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Report Highlights:

Egyptian cotton production in marketing year (MY) 2024/25, the period from August 2024 to July 2025, is forecast at 310,000 bales, down 40,000 bales from MY2023/24, driven by a 4-percent drop in harvested area and lower input use, impacting yields. Imports are forecast at 450,000 bales, down 50,000 bales on lower exportable supplies from Sudan. MY2024/25 domestic mill use is forecast higher at 600,000 bales, up 20 percent, based on a projected recovery in global textile and garment demand and expanded spinning and weaving capacity in Egypt. Post forecasts MY2024/25 exports higher at 184,000 bales, down 66,000 bales from MY2023/24 due to steady demand which is capped by a government export ban. MY2024/25 ending stocks are forecast to fall to 416,000 bales down 24,000 bales from MY2023/24 USDA official estimates.

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Definitions

1 Quintar	50 kg of lint cotton
1 Cantar/Quintar	44.928 kg
1 US bale	480 lbs 217.724 Kg
1 Feddan	0.42 Hectares (Ha)
1 EGP	0.032 USD before March 6, 2024 / 0.022 USD after March 6, 2024

Executive Summary

Cotton has been cultivated in Egypt for millennia and remains one of the main cash crops for farmers in the Nile Delta. Today, cotton is a strategic crop which, considering the entirety of its textile and garment manufacturing sector, accounts for 3 percent of overall national GDP, 27 percent of total industrial output, and about 12 percent of the total value of exports. Egypt’s Agricultural Research Center reports that Egyptian cotton accounts for 25 to 30 percent of global supplies of Extra Long Staple (ELS) and Long Staple (LS) cotton. Egypt’s textile and manufacturing sector is its second-highest income generating economic engine following the country’s agricultural sector.

Egypt's economic outlook is relatively more stable than 2023 and early 2024 when it faced a panoply of challenges. In early 2024, Egypt continues its slow recovery from a critical foreign exchange rate shortage as well as the COVID-19 pandemic, food and energy price shocks following Russia's invasion of Ukraine, and multiple conflicts on its borders, including restricted maritime shipping through the Red Sea. Egypt's currency devaluation and recent accumulation of financial support from the International Monetary Fund, the United Arab Emirates, and other international partners will help ensure its global competitiveness. In March 2024, Egypt decided to sharply devalue its currency as inflation peaked at nearly 40 percent in September 2023.

In January 2024, Egypt's Ministry of Electricity raised national industrial electricity tariffs by 16 to 26 percent to match rising global energy costs and gradually liberalize its power sector which remains subsidized. In January 2024, Egypt's National Wages Council raised private sector employee wages from \$65.20 per month (3,000 EGP) to \$76 per month (3,500 EGP). The wage hike was announced amidst soaring consumer inflation.¹ In February 2024, Egypt raised the national minimum wage to \$130.44 per month (or 6,000 EGP). Despite raising both wages and electricity tariffs, Egypt remains a competitive market for spinning and weaving operations.

The Government of Egypt seeks to raise the income for millions of farmers across its textile and garment sector (see Marketing section for more detail) by developing a vertically integrated textile and garment sector. The Government aims to expand and modernize its textile and garment sector to substitute imports with domestically produced Egyptian cotton, and expand value-added production activities including processing, spinning, weaving, knitting, textile, and apparel manufacturing. Egypt seeks to attract foreign direct investment to its textile and garment sector and expand cotton processing capacity across the country.

Egyptian cotton production in marketing year (MY) 2024/25, the period from August 2024 to July 2025, is forecast at 310,000 bales, down 40,000 bales from MY2023/24, driven by a 4-percent drop in harvested area and lower input use, impacting yields. Imports are forecast at 450,000 bales, down 50,000 bales on lower exportable supplies from Sudan. MY2024/25 domestic mill use is forecast higher at 600,000 bales, up 20 percent, based on a projected recovery in global textile and garment demand and expanded spinning and weaving capacity in Egypt. Post forecasts MY2024/25 exports higher at 184,000 bales, down 66,000 bales from MY2023/24 due to steady demand which is capped by a government export ban. MY2024/25 ending stocks are forecast to fall to 416,000 bales down 24,000 bales from MY2023/24 USDA official estimates.

The 2023/24 Egyptian cotton balance sheet reflects higher ending stocks at 440,000 bales (95,800 tons) on lower exports and mill use. MY2023/24 exports are forecast at 130,000 bales, down 120,000 bales, based on a lower-than-expected pace of shipments and commitments, logistics challenges, and higher

¹¹ <https://www.reuters.com/world/africa/egypts-president-sisi-raises-minimum-wage-by-50-6000-pounds-statement-2024-02-07/>

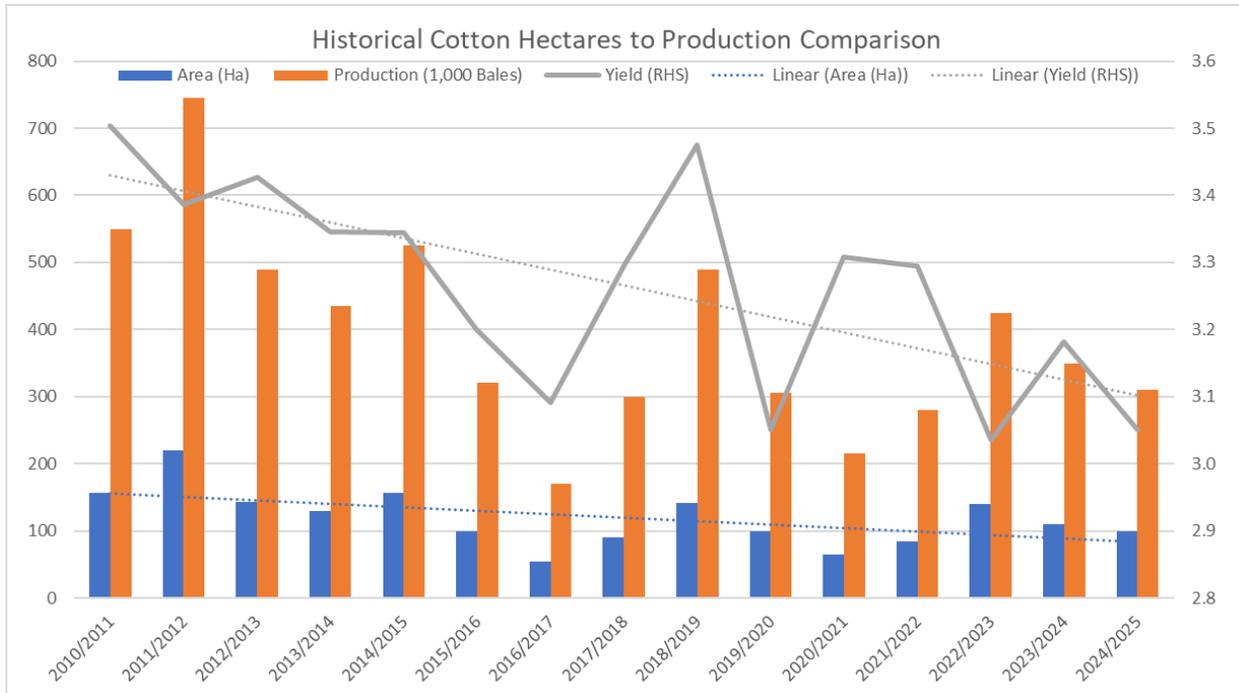
domestic use. Season-ending ELS cotton prices in Egypt ranged from \$4,000 to \$9,000 per ton. According to industry sources, estimated grower costs are around \$2,320 per ton.

