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Egypt

Tobacco and Products

Annual

2001

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Report Highlights:

It is illegal to grow tobacco in Egypt. Cigarettes production is a government monopoly. Egypt's tobacco imports increased 12 percent in 2000 over the 1999 level.

Includes PSD changes: Yes
Includes Trade Matrix: Yes
Annual Report
Cairo [EG1], EG

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Unmanufactured Tobacco

Production & Utilization

It is illegal to grow tobacco in Egypt. The public sector continues to maintain a monopoly on cigarette production in Egypt. The Eastern Tobacco Company (ETC) has been the sole manufacturer of cigarettes since it merged with the El-Nasr Tobacco Company in 1984. Both the public and private sectors, however, import and manufacture tobacco. About two-thirds of total tobacco consumption in Egypt is used to manufacture cigarettes. The remaining one-third is used for "moassil," or water-pipe tobacco production. Private sector processors produce all the water pipe tobacco in Egypt.

The production of most domestic brand cigarettes is based on blends consisting of about 50 percent flue-cured tobacco, 25 percent burley tobacco, and 25 percent oriental tobacco. Flue-cured tobacco is the major type of tobacco utilized by ETC. The ETC is a highly price-conscious buyer. As a result, to the extent possible, it will substitute lower-cost burley and flue-cured tobaccos from other sources for U.S. tobaccos.

Domestic cigarette brands comprise over 95 percent of Eastern's production. The remaining 5 percent consists of foreign brands (mainly Philip Morris and R.J. Reynolds) manufactured by Eastern under agreements with the parent companies. In 2000, the company utilized 250 MT of U.S. flue-cured for the production of its local cigarette brands.

The majority of water-pipe tobacco is a blend of dark fire or air cured tobaccos (about 20 percent) with other tobaccos, mainly burley, and molasses. The production of fragrant water-pipe tobacco (apple, mint and citrus flavors) has been rising in the last few years.

Trade

The ETC is responsible for about 80 percent of Egypt's tobacco imports. The remainder is imported by some 20-30 private sector companies for processing into water-pipe tobacco. Weak consumer purchasing power, combined with a freeze on cigarette consumer prices since 1991, has forced Eastern to increasingly focus its attention on lowest-cost sources. In the past, ETC was a major buyer of U.S. tobacco. Over the last several years, public and private sector importers have turned to cheaper sources of tobacco. In 2000, total tobacco imports were estimated at 57,000 MT, a 12 percent increase from the 1999 level. Tobacco imports in 2001 are projected to be about the same as 2000 level or increase slightly. Although ETC prefers U.S. tobacco for its quality and flavor, the gap between U.S. tobacco prices and the price of other foreign tobaccos has increased significantly over the last four years, to the extent that imports from the U.S. have become prohibitively expensive. In 2000, China and Italy continue to be the major tobacco exporters.

Prices for imported tobacco in 2000 were reported (All in U.S. dollar per Kg/FOB) as follows: China (2.08), Italy (1.97), Greece (3.34), Malawi (2.85), Brazil (3.61).

Stocks

ETC officials indicate that in 2000 company stocks were equal to about 11 months of production requirements, compared to 10 months in 1999. For technical reasons (aging), Eastern would like to maintain stock levels sufficient to cover two years of production. Stocks below four months of production are considered to have reached a critical level.

Import Tariffs

According to Presidential Decree No. 351 of 1986, as amended in 1989 by Presidential Decree No. 205, import tariffs on tobacco are as follows:

Unmanufactured: Leaf - LE 9.00/kg for private sector imports, and - LE 6.10/kg for public sector imports (\$1 =LE 3.85).

Manufactured: Cut, pressed, or for chewing - LE 9.00/kg. Tariffs are rebated on exports of cigarettes and water-pipe tobacco.

PSD Table						
Country:	Egypt					
Commodity:	Tobacco, Unmfg.					
		1999		2000		2001
	Old	New	Old	New	Old	New
Market Year Begin		01/99		01/2000		01/2001
Area Planted	0	0	0	0	0	0
Beginning Stocks	38428	38428	41428	39903	0	43298
Farm Sales Weight Prod	0	0	0	0	0	0
Dry Weight Production	0	0	0	0	0	0
U.S. Leaf Imports	0	0	0	0	0	0
Other Foreign Imports	55000	50870	55000	57000	0	57500
TOTAL Imports	55000	50870	55000	57000	0	57500
TOTAL SUPPLY	93428	89298	96428	96903	0	100798
Exports	0	0	0	0	0	0
Dom. Leaf Consumption	0	0	0	0	0	0
U.S. Leaf Dom. Consum.	0	0	0	0	0	0
Other Foreign Consump.	52000	49395	52000	53605	0	55000
TOTAL Dom. Consumption	52000	49395	52000	53605	0	55000
TOTAL Disappearance	52000	49395	52000	53605	0	55000
Ending Stocks	41428	39903	44428	43298	0	45798
TOTAL DISTRIBUTION	93428	89298	96428	96903	0	100798

Import Trade Matrix			
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Country:		Units:	MT
Commodity:			
Time period:			
Imports for	1999		2000
U.S.		U.S.	
Others		Others	
China	14,225	China	14,127
Italy	7,790	Italy	6,549
Greece	6,094	Greece	5,998
Brazil	3,071	Malawi	4,618
Bulgaria	2,525	Brazil	3,487
India	1,877	Bulgaria	3,125
Coratia	1,542	India	2,423
Malawi	1,283	Switzerland	2,248
Syria	1,000	Argentina	2,018
Macdonia		Macedonia	2,010
Total for Others	39407		46603
Others not listed	11,463		10,397
Grand Total	50870		57000