



Egyptian government approves plan to allow rice exports



Egyptian medium grain rice mainly competes with U.S. and Australian rice in global markets. (AFP)

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Egypt's government has approved plans to allow rice exports, the supplies minister said on Thursday in a move welcomed by traders but carrying terms which could hinder the return of the country's medium-grain rice to the international market.

Traders would be allowed to export rice provided they sell the government one tonne of medium-grain rice at 2,000 Egyptian pounds (\$279.72) for every tonne of rice they export.

Exporters would also have to pay a tariff of \$280 per tonne exported, the minister said.

Egypt produced around 4.3 million tonnes of rice this year, but only consumes 3.3 million tonnes implying an exportable surplus of one million tonnes.

Egyptian medium grain rice mainly competes with U.S. and Australian rice in global markets.

Egyptian rice could fetch just above \$800 dollars a tonne, according to the head the rice committee of Egypt's Agricultural Export Council.

The conditions set by the ministry for exporters would act as a hindrance, Mostafa el-Naggari told Reuters.

“The fact that they are stipulating that rice be sold to the government at 2,000 Egyptian pounds a tonne while it could have cost the traders around 3,200 Egyptian pounds means eventually traders could pay above \$400 dollars just to be allowed to export if you calculate that price difference and the export tariff,” Naggari said.

“This is unrealistic as Egyptian rice would then have to fetch around \$1,200 a tonne abroad to make this feasible which will not happen, the most it can fetch is around \$800 or slightly above,” he said.

U.S. medium grain rice is now priced at around \$900 a tonne or slightly above.

End of ban welcomed

Still, the end to the ban was welcomed by Middle East traders who had relied on Egyptian rice as a more convenient alternative to the U.S. and Australian origins.

“This is great news for us because instead of importing from the U.S. where it can take around three months for the grain to reach us we can buy from Egypt and have the commodity arrive within just three days,” a Syrian trader who imports Egyptian rice said.

Egypt first imposed a ban on exports in 2008 saying it needed to save the rice for local consumption and wanted to discourage rice farmers from growing the crop to save water.

However, rice exporters have complained that the ban on free exports has led to the rise of a contraband trade by creating a large price difference between domestic and export markets.

The Supplies Ministry procures rice for the country's subsidy programme through the state grain buyer, the General Authority for Supply Commodities (GASC). Rice is sold in the domestic market at a subsidised price to around 70 million Egyptians.

Export licences were last sold in an auction at the trade ministry in November 2013 to sell 102,000 tonnes of rice abroad.

The licences were suspended just days after being issued sending confusion to global markets.

Egypt had started lifting the ban on rice exports in October 2012, through holding export licence tenders at the Trade Ministry.

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