

Egypt in talks for Emirati funding to buy Kazakh wheat, says traders

By [Sarah El Safty](#) and [Michael Hogan](#)

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Egypt is in talks with Abu Dhabi Commercial Bank (ADBC) for a loan facility that would finance wheat purchases from Kazakhstan, according to Egypt's Supply Minister on Sunday.



A combine harvests wheat in a field in Almaty Region, Kazakhstan July 14, 2021. Source: Reuters/Pavel Mkheyev/File Photo.

The move could give Egypt a cheap alternative to grain from Russia, which has supplied an increasing share of Egypt's wheat since last year but recently blocked a deal for a purchase below an unofficial price floor for wheat purchases, traders say.

Top buyer

Egypt is a top buyer of wheat globally that has been trying to reduce its import bill as it grapples with a foreign currency shortage that caused it to defer wheat payments.

Talks over the loan deal for purchases from Kazakhstan are in early stages, with negotiations taking place over the price and quantities of wheat as well as the value of the loan, a source with knowledge of the talks said.

The source and traders did not name the Abu Dhabi-based bank.



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The traders said they learned of the potential deal during a wheat tender on Wednesday by Egypt's state grains buyer, the General Authority for Supply Commodities (GASC).

They were told GASC was negotiating a price that could be lower than the unofficial price floor set by Russia's government, which was believed to have been set at a free-on-board price of \$270 per metric ton in the tender.

But they also cast doubt on the potential deal, saying that shipping wheat from Kazakhstan would be logistically challenging, requiring overland deliveries through other countries.

GASC did not respond to a request for comment.

Ukraine war

The unofficial price floor has proven a hindrance for both GASC and for Russian wheat suppliers who had upped sales of relatively cheap Russian grain to Egypt since the war in Ukraine broke out early last year.

Russia's government has not officially confirmed the minimum price, seen by traders as a move to slow its huge wheat exports and prevent tight domestic supplies pushing up bread prices.

Russia's agriculture ministry recently prevented the private sale of 480,000 tons of Russian wheat to Egypt, apparently because it was sold below the price floor, traders told Reuters.

The wheat will now be supplied from other origins, such as France and Bulgaria, they added.

Egypt's finance ministry said the cost of subsidies on food, mostly bread, is expected to rise 41.9% to \$4.14bn in the current fiscal year, which ends in June 2024.

Kazakhstan is already an approved wheat import origin for Egypt, but purchases from the Central Asian country are rare.

The Egyptian government recently signed a \$500 million loan agreement with the Abu Dhabi Exports Office (ADEX) to buy imported wheat from UAE-based agribusiness Al Dahra.

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