Foreign exchange shortages led to lower-than-expected profits in MY2023/24 driving many growers to withdraw their MY2023/24 bales from the auction program to seek higher prices. Foreign exchange rates also forced many in Egypt’s spinning and weaving sector to limit their exposure to imports and switch to consuming domestic supplies of ELS and LS stocks or trading in nearby markets like Greece and Sudan which also settle in cash. Global competitors in the spinning and weaving sector, particularly Pakistan and India, sought to expand their global market share at the expense of Egyptian producers while limited cash flow and credit conditions restricted imports of intermediate components and inputs, and logistics challenges restricted exports of Egyptian textiles and garments. The full impact of this situation continues to develop.

Cotton Market Year Begins Egypt	2022/2023		2023/2024		2024/2025	
	Aug 2022		Aug 2023		Aug 2024	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	140	140	110	110	0	100
Beginning Stocks 1000 480 lb. Bales	165	165	220	220	0	440
Production 1000 480 lb. Bales	425	425	350	350	0	310
Imports 1000 480 lb. Bales	500	500	500	500	0	450
Total Supply 1000 480 lb. Bales	1090	1090	1070	1070	0	1200
Exports 1000 480 lb. Bales	370	370	250	130	0	184
Domestic Use 1000 480 lb. Bales	500	500	600	500	0	600
Loss 1000 480 lb. Bales	0	0	0	0	0	0
Domestic Use and Loss 1000 480 lb. Bales	500	500	600	500	0	600
Ending Stocks 1000 480 lb. Bales	220	220	220	440	0	416
Total Distribution 1000 480 lb. Bales	1090	1090	1070	1070	0	1200
Stock to Use % (PERCENT)	25.29	25.29	25.88	69.84	0	53.06
Yield (KG/HA)	661	661	693	693	0	675
(1000 HA) ,1000 480 lb. Bales ,(PERCENT) ,(KG/HA)						

Production

Egyptian cotton production in MY2024/25 is forecast to reach 310,000 bales (1.4 million tons) driven by a 4-percent drop in harvested area and lower input use.



Source: PSD Online and Post estimates

The Nile River Valley is a narrow band of vegetative growth that stretches across the Sahara Desert, leaving a ribbon of irrigated, arable land along its banks which then fans out into the Nile Delta where it empties into the Mediterranean Sea. Egypt's ELS cotton crop is irrigated by the Nile Delta through an ancient network of canals. Long-staple varieties of Egyptian cotton are produced in the Nile Delta and, more recently, upland cotton is produced in Upper Egypt.

In 2015, the Ministry of Agriculture and Land Reclamation (MALR) issued Ministerial Decree no. 1918/2015, published in the Egyptian official gazette on February 8, 2016, which identifies the conditions for qualifying seeds for planting. The Decree stipulates that seeds should not be allowed for planting if the degree of genetic purity is less than 99.5 percent, upland cotton (*Gossypium Hirsutum L*) seeds are present, the germination rate falls below 72 percent, and agricultural value falls below 70 percent (See [GAIN Cotton and Products Annual 2016](#)).

Government Procurement Prices Announced in February 2024				
Commodity	Price/ha	Price/ha	Price USD/ton	Price EGP/ton
Wheat	\$1,674.17	54,748	\$254.82	8,333
White Corn	\$2,230.86	68,220	\$294.31	9,000
Yellow Corn	\$2,202.06	72,010	\$290.51	9,500
Soybeans	\$1,557.75	50,940	\$550.44	18,000
Sunflower Seeds	\$1,146.75	37,500	\$458.70	15,000
Rice, Milled*	\$7,183.24	234,900	\$825.66	27,000

Source: FAS Cairo research * Rice prices are liberalized and market based. (approximate 1 EGP = 0.0305 USD on date of announcements)

Egyptian cotton growers decide on planting intentions based on expectations of relative prices and profits for different crops, as well as benchmark prices. This is decision-making process is the same for onions, fava beans (*Vicia faba*), garlic, processing tomatoes, potatoes, melons, sugarcane, sugar beet, sesame, as well as herbal crops like chamomile and marigold (*calendula*). In 2018, the WTO Secretariat Trade Policy Review summed up Egypt’s agricultural policy clearly, “Egypt's agricultural policy is primarily aimed at meeting the rising demand for food at reasonable prices; to this end, Egypt has made more land available for crops where it has a relative comparative advantage such as fruits and vegetables and has resorted to subsidies. It has also discouraged the production of crops that use water intensively, such as cotton and sugar.” Land dedicated to the production of sugar cane has remained stable, while there has been a decline in areas used to grow rice (to conserve water). The land use for cotton has also declined.

Nevertheless, on February 9, Egypt’s Minister of Agriculture and Land Reclamation proclaimed a target total planted area for cotton of 210,000 hectares (500,000 feddans) in 2024/25.³ On February 15, 2024, Egypt’s Prime Minister announced reserve auction prices for Upper Egyptian and Nile Delta cotton varieties.⁴ Reserve prices are set based on input from several government-related organizations including the Internal Cotton Trade Committee, the Cotton Arbitration and Testing General Office (CATGO), MALR, and the Ministry of Trade and Industry, the Ministry of Public Enterprise, the Alexandria Cotton Exporters Association (ALCOTEXA), and Cotton Egypt Association. Separately, on February 22, 2024, Egypt’s Prime Minister announced “guaranteed prices” to set a floor price for government purchases of strategic commodities before the planting season begins to encourage producers to plant white and yellow corn, sunflowers, and soybeans.⁵

³ <https://www.egypttoday.com/Article/3/122438/Egypt-adopts-plan-to-increase-oil-domestic-production-as-imports#:~:text=%E2%80%9CWe%20aim%20to%20reach%20500%2C000,Al%2DSayed%20el%2DQuseir>.

⁴ <https://www.egypttoday.com/Article/3/130450/Egyptian-Cabinet-sets-fixed-cotton-prices-for-the-2024-2025>

⁵ <https://www.nasdaq.com/articles/egypt-sets-procurement-price-floors-for-key-commodities-pm>

Comparative Prices for Egyptian Cotton Classes

Commodity	Price/ha	Price/ha	Price USD/ton	Price EGP/ton
Upper Egypt Cotton Giza 95 and Giza 98	\$4,238.20	288,600	\$6,116	200,000
ELS Nile Delta Cotton Giza 86 and Giza 97	\$5,086.20	346,320	\$7,339.2	240,000
Upper Egypt Seed Cotton Giza 95 and Giza 98	\$11,473.00- \$12,355.56	375,180- 404,040	\$7,950.80- \$8,562.40	260,000- 280,000
- Cost of Production	(\$1,607.76)	(49,000)	(\$2,320)	(70,945)

Source: Post research and ALCOTEXA (approximate 1 EGP = 0.0305 USD on date of announcements)

Growers prefer to cultivate higher value cash crops, but are limited due to higher input costs, in the case of cotton, and water-conservation measures limiting planted area of rice and sugarcane. Growers also consider input costs and opportunity costs such as the comparative duration of the planting season for these crops. The cotton growing season in Egypt lasts 6 to 7 months, whereas growing seasons for competing crops, like corn, lasts 3 to 4 months.

