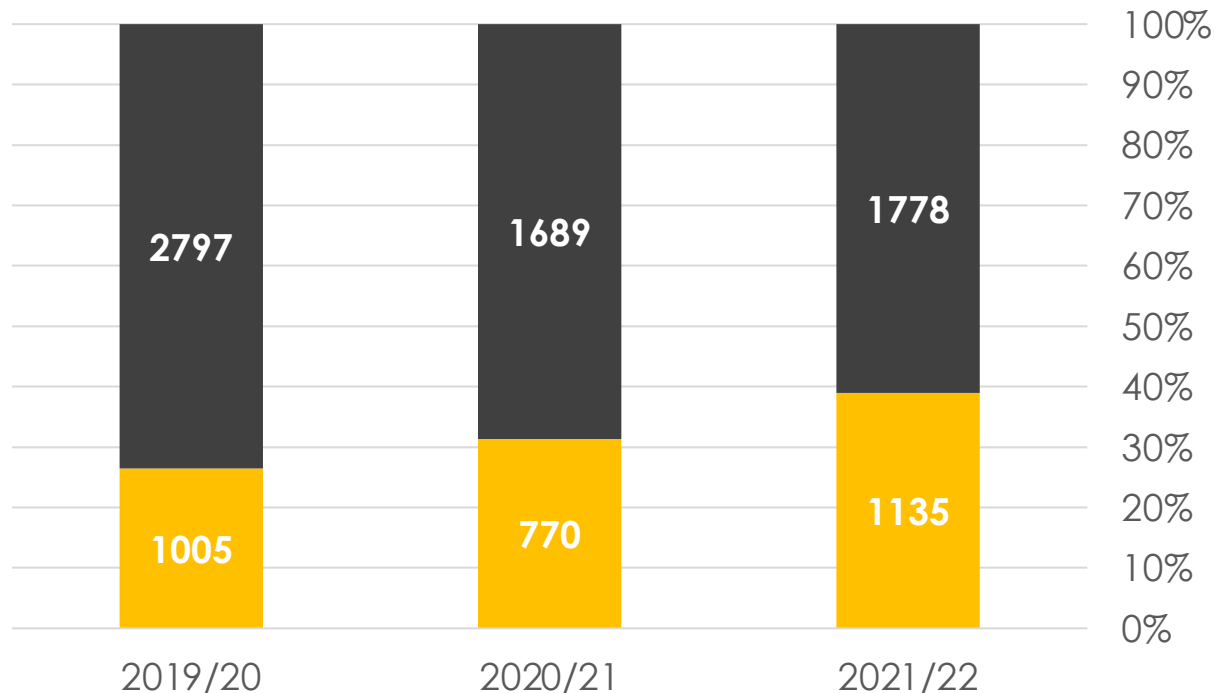
■ Russia ■ Ukraine ■ Romania ■ France ■ Others



The share of Ukrainian wheat in Egypt's imports varies from year to year and depends on many factors. The key factor is the size of the harvest in Ukraine and among competitors, as well as among importers, which determines not only the ratio of the available supply, but also the expectations of market participants about the likely price dynamics in the future. But there are really many factors. For example, at the end of 2020, Egypt continued to actively purchase wheat from the world, while the share of Ukraine fell sharply. The reason was less fundamental and more psychologic. Thanks to the period of high prices, Ukrainian farmers have made enough sales and did not need additional cash. Therefore, with the approach of the New Year and Christmas holidays, volume of trade dropped by 50% vs. Oct-Nov and fully restored in February.

