

INTERNATIONAL MILLING DIRECTORY 2006

REGIONAL HIGHLIGHTS - MID-EAST

Overview

The Near Eastern/North African (Maghreb) region is an important one in terms of world demand for feed barley as well as milling wheat. Barley demand in the region accounts for about 17% of world total offtake and wheat about 13%. Maize tends to be a lesser-used feedgrain but demand is gradually growing as livestock producers modernise their production systems from the traditional barley base.

Wheat consumption in the Middle East has increased by about 2m tonnes or some 5.5% in the past four years whereas North African demand has grown much faster - by some 12% or almost 4m tonnes.

Turkey and Egypt are by far the largest wheat consumers, accounting for almost 40% of regional demand for this grain although Algeria and Morocco are also large users. Turkey also accounts for about 30% of regional barley demand, closely followed by Saudi Arabia (25%). Iran, Morocco and Syria are also important barley consumers. As a whole the region imports about 40% of its barley, 36% of its wheat and as much as 60% of its maize needs.

WHEAT CONSUMPTION

| | 1996/7 | 1997/8 | 1998/9 | 1999/0 | 2000/1 | 2001/2 | 2002/3 | | | | |
|---------|--------|--------|---------|--------|--------|--------|--------|------|------|------|-----|
| | 2003/4 | 2004/5 | 2005/6F | | | | | | | | |
| Turkey | 16.3 | 16.8 | 16.9 | 16.8 | 16.7 | 16.5 | 17.0 | 17.0 | 17.2 | 17.4 | |
| Egypt | 12.4 | 12.8 | 13.0 | 12.8 | 12.5 | 12.8 | 12.8 | 13.3 | 14.0 | 14.4 | |
| Algeria | 6.0 | 6.2 | 6.2 | 6.1 | 6.2 | 6.4 | 6.7 | 6.8 | 7.4 | 7.5 | |
| Morocco | | 5.3 | 5.5 | 5.5 | 5.9 | 6.0 | 6.1 | 6.2 | 6.4 | 6.9 | 7.0 |

BARLEY CONSUMPTION

| | | | | | | | | | | |
|---------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| Turkey | 6.5 | 6.7 | 6.8 | 6.7 | 6.9 | 6.6 | 6.8 | 7.1 | 7.3 | 7.3 |
| Saudi | - | - | - | - | - | 5.7 | 5.8 | 7.0 | 5.2 | 6.0 |
| Iran | - | - | - | - | - | 2.1 | 2.1 | 2.2 | 2.7 | 2.7 |
| Morocco | 2.7 | 2.5 | 2.6 | 2.4 | 1.4 | 1.8 | 2.0 | 2.3 | 3.1 | 2.0 |
| Syria | - | - | - | - | - | 1.2 | 1.1 | 1.3 | 1.4 | 1.4 |
| Algeria | 2.0 | 0.6 | 1.5 | 1.1 | 0.6 | 0.7 | 0.8 | 0.9 | 1.1 | 0.9 |

WHEAT IMPORTS

| | | | | | | | | | | |
|---------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| Egypt | 7.0 | 7.2 | 7.4 | 6.2 | 6.1 | 7.1 | 6.4 | 7.2 | 7.7 | 7.5 |
| Algeria | 3.6 | 5.2 | 4.5 | 4.4 | 5.7 | 4.6 | 5.7 | 4.0 | 4.7 | 5.5 |
| Iraq | 1.1 | 2.7 | 2.3 | 2.7 | 3.3 | 2.7 | 1.6 | 2.0 | 2.9 | 3.0 |
| Morocco | 1.6 | 2.7 | 2.8 | 3.2 | 3.6 | 3.0 | 2.8 | 2.4 | 2.1 | 3.0 |
| Yemen | 2.3 | 2.3 | 2.0 | 2.1 | 2.3 | 1.7 | 1.7 | 1.5 | 1.8 | 1.8 |
| Libya | 1.5 | 1.3 | 1.1 | 1.4 | 1.5 | 1.9 | 1.7 | 1.1 | 1.4 | 1.5 |
| Tunisia | - | - | - | - | - | 1.4 | 2.2 | 0.8 | 0.9 | 1.2 |
| Turkey | 2.5 | 1.4 | 1.6 | 1.2 | 0.4 | 1.1 | 1.3 | 1.2 | 0.5 | 1.0 |
| Iran | 7.0 | 3.6 | 2.5 | 7.2 | 6.2 | 5.6 | 1.6 | 0.2 | 0.2 | 0.2 |