Arable Land Area Faces Competition from Urban and Industrial Land Development



1: Nile Delta region near Kafr El-Sheikh between July 5, 1984 and August 16, 2021

Source: NASA Earth Observatory images by Lauren Dauphin, using Landsat data from the U.S. Geological Survey.

Urban encroachment on productive agricultural lands area in Egypt are not fully offset by land reclamation projects. Urban development erodes about 3,108 hectares of Egypt’s total arable land each year, or about 0.01 percent of its total arable land area of 3.3 million hectares.⁶

⁶ Radwan, Taher et al. “Dramatic Loss of Agricultural Land Due to Urban Expansion Threatens Food Security in the Nile Delta, Egypt,” *Remote Sens.* 2019, 11(3), 332

Newly Reclaimed Cotton Area

In 2016, Egyptian President Abdel Fattah Al-Sisi announced an initiative to double cotton production output to more than 320,000 bales (1.4 million quintars) from 160,000 bales (700,000 quintars).⁷ Cotton production near the Fayoum oasis extends to about 6,700 hectares (16,00 feddans) and relies on both Nile River Valley irrigation canals.



Left: United States Geological Survey, Earth Resources Observation and Science (EROS) Center, Landsat 8 (path/row 177/44), February 19, 2020

Right: National Aeronautics Space Administration, ISS049-E-33726, ISS Crew Earth Observations Facility and the Earth Science and Remote Sensing Unit, Johnson Space Center, October 6, 2016

In 2019, MALR, the Ministry of the Public Sector, and the National Service Projects Organization embarked on an experimental effort to use Nubian Sandstone Aquifer-fed center-pivot irrigation systems to cultivate upland cotton varieties in “newly developed” lands stretching from East Sharq Al-Owainat to the Toshka Lakes in southwest Egypt. In 2019, the project started with 92 hectares (219 feddans). The project expanded to include 100 hectares in the Toshka Lakes region and is intended to reach an eventual area covering 4,047 hectares (9,709 feddans). The Government of Egypt has also established investment incentives to prioritize further development of reclaimed lands according to its Nexus of Water, Food, and Environment.⁸

Yields

Post forecasts MY2024/25 Egypt’s cotton yields down by 4 percent from MY2023/24 yield estimates on weak expectations for season-ending prices and long-term trends. Egyptian cotton is cultivated on fragmented plots that average under five hectares diminishing productivity. Egypt’s cotton farmers often rely on manual labor rather than farm equipment. Egyptian cotton grower stands counts average around 107,000 plants per hectare (45,000 plants per feddan). Due to manual weeding and pest management, the row widths are usually about 11 to 28” inches across (25 to 60cm).

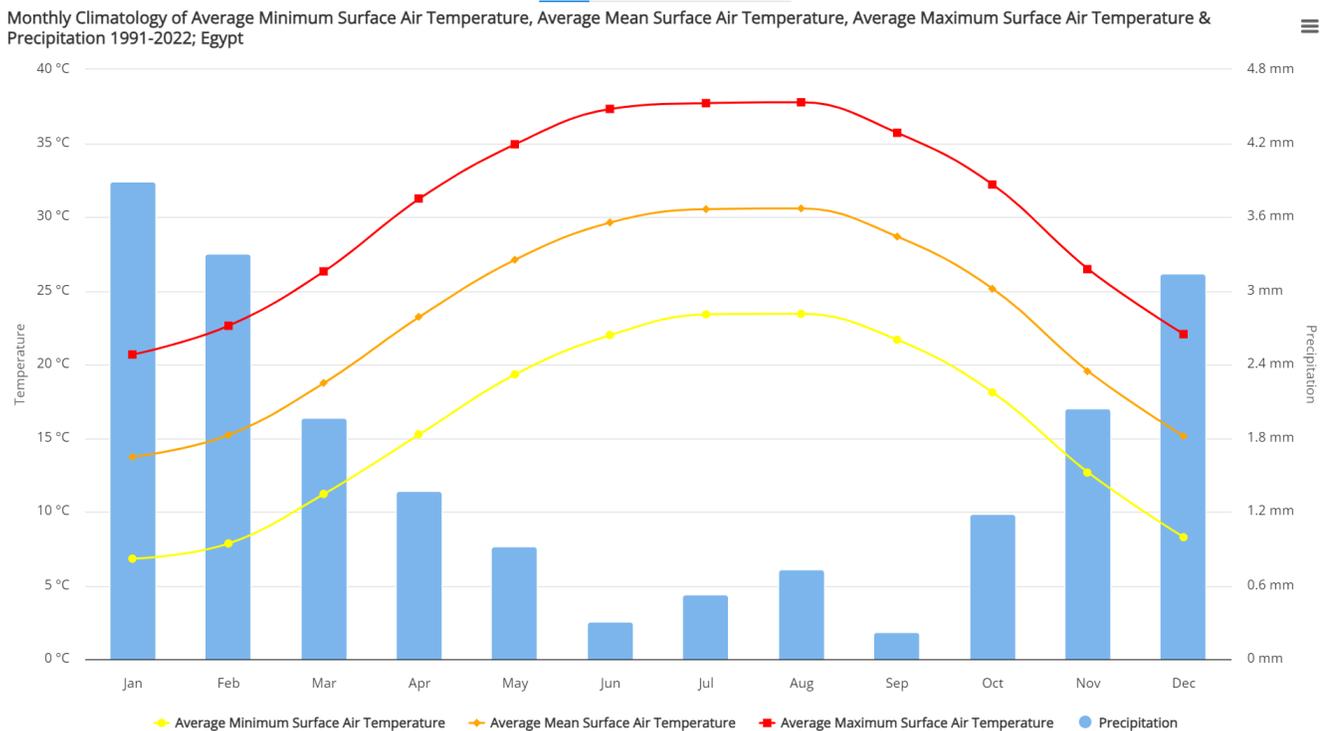
⁷ <https://egyptianstreets.com/2022/05/28/egyptian-cotton-the-rise-fall-and-revival-of-egypts-white-gold/>

⁸ <https://www.worldbank.org/en/news/feature/2023/12/18/the-nexus-of-food-water-energy-a-key-element-to-egypt-s-climate-efforts>

Climate Change Risks

Optimum planting dates start in March in Upper Egypt. The Nile Delta region begins planting in April, ending around April 20. Later planting dates are a major yield risk. Breeders in Egypt note that hotter, drier weather conditions are the main risk factor affecting cotton development and yields, especially when evening temperatures rise and day temperatures exceed 30°C (86°F). ELS cotton is more yield sensitive to changes in temperature and humidity. In Upper Egypt, the optimum planting window is during the second half of March. For the Nile Delta region, the optimal planting window begins in mid-April and closes around April 20. Previously, this planting window extended into mid-June, however, shifts in weather patterns such as early heat waves have shortened the growing season, limiting pollination or boll development later in the growing season. As a result of this tighter planting window, growers have less latitude to replant seeds, or recover lost growing days from weather variability. Higher ambient temperatures overnight also caused pollination issues which impact yield. Additionally, warmer temperatures later in the year have raised the possibility of Mediterranean cyclone activity, which may impact Nile Delta growing areas. Soil salinity is also a climate change risk as continuous flood irrigation and excessive fertilizer degrades soil health.