Egyptian buyers of Ukraine wheat (kt)

■ GASC ■ Private traders



Biggest private wheat importers in Egypt

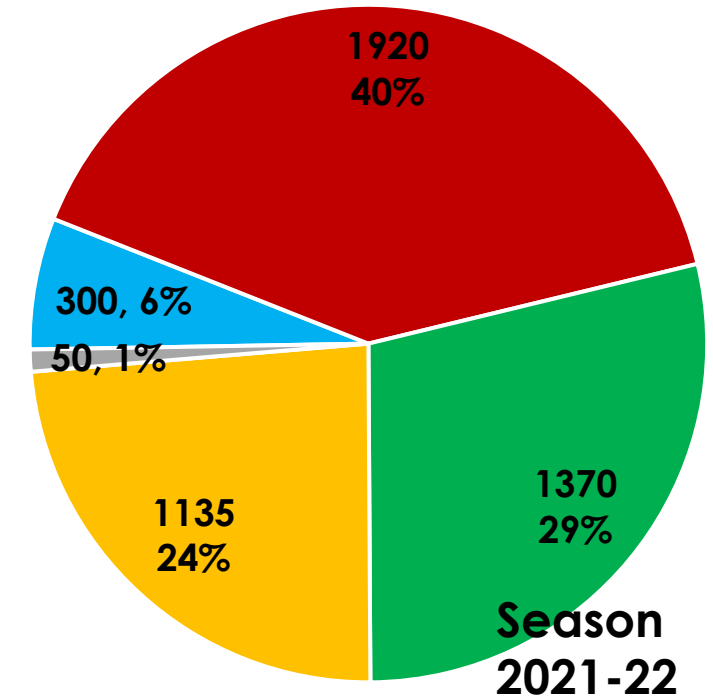
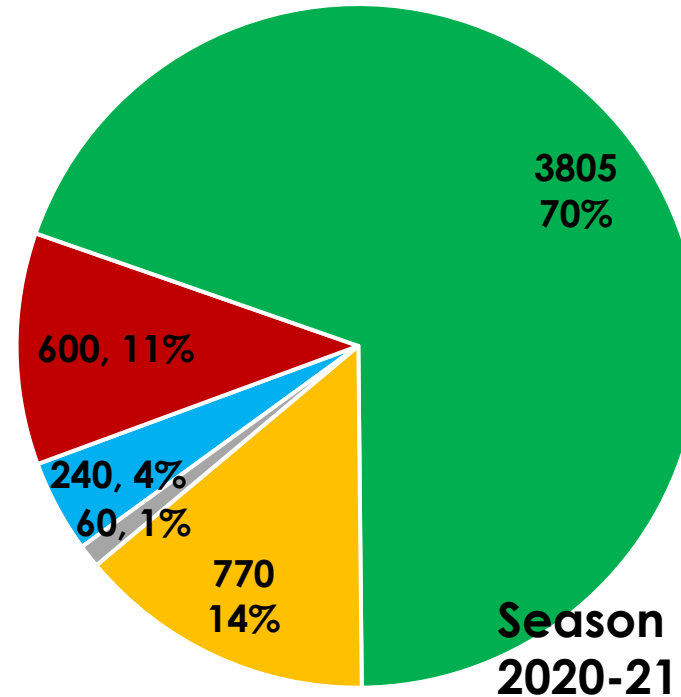
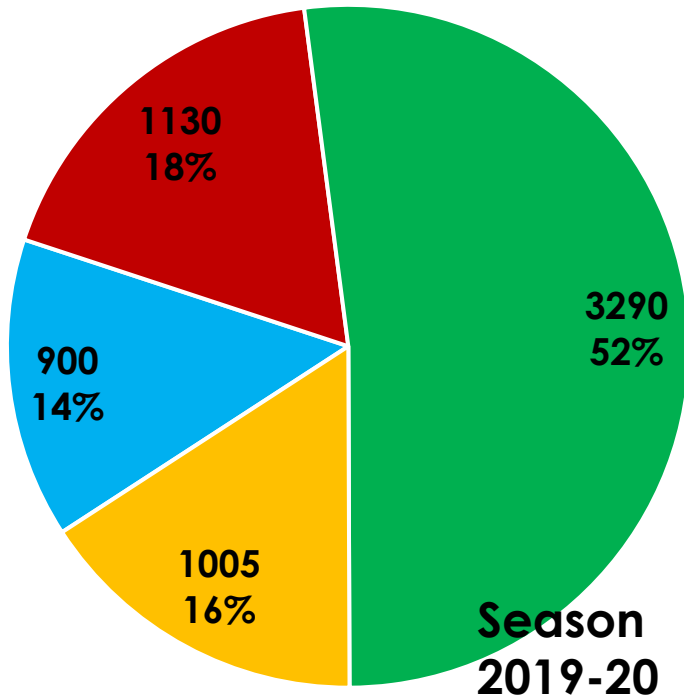
ABCD-Traders	Top local importers	Others
ADM	Mnasek	Mediterraneo Trading
Bunge Egypt	Horus	MIDSTAR Egypt
Cargill	Abo Donkol	Prime Grains
CHS	Eagles	Midstar Fze
Cofco Agri Egypt Trading Limited	El Nour Trading	Hemdanco Group
Louis Dreyfus Alexandria	Medsofts Commodity Trading	Middle East Grains

