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Egypt

Tobacco and Products

Annual

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Report Highlights:

Growing tobacco in Egypt is illegal. Cigarette production is a government monopoly.

Egypt's tobacco imports in 2001 are estimated at 56,548 MT, almost the same level as 2000.

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

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Unmanufactured Tobacco

Production and Utilization

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 2001, the company utilized 300 MT of U.S. flue-cured tobacco 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 local brands 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 2001, total tobacco imports were estimated at 56,548 MT, same as the 2000 level. Tobacco imports in 2002 are projected to be about the same as 2001 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 2001, Malawi and China were the major tobacco exporters.

Prices for imported tobacco in May, 2001 were reported (All in U.S. dollar per Kg/C&F) as follows:

Malawi (2.72), China (2.26), Italy (1.96), Greece (3.04), Brazil (2.40) and U.S 4.40. This compare to \$ 2.08, \$ 1.97, \$3.34, \$ 2.85, \$ 3.61 and \$ 4.30 during May, 2000.

Stock

ETC officials indicate that in 2001 company stocks were equal to about 10 months of production requirements, compared to 11 months in 2000. 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 4.62).

Manufactured: Cut, pressed, or for chewing - LE 9.00/kg.

Tariffs are rebated on Egyptian exports of cigarettes and water-pipe tobacco.

PSD Table						
Country:	Egypt					
Commodity:	Tobacco, Unmfg.					
		2000		2001		2002
	Old	New	Old	New	Old	New
Market Year Begin		01/2000		01/2001		01/2002
Area Planted	0	0	0	0	0	0
Beginning Stocks	41428	39903	44428	39903	0	42846
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	57000	57000	56548	0	57500
TOTAL Imports	55000	57000	57000	56548	0	57500
TOTAL SUPPLY	96428	96903	101428	96451	0	100346
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	53605	53605	53605	0	55000
TOTAL Dom. Consumption	52000	53605	53605	53605	0	55000
TOTAL Disappearance	52000	53605	53605	53605	0	55000
Ending Stocks	44428	39903	47823	42846	0	45346
TOTAL DISTRIBUTION	96428	96903	101428	96451	0	100346

Import Trade Matrix			
Country:		Units:	MT
Commodity:			
Time period:			
Imports for	2000		2001
U.S.		U.S.	535
Others		Others	
China	14,127	Malawi	8,782
Italy	6,549	China	8,580
Greece	5,998	Greece	7,039
Malawi	4,618	Italy	7,028
Brazil	3,487	Brazil	5,123
Bulgaria	3,125	Thailand	2,547
India	2,423	Argentina	2,489
Switzerland	2,248	Macedonia	2,352
Argentina	2,018	India	2,111
Macedonia	2,010	Bulgaria	1,720
Total for Others	46603		47771
Others not listed	10,397		8,242
Grand Total	57000		56548