Monthly Average Temperature and Precipitation Patterns in Egypt, 1991-2022



Source: World Bank, Climate Change Knowledge Portal, University of East Anglia, Climatic Research Unit (CRU) data, <https://climateknowledgeportal.worldbank.org/country/egypt>

Productivity Growth Factors

With about two hundred sunny days per year, the Nile Delta region produces Egypt's famous namesake "Egyptian Giza cotton" (*Gossypium barbadense*). The Nile Delta enjoys near perfect growing conditions for cotton development, including temperature, humidity levels, and dry weather. Egypt has an arid climate with an annual precipitation ranging between 60 to 190 mm along the Mediterranean coast and a sparse 25 to 60 mm in the Nile delta. In Upper Egypt, arid conditions prevail with less than 25 mm recorded on average.

The MALR, Agricultural Research Center, Cotton Research Institute is the sole developer and distributor of new varieties of Egypt's Giza cotton seeds which are developed using conventional breeding techniques. This conventional breeding process takes about 10-to-12 years to refine new varieties. In 1920, Egypt passed Law no. 41/1920 which limits mechanized harvesting, as a result Egypt's cotton varieties are incompatible with mechanical harvesting in their physiology, growth habit, and seed structures.⁹ Today, CRI regularly introduces new seed varieties to improve yields and mitigate risks from climate change, pests, and loss of genetic stability. Despite yield improvements, ELS and LS cotton varieties in Egypt continue to grow taller, bushier, and feature slower bowl development than upland cotton varieties, which feature traits which complement fully mechanized technologies and production practices.

The marketing of high value cash crops is subject to higher inputs at the start of the season as well as higher scrutiny over quality and consistency when the crop is marketed. In recent years, Egyptian growers report rising input costs and greater challenges to achieve consistent yields due to warmer weather and scarce water resources. Cotton crops follow nitrogen-fixing legumes including berseem (livestock fodder), broad beans, as well as potatoes and other minor crops such as onions. In MY2023/24, grower costs averaged roughly \$2.32 per kg, or about \$1,608 per hectare.¹⁰ Labor costs account for about 60 percent of all grower costs.

Several foreign assistance organizations including the United Nations Food and Agriculture Organization (FAO), the United Nations World Food Program (WFP), the United States Agency for International Development (USAID), the International Fund for Agriculture Development (IFAD), and International Center for Agricultural Research in the Dry Areas (ICARDA) continue to support Egyptian farmers to cultivate their fields to conserve water and soil resources.

Ginning

The Government of Egypt operates a network of publicly owned gins, operating as the Misr Cotton Trading and Ginning Company. In 2011, Egypt implemented Ministerial Decree No. 1320 of 2011 which strictly regulates the movement of cotton and authorizes the government to ensure that specific gins are allocated to specific classes of cotton. Each February MALR issues a decree assigning districts for planting specific varieties in each region as well as their delivery points to gins.

⁹ <https://www.cotton.org/beltwide/proceedings/getPDF.cfm?year=2002&paper=D039.pdf>

¹⁰ Approximately 1 EGP = 0.0305 USD on date of announcements

An ongoing modernization program will consolidate twenty-three gins into 9 modernized gins across Egypt. Most gin stands in Egypt are around one hundred years old. Egypt is investing in the installation modern roto-bar (rotary knife roller) gins which are the most suitable for ELS cotton fibers. Roto-bar gins require high skilled operators and are sensitive to contaminants, a commonly cited issue among spinners processing Egyptian cotton. Egypt's gin modernization plan will require time to optimize operations.

Due to seed structures of certain varieties of Egyptian cotton, ginning percentages (lint turn out, or yield) are lower, some less than 35 percent, compared average percentages for cotton varieties worldwide. Upon further cleaning, spinners clean lint cotton and remove a further 9 percent of waste material including shorter lint fibers and contaminants. ELS cotton seed accounts for about one-quarter of total seed cotton boll weights.

Auctions

In June 2019, Egypt's Ministry of Public Enterprise introduced a new trading system based on public auctions at 17 centers where farmers deliver cotton directly. Auctions were first held in Fayoum and Beni Suef Governates. In 2020, the Ministry of Public Enterprise announced expansion of the program to 15 additional governorates in Upper and Lower Egypt: (Kafr El-Sheikh, Sharqia, Dakahlia, Ismailia, Port Said, Qalyubia, Beheira, Damietta, Menoufia, Gharbia, Fayoum, Beni Suef, Assiyut, Sohag, and Minya). The auction system has improved cotton fiber quality and purity, price discovery, and transparency for all market participants (See GAIN report [EG2023-0004](#) for more information).

Consumption

MY2024/25 Egypt cotton consumption is forecast at 600,000 bales (130,365 tons), up 100,000 bales from MY2023/24 USDA official estimates on expanded spinning and weaving capacity.

Overall, Egypt's spinning and weaving sector outlook remains relatively positive given numerous challenges related to foreign exchange shortages, logistics challenges caused by commercial vessels avoiding attacks by Houthi rebels in Yemen, and geopolitical uncertainty in 2023 and early 2024 (See GAIN report [EG2024-0005](#) for more detail). Global benchmark prices shifted higher in early 2024 on modest price recovery from weak market fundamentals in 2023; however, uncertainties about the world economy and competition from synthetic fibers are forecast to limit global cotton mill use growth.

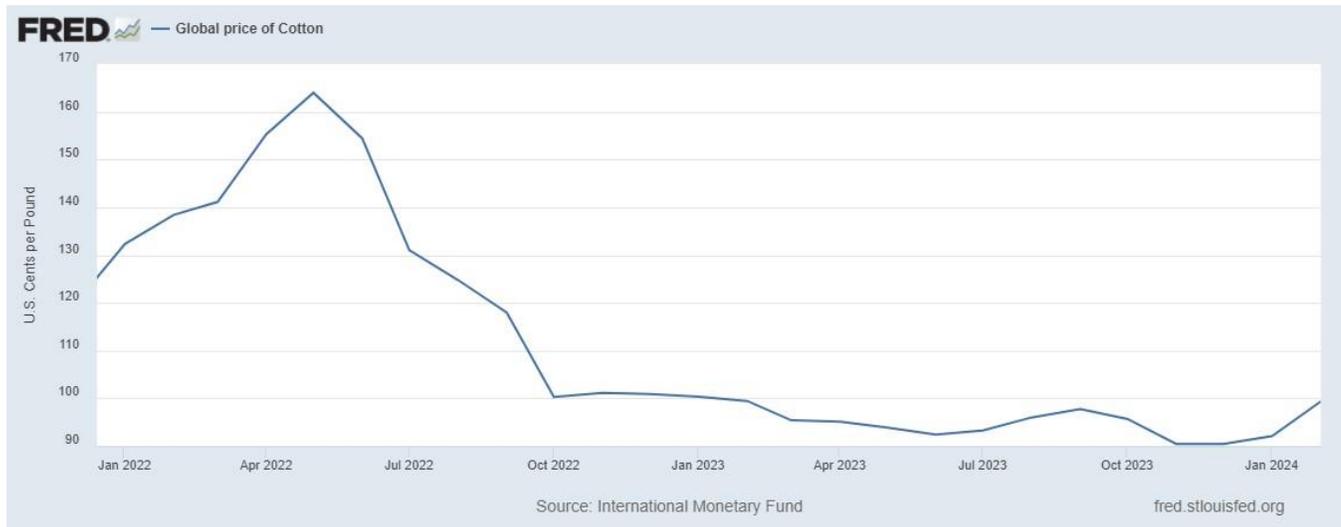
Global Benchmark Cotton Prices Rising and Falling in Early 2024