BARLEY IMPORTS

| | | | | | | | | | | |
|---------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| Saudi | 5.2 | 3.5 | 5.2 | 5.5 | 4.8 | 5.9 | 6.9 | 6.8 | 6.3 | 6.2 |
| Iran | 0.8 | 0.3 | 0.1 | 0.9 | 1.2 | 0.5 | - | 0.1 | 0.9 | 0.7 |
| Jordan | 0.6 | 0.3 | 0.4 | 0.6 | 0.5 | 0.4 | 0.4 | 0.4 | 0.6 | 0.5 |
| Israel | 0.4 | 0.3 | 0.5 | 0.4 | 0.3 | 0.4 | 0.4 | 0.4 | 0.5 | 0.5 |
| Libya | 0.5 | 0.3 | 0.4 | 0.2 | 0.2 | 0.3 | 0.1 | 0.2 | 0.4 | 0.4 |
| Tunisia | 0.2 | 0.2 | 0.1 | 0.2 | 0.5 | 0.7 | 0.4 | - | 0.3 | 0.3 |
| Algeria | 0.1 | 0.2 | 0.7 | 0.7 | 0.4 | 0.4 | 0.4 | - | 0.1 | 0.3 |

Country highlight

Egypt is one of the world's top wheat consumers, with per capita offtake of 186 kg in 2004/05. White maize is mixed into both imported and locally produced wheat to produce 82% extraction flour used for the subsidized baladi (flat bread), subsidies on which cost the government almost 3.8bn E£ last year. Imported wheat is also used by the private sector to produce 72% flour for higher quality flat breads and European style bread, pastries and pasta. Better foreign exchange availability has enabled private and public sector flour mills to import more wheat in 2004/05 and with the E£ rising against the dollar. Private mills have been operating at 65-75% of capacity in mid-2005 compared to only 40-60% in 2004/04. Demand for wheat products, including pasta, has been helped this year by higher prices for bread substitutes like rice and potatoes products consumption. The private milling industry is estimated to have capacity to produce 2.7m tonnes of 72% flour. The public sector has 126 mills, mostly small and medium size with total capacity of about 7m tonnes a year. Seven public sector companies operate the mills, all affiliated with the Food Industries Holding Company. USDA estimates that 109 mills are producing 82% flour and just 7 mills 72%. Shares of some of these companies have been sold to private investors during the past few years. Although the majority of shares are held by the private sector, the holding company maintains complete control of these mills. As wheat is a strategic commodity, the government is expected to keep control of most of the milling industry especially for subsidised baladi bread for the foreseeable future. Historically the US has been Egypt's largest supplier, followed by the EU. However, in the past year or two, intense competition has arisen from suppliers in the former Soviet Union. Argentina and Australia are also significant suppliers.

Egypt is the largest regional corn consumer as well as top producer, making it less dependent on imports than some of its neighbours. In the coming season, consumption is expected to increase to almost 10m tonnes of which nearly 6m will be home produced, the rest imported largely from the US (about 80% of the total) and Argentina. Most of the local corn crop is used for animal feed, mainly on-farm with about 1.5m used for food purposes (in both milled and fresh form). Large and commercial end-users and feed mills tend to use more imported yellow corn. Strong demand for feed corn is expected to continue in 2005/06 with expanding requirements from the livestock and poultry industries. More is also going into silage for dairy and beef feeds as well as in the 20:80 corn-wheat mix for baladi bread (about 600,000 of home produced white corn is expected to go to the latter sector in 2005/06. About 2.3m tonnes of maize is used for poultry, 1.2m for ruminants and

400,000 for the starch industry last season. Corn use has increased significantly in new dairy farm operations and in beef and buffalo fattening.