As for imports from Ukraine, Egypt buys up to 40% of wheat through state tenders. The rest is the subject of negotiations between exporters and importers. The specificity of the agricultural market is the wide spread of transnational companies that often trade grain between their branches. For example, COFCO Ukraine, which exports grain around the world, including selling to COFCO Egypt, which accordingly imports grain into the country. This further complicates the collection of already opaque statistics. But in general, ABCD companies import from Ukraine to Egypt about 0.8-1.5 million tons per year. As for Egyptian private importers, among the listed companies, the most active are **Manasek, Horus and Medsoft**. They account for the rest of the market share. Other large Egyptian importers purchase sporadically in Ukraine.

Sources: Global Trade Tracker, StoneX, Customs Statistics of Ukraine, trading companies' websites

GASC (General Authority For Supply Commodities) wheat imports (kt)

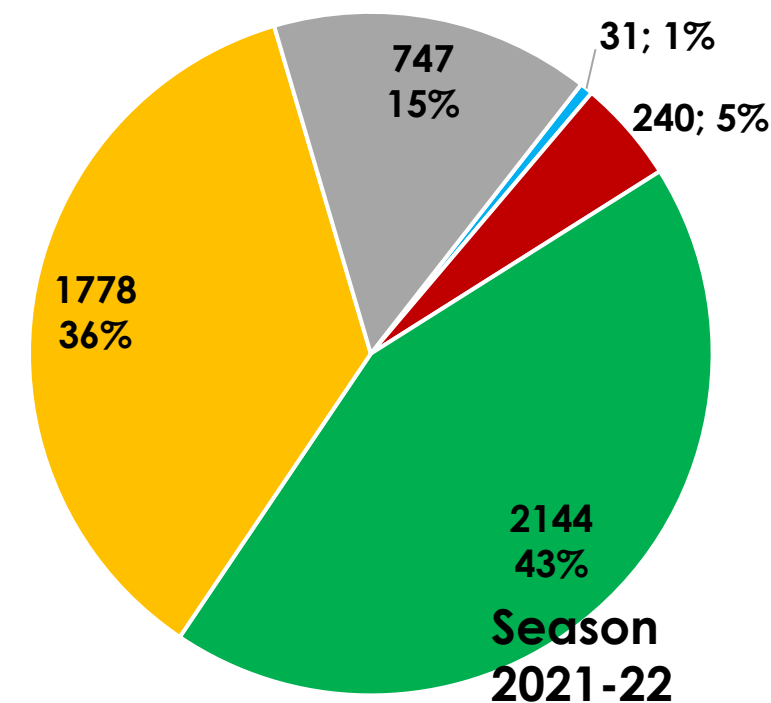
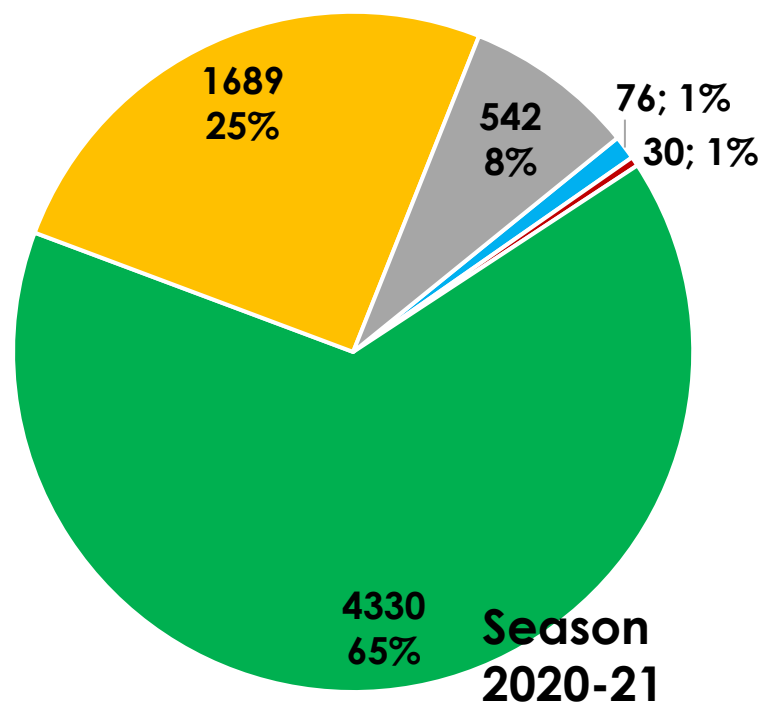
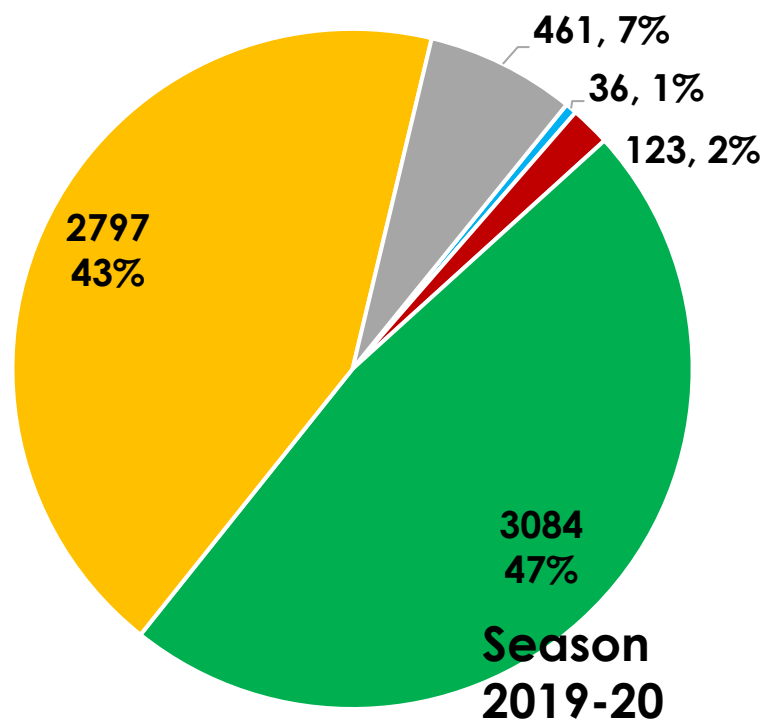
■ Russia ■ Ukraine ■ Romania ■ France ■ Others



Thanks to the stable yield, the Egyptian government has an advanced understanding of the state's needs for wheat imports. However, food security still depends on timely supplies of wheat from abroad. Therefore, the government is actively involved in the process of wheat purchases, which are conducted in the form of international tenders. Through GASC (General Authority For Supply Commodities), the government bought from 25% to 40% of the total volume of imports. The tender procedure is characterized by a high level of bureaucracy and, at the same time, the opacity of negotiations. However, the results of procurement through GASC are an important benchmark not only for Egypt, but also for other participants in the world market.

Wheat imports by private Egyptian companies (kt)

■ Russia ■ Ukraine ■ Romania ■ France ■ Others



The size of the harvest in each country strongly affects the distribution of shares in the destinations, including Egypt. As an example, in the 2020-21 season, Russia harvested 85 million tons of wheat, 12 million tons more than the previous year. Instead, Ukraine had a crop failure and harvested 25 million tons, 4.5 million tons less than the previous year. The distribution in the market of Egypt illustrates this - a large harvest puts pressure on domestic prices in exporting countries, as a result of which trading companies can offer lower prices to destination markets.