Source: Barchart, Cotton #2 May '24 (CTK24);

<https://www.barchart.com/futures/quotes/CTK24/interactive-chart>, April 5, 2024.

Historical Global Benchmark Cotton Prices Recovering from Relatively Low Prices



Source: International Monetary Fund, Global price of Cotton [PCOTTINDUSDM], retrieved from FRED, Federal Reserve Bank of St. Louis; <https://fred.stlouisfed.org/series/PCOTTINDUSDM>, April 5, 2024.

Dollar shortages acutely affected ELS producers for a short period, but on balance, they generated income from cotton lint and value-added product exports or offset their losses by trading in other commodities. Egyptian cotton merchants commented that uncertainty in 2023 and early 2024 forced them to choose between maintaining client relationships and market share, solvency, or taking risky positions in currency markets as commodities traders. Egypt's textile and garment producers importing intermediate cotton-containing products faced differential foreign exchange rates in the local market and foreign markets.

ELS Cotton Use

Egypt ELS cotton use is forecast down at 161,000 bales (35,100 tons) as ELS-cotton use follows global textile and garment demand trends lower. Dollar shortages in late 2023 and early 2024 prompted some cotton merchandisers to liquidate their ELS positions to generate foreign currency to meet existing obligations. Others took the opportunity to trade for positions in either upland cotton or other commodities.

ELS cotton (*Gossypium barbadense*) is prized for its extra-long staple length (ELS) cotton fibers measuring 1.375 inches, 34.9 mm to 1.5 inches, 39 mm, fine micronaire, strength, and sheen. ELS cotton fibers exceed even the longest upland cotton (*Gossypium hirsutum*) fibers by more than 0.21 inches, or 5.3 mm. ELS cotton originates from Caribbean islands in the Lesser Antilles and is cultivated in the United States, Egypt, Peru, Uzbekistan, and China, accounting for between 2.5 and 4 percent of total global production. Egypt's ELS cotton consumption demand accounts for about 10 to 15 percent of total domestic production. Egypt's ELS cotton end-users reported steady export sales commitments and forward machinery bookings for fine count yarns and semi- and finished textiles for garments and bed linens. Mills spinning fine yarns (>60 count) rely on Giza and U.S. Pima long staple cotton varieties. High consumer demand for luxury garments, textiles, and bedding produced from ELS and LS cotton is notable considering that the rest of the world is focused on inflation and falling purchasing power which is squeezing demand for coarse count yarns destined for household goods, t-shirts, and denim products.

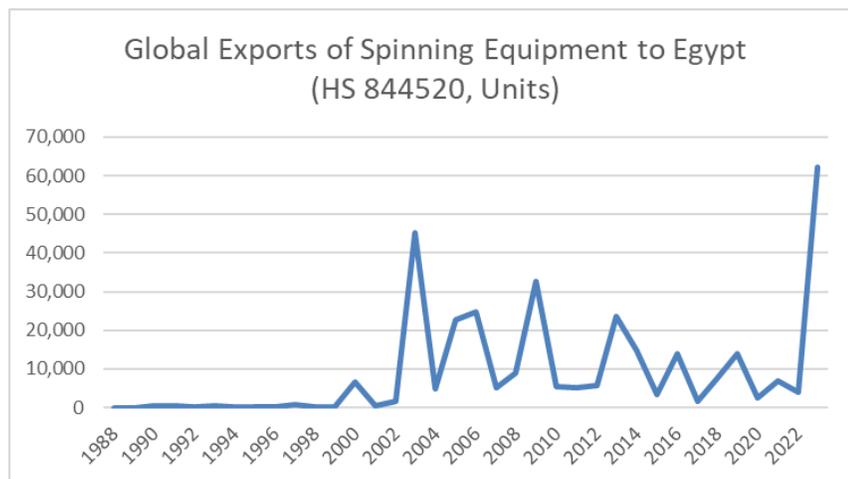
Upland Cotton Use

Egypt upland cotton use is forecast down at 804,000 bales (175,000 tons) as Egypt's spinners process existing stocks and domestically-sourced cotton supplies. Upland Cotton end users reported "just in time" production schedules due to low global demand for textiles and garments.

Spinning and Weaving Sector

Egypt's spinning, weaving, and knitting sector is divided among government-owned national champions, privately owned operations, and foreign direct investment from Turkey, Syria, Italy, Pakistan, China, and India. Egypt's domestic textile manufacturers mostly rely on Italian, Indian and Pakistani import demand. Most spinning equipment in Egypt is approaching 30-40 years in age. In contrast, Egypt Chinese textile and garment producers are mostly focused on high-volume production and throughput.

In early 2017, the government announced the 19-step plan as an effort aimed at reversing the Egyptian cotton industry’s long decline (for more see [GAIN Report EG-19005](#)). Egypt’s Ministry of Public Enterprise and a Textile Industries Committee aim to expand vertically integrated cotton yarn, textile, and garment production through public and foreign investments. Government estimates project that full substitution of imported cotton fibers with domestic production to supply national consumption use totals 70,000 tons of upland short staple cotton and 62,000 tons of long staple cotton.¹¹



Source: TDM

Cotton Seed Processors

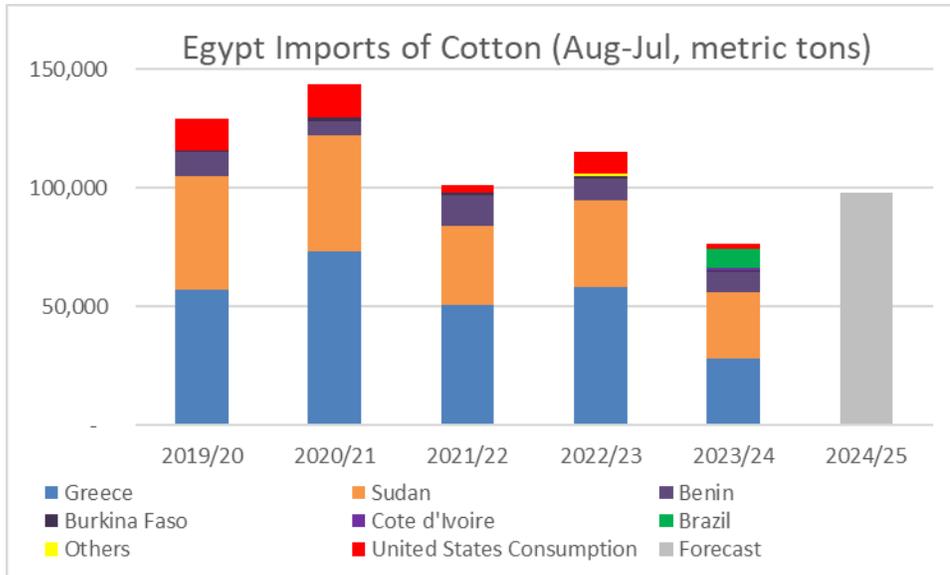
Egypt has between 40 to 45 cotton seed processors. Many oilseed processors use a variety of oilseed feedstocks. In 2023 and early 2024, high vegetable oil prices in Europe led government and private interest in deriving additional export value from Egypt’s cotton seed. Egypt is keen to extract additional value from cottonseed oil production and plans to add oil production capacity to its new ginning facilities with a projected goal of 20,000 tons of annual cottonseed oil production.

Trade

Imports

Post forecasts MY2024/25 cotton imports to Egypt at 450,000 bales (98,000 tons), down by 50,000 bales from MY2023/24 USDA official estimates as cotton users process existing inventories and limited exportable supplies from Sudan pressure nearby imports.

¹¹¹¹ <https://www.egypttoday.com/Article/3/124879/Egypt-to-inaugurate-7-textile-factories-worth-LE31B-in-2024>



Source: FAS Cairo estimates and TDM

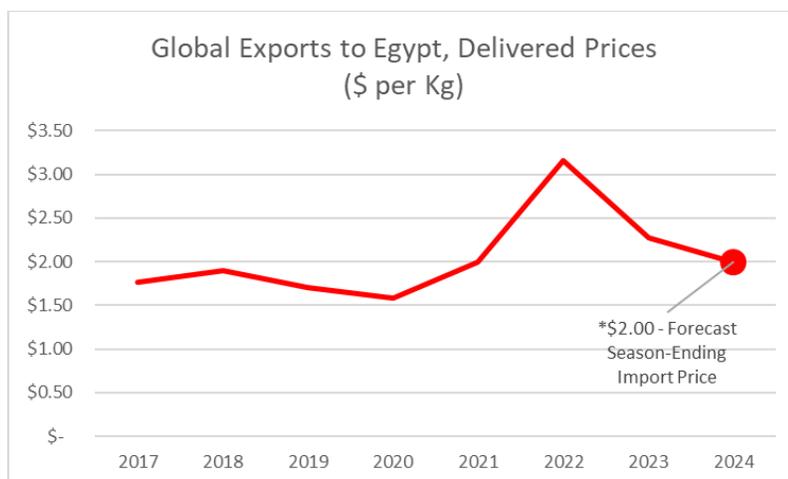
MY2023/24 import estimates were revised to 350,000 bales (76,204 tons) on lower global demand for finished textiles and garments, logistics challenges to export yarns and intermediate products to Asia and limited exportable supplies from Egypt’s major suppliers in Greece and Sudan.

Delivered import cotton prices have been stable in comparison to other commodities. Ninety percent of Egypt’s imports of cotton are consumed to produce textiles domestically. A strong U.S. dollar and a precipitous drop in the value of the Egyptian Pound from 2022 to 2024 exposed Egypt’s cotton traders and buyers to foreign exchange risks. In some cases, Egyptian buyers faced margin calls and early settlement on deliveries to Egyptian ports due to widespread U.S. dollar shortages from June 2023 to March 2024. Smaller and less established traders were wiped out with many forfeiting advance payments which were used to clear demurrage charges and reroute shipments to third-country markets.

Greek cotton is a major commodity exported Egypt’s spinning sector as it is priced competitively and ships immediately with prompt delivery (five to six days following cash settlement), limiting exposure to foreign exchange risk and financing costs with lenders. Egyptian traders reported that MY2023/24 exports of Greek cotton were uncharacteristically marred by quality issues related to color and consistency following weather-related production issues (for more about Greek cotton, see [GAIN report GR2024-0001](#)). Egyptian traders also expressed broad interest in purchasing U.S. upland cotton from Texas and Memphis blends, to improve yarn efficiency and to take advantage of U.S. cotton’s consistency, grading, and traceability characteristics which complement recent investments in automated spinning machinery.

Egyptian cotton merchants and buyers also report trading in West African and Sudanese cotton. Sudanese cotton does not appear in the trade data as the trade is largely informal. Based on local media reports, FAS Cairo estimates total Sudanese cotton imports to Egypt in MY2023/24 between 175,000 to

345,000 bales (38,000 and 75,000 tons). ELS cotton in Sudan is not produced in significant quantities. The trade is mixed between seed cotton and lint from GE upland cotton varieties. Traders and media reports confirm widespread abandonment in Sudan’s primary production areas. Most ginning operations in Sudan are offline due to ongoing conflict.



Source: FAS Cairo analysis and TDM unit price data (approximate 1 EGP = 0.46 USD on date of announcements)

Market Access - Tariffs

According to the World Trade Organization, Egypt applies a Most Favored Nations tariff rate of 0.5 percent on cotton raw materials, 8.4 percent on threads and yarns, and 40 percent on cotton garments. In November 2023, Egypt signed agreements to expand market access for Brazilian cotton. Egypt imposes zero import tariffs on raw cotton and cotton lint (HS: 520100) and 5 percent import tariffs on carded or combed cotton (HS: 520300).

Market Access – Scientific and Phytosanitary Measures

Importers must apply for an import permit from MALR, Central Administration for Plant Quarantine (CAPQ), which is valid for one year. Interested parties seeking to ship U.S. cotton to Egypt must apply for pre-approval from CAPQ, identifying the port of entry and date of arrival to reserve the equipment required for fumigation. In addition, the shipment must be accompanied by a fumigation certificate from the quarantine authorities at the port of origin less than three months from the date of issuance to the date of arrival. If the three-month validity period is exceeded, the shipment must be returned to its origin and the fumigation should be repeated, or the product may be re-exported to a third destination.

Egypt’s cotton import regulations stipulate that imported cotton should be free from whole or broken seeds and foreign materials (Annex 15: of the Egyptian Plant Quarantine Rules & Regulations: Ministerial Decree 562/2019 attached, Annex 1). This requirement is strictly enforced as a whole or broken seed in baled cotton will result in the detention of the consignment. The importer can either destroy the consignment under CAPQ supervision, re-export the consignment to another destination, or return it to the country of origin. If the importer decides to re-export, CAPQ will issue the importer a

certificate of non-compliance which stipulates the reason for rejection. The certificate of non-compliance will need to be presented to third-country authorities at the final port of destination.

In 2019, the Egyptian Plant Quarantine Works Committee (EPQWC) adopted the provision of Ministerial Decree 562/2019, Annex 15, which promulgates a plant quarantine rule that all ginned cotton imports must be fumigated in the country of origin prior to shipment to mitigate potential phytosanitary risks. Authorized fumigants include Methyl Bromide, Phosphine (PH3) or any other internationally and EPQWC approved alternative to Methyl Bromide. This measure was notified to the World Trade Organization, Sanitary and Phytosanitary Committee as [WTO/EGY/N/SPS/42/Add.1](#). Fumigating the shipment at country of origin does not exclude it from being fumigated at Egyptian ports.

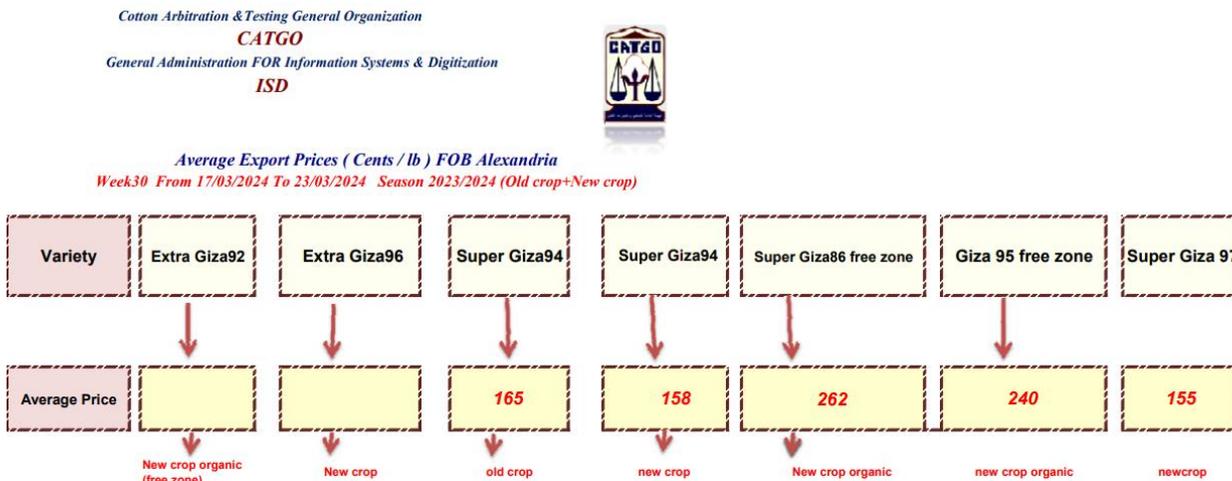
The following statement must be in the certificate: “The cotton is free from boll weevil - *Anthonomus grandis*”. The government also recommends an optional pre-shipment inspection at origin.

Exports

2024/25 Egypt cotton exports are forecast at 184,000 bales (30,707 tons), primarily to India, down 66,000 bales from MY2023/24 USDA official estimates due to export bans and sluggish global sales.

Egyptian cotton enjoys duty-free access to the European Union under the auspices of the Europe-Egypt Free Trade Agreement. Egypt also benefits from preferential access to Turkey, the Agadir Agreement, and the Common Market for Eastern and Southern Africa (COMESA).

CATGO Average Export Prices, FOB Alexandria (as of week of March 17)



Grade : Good + 3/8

Source: <https://www.egyptcotton-catgo.org/Files/english215828i03i202401s23s44prices.pdf>

Relative Prices of ELS Cotton Export Quotes from MY2023/24 and MY2024/25

Cotton Variety	Lint Production Tons (approximate)	Price per lbs.	Price per ton
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Sea Island/Barbados ²	33 tons	\$6.25	\$13,800.00
Egyptian Giza ELS¹*	4,100 tons	\$3.32	\$7,339.20
Peru Pima	9,000 tons	\$2.95	\$6,500.00
Egyptian Giza LS¹*	95,700 tons	\$2.77	\$6,116.00
Far East U.S. Pima Grade 2 ³	139 tons	\$2.05	\$4,519.48
Israel ⁵	17,000 tons	N/A	N/A
Xinjiang, China LS/ELS ⁴	75,000 tons	\$1.21	\$2,660.00
Sindh, Pakistan ⁶	10,000 tons	\$0.89	\$1,950.00
Uzbekistan fine staple ⁷	870 tons	\$0.63	\$1,378.00
India (all, Andra Pradesh) ⁸	26,000 tons	\$0.41	\$896.08

Sources: ¹ Egypt General Authority for Arbitration and Cotton Tests (CATGO) Production estimate in MY2022/23 /

*ALCOTEXA indicative price quotes for MY2024/25 / (approximate 1 EGP = 0.0305 USD on date of announcements)

² [Albini Group](#), Raw Materials.

³ Supima.com as of March 7, 2024 and USDA NASS reporting of MY2023/24 supplies as of March 8, 2024

⁴ FAS/Beijing, [China: Cotton and Products annual](#)

⁵ Approximation, [Bremen Cotton Market](#), Israel Cotton Feature

⁶ International Cotton Advisory Committee Trip Report, Uzbekistan 2022/23 / Minimum price, FAS Ankara, [Uzbekistan: Cotton and Products Update GAIN UZ2022-0001](#)

⁷ Karachi Cotton Association's Spot Rate Committee

In MY2023/24, the Alexandria Cotton Exporters Association (ALCOTEXA) restricted exports to 184,000 bales (40,000 tons), lowering potential prices for growers.¹² There is no indication if this export ban will continue in 2024/25. In 2023, more than half of Egypt's 60,000-ton export sales estimate of cotton and cotton products were primarily destined for India.

Global Imports of Egyptian Origin Cotton, not carded or combed (HS 5201, Aug-Jul, Metric Tons)					
	2019/20	2020/21	2021/22	2022/23	2023/24
India	20,780	44,400	9,617	34,735	11,088
Pakistan	11,911	13,670	4,320	12,199	3,010
China	1,476	2,548	16,426	14,678	2,666
Italy	739	628	615	35,371	492
Djibouti	-	-	-	15,062	443
Russia	-	-	-	364	355
Bangladesh	5,742	5,320	1,398	3,978	319
Turkey	1,343	2,653	150	1,181	135
Germany	323	-	95	639	121
Portugal	273	390	174	12,563	110
Others	5,743	1,712	3,670	95,666	336
Total	48,330	71,321	36,465	226,436	19,075

Source: TDM

MY2023/24 Export Sales Commitments by Destination

¹² <https://textileinsights.in/egypt-limits-cotton-exports-to-40000-tons-in-2023-24-season/>

(September 2023 to March 2024, New and Old Crop)

Cotton Arbitration & Testing General
Organization
CATGO
General Administration for Information



Commitments of Egyptian Cotton

Season 2023/2024 from 1/09/2023 until 23/03/2024(Tonnes) new crop&old crop

New crop			
Total 21903,7 tons	Extra Long Staple	1326.00	6.05%
includes	Long Staple	20577,70	93.95%

Old crop			
total 14845 tons	Extra Long Staple	224.00	1.51%
includes	Long Staple	14404	97.03%
	Export Type	217.00	1.46%

Total Number of destinations Import Egyptian Cotton season 2023/2024 is(9) to date

First	India	17048,70	77.83%
Second	Pakistan	2201	10.05%
Third	china	1303,5	5.95%

Total Number of destinations Import Egyptian Cotton season 2023/2024 is(15) to date

First	India	8556,50	57.64%
Second	Pakistan	2369	15.96%
Third	China	1977,50	13.32%

Lint Cotton

Ton = 1000kg = 20 Lint Cotton Kantar

Source: <https://www.egyptcotton-catgo.org/Files/english215028i03i202401s31s18commitments.pdf>

MY2023/24 Cotton Export Sales Commitments by Cotton Class and Destination – ALCOTEXA
(September 2023 to March 2024, New Crop)

Commitments (Season 2023/2024) by metric Ton
CROP 23/24 From 01/09/2023 to 02/03/2024

Country	G 92	G 96	E.L.S	G 86	G 94	G 97	G 95	G 98	L.S	Grand Total	%
India	475,00	273,00	748,00	331,50	7.951,20	375,00	4.295,00	25,00	12.977,70	13.725,70	74,52%
Pakistan	75,00	375,00	450,00	100,00	1.325,00		250,00		1.675,00	2.125,00	11,54%
China					1.187,50				1.187,50	1.187,50	6,45%
Vietnam					697,50				697,50	697,50	3,79%
Germany					175,00		39,00		214,00	214,00	1,16%
Free Zone Egypt	25,00		25,00		142,00		11,00		153,00	178,00	0,97%
Turkey				43,50	56,50				100,00	100,00	0,54%
Bangladesh					100,00				100,00	100,00	0,54%
Portugal					79,00				79,00	79,00	0,43%
Japan		11,00	11,00							11,00	0,06%
Grand Total	575,00	659,00	1.234,00	475,00	11.713,70	375,00	4.595,00	25,00	17.183,70	18.417,70	100,0%

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Source: ALCOTEXA

¹³ Source: ALCOTEXA, <https://www.alcotexa.org/resources/export-commitments/season-2023-2024/>

**Cotton Export Sales Commitments by Cotton Class and Destination – ALCOTEXA
(September 2023 to March 2024, Old Crop)**

Commitments (Season 2023/2024) by metric Ton
OLD CROP From 01/09/2023 to 02/03/2024

Country	G 92	G 96	E.L.S	G 86	G 94	G 95	L.S	Grand Total	%
India		49,00	49,00	851,00	7.189,50	50,00	8.090,50	8.139,50	55,89%
Pakistan	25,00	150,00	175,00	79,00	1.810,00	180,00	2.069,00	2.244,00	15,41%
China					1.872,00		1.872,00	1.872,00	12,85%
Djibouti					540,00		540,00	540,00	3,71%
Switzerland					314,00		314,00	314,00	2,16%
Turkey				25,00	256,00		281,00	281,00	1,93%
Germany					264,00		264,00	264,00	1,81%
Free Zone Egypt				45,00	175,00		220,00	220,00	1,51%
Vietnam					190,00		190,00	190,00	1,30%
Morocco					150,00		150,00	150,00	1,03%
Bangladesh					140,00		140,00	140,00	0,96%
Latvia					100,00		100,00	100,00	0,69%
Honduras					64,00		64,00	64,00	0,44%
Italy					24,50		24,50	24,50	0,17%
Portugal					20,00		20,00	20,00	0,14%
Grand Total	25,00	199,00	224,00	1.000,00	13.109,00	230,00	14.339,00	14.563,00	100,0%

Source: ALCOTEXA

Cotton Yarn Global Imports of Egyptian Origin (HS 5205, Aug-Jul, Metric Tons)					
	2019/20	2020/21	2021/22	2022/23	2023/24
Norway	5,157	5,100	5,559	4,570	1,663
Sri Lanka	4,721	3,172	2,975	2,565	788
Ukraine	771	1,121	1,063	1,281	602
Serbia	759	665	615	823	501
Austria	154	53	498	565	463
United Kingdom	118	19	31	168	386
Germany	1,176	1,577	1,178	1,619	381
France	68	194	17	186	296
Guatemala	242	170	481	536	272
India	-	178	753	847	207
Others	2,128	2,686	2,193	1,301	506
Total	15,294	14,935	15,363	14,461	6,065

Source: TDM

Ending Stocks

Post forecasts MY2024/25 Ending Stocks to rise to 266,000 bales (57,915 tons), more than double from MY2023/24 USDA official estimates driven by a higher number of farmers seeking higher prices and holding onto their cotton seed bales.

Annex 1



Alexandria Cotton Exporters' Association
(ALCOTEXA)
Cotton Export Selling Conditions
For 2023/2024 Season



ALCOTEXA announces Cotton Export Selling Conditions for Egyptian cotton varieties for **2023/2024** season, effective from **1/9/2023** to **31/8/2024**, as follows:-

- 1- Export selling prices will be set by agreement between Buyer and Seller, and according to shipment date, and whenever shipment is postponed, upon Buyer's request, beyond the date defined in the contract and till end **August 2024**, carrying charges to be calculated according to both parties agreement, *ALCOTEXA* will announce, periodically, the average of the contracted prices.
- 2- All bids submitted by buyers to cotton export firms, members of Alexandria Cotton Exporters' Association, are subject to *ALCOTEXA*'s approval, according to its bylaws.
- 3 - All contracts registered with *ALCOTEXA* are final.
- 4- Payment to be effected in **U.S. Dollars**.
- 5- Contracts may be concluded on basis **F.O.B. - C.I.F. - C&F – Free Zone** according to both parties agreement.
- 6- Settlement to be effected on the basis of both parties agreement and according to recognized banking procedures.
- 7- The Seller may grant payment facilities, in which case the Buyer has to open a **L/C** confirmed by a first class bank according to both parties agreement.
- 8- In case of granting facilities to **Free Zone Contracts** in form of Cheques and buyer's payment delaying, the delay burdensome to be calculated in percentage which is agreed between both parties.
- 9- Sales' contracts approved to be registered with *ALCOTEXA* should be accompanied with Buyer's name, country, quantity, variety, type, shipment dates and corresponding price for each shipment date.

31/08/2023

Annex 2 – CATGO Tables

Delivered & Ginned Cotton (Ginning Companies) Season 2023/2024 from the 1/9/2023 till 13/03/2024

Company	No of sacs delivered	Weighted sacs		off taype	damaged cotton	mixed	low mixed	upland	Ginned Cotton		The Remaining of Weighted Sacs		percentage of ginned cotton
		No of sacs	(Kantar)						No of sacs	(Kantar)	No of sacs	(Kantar)	
<i>El-Arabia</i>	211178	211178	259982.67		124	42	1	53	169960	208391.83	41218	51590.84	25.71%
<i>EL NILE</i>	39256	37495	46897.36					6.00	29496	36680.99	7999	10216.37	4.52%
<i>Misr</i>	547060	544697	677832.33	23	7.00	127	27	72	445560	552786.50	99137	125045.83	68.19%
<i>Alfarid</i>	8076	8076	8360.74						8076	8360.74			1.03%
<i>Sods</i>	178	178	149.25						178	149.25			0.02%
<i>sakha</i>	3998	3998	4273.00						3998	4273.00			0.53%
Grand Total	809746	805622	997495.35	23	131	169	28	131	657268	810642.31	148354	186853.04	100.00%

Seed cotton kantar = 157.5 Kg

Source: <https://www.egyptcotton-catgo.org/Files/english215728i03i202401s25s15Deliverd&ginned.pdf>

Attachments:

No Attachments