United States Department of Agriculture
Foreign Agricultural Service

GAIN
Global Agricultural Information Network

Required Report: Required - Public Distribution **Date:** December 21,2020

Report Number: EG2020-0062

Report Name: Exporter Guide

Country: Egypt

Post: Cairo

Report Category: Exporter Guide

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Report Highlights:

Egypt's Hotel-Restaurant-Institutional (HRI) sector in 2019 generated $13 billion in revenues, an 11.5 percent increase from 2018. The country's HRI sector in 2020 took a major hit with the COVID-19 pandemic outbreak. The outbreak led to the complete suspension of tourism from March through June (100-days). Tourism revenue losses have been $1 billion per month. Egypt quickly put in place fiscal, legal, and health measures to counter the negative economic impact of COVID-19. These helped - backed by a successful economic reforms program implemented in 2016 – to sustain a positive growth rate, the IMF and the Egyptian ministry of finance forecast the country's growth rate to reach between 3.5 and 3.8 percent in 2020.

In 2019, Egypt imported some $2.9 billion worth of consumer-oriented products. This was a 16 percent increase over the 2018 imports value of $2.5 billion. The United States was the fifth largest exporter to Egypt with approximately $173 million in exports accounting for roughly 6 percent market share. However, U.S.-origin food exports to Egypt continue to face competition from European, Middle Eastern, and increasingly African-origin exports.

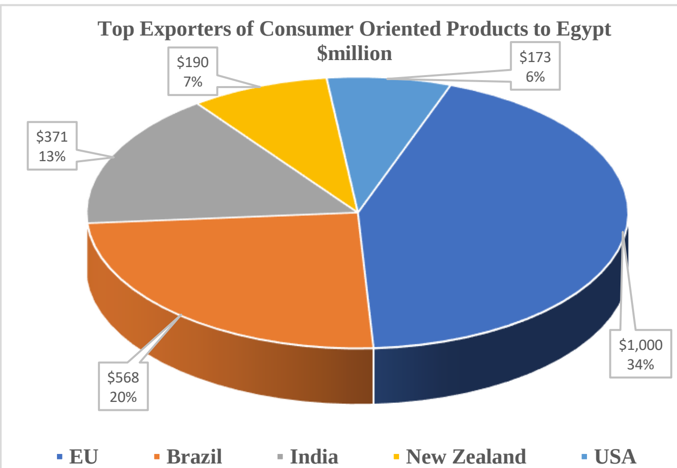
Market Fact Sheet: Egypt

Executive Summary

Egypt is a lower middle-income country that spans the northeast corner of Africa and southwest corner of Asia connected by the Sinai Peninsula. It is about the size of France or more than twice the size of California. It has one of the largest, most diversified economies in the Middle East, and is Africa's third largest economy. In 2019, Egypt's gross domestic product (GDP) reached S316.4 billion, positioning it as the world's 40th larges.t economy. It is a major food and agricultural product producer and a leading player in the global marketplace. Thirty percent of labor engages in farming; the processing, marketing and distribution of food and agricultural products accounts for another 10 percent of employment. Agriculture's contribution to GDP is 12 percent, ranking third in terms of economic sub sectors.

Imports of Consumer-Oriented Products

Egypt's imports of consumer-oriented product in 2019 reached $2.9 billion. These are largely frozen beef and beef livers, milk and cream, black tea, apples, food preparations, potatoes seeds, cheese, butter, and poultry. The main suppliers were the European Union (EU), Brazil, India, New Zealand, and the United States.



Food Processing Industry

In 2019, the Central Bank of Egypt provided a financial stimulus package of S6.25 billion to different local industries, including the food processing sector, for expansion, productivity increases, and to better competitiveness. The Egyptian Chamber of Food Industries reports that there are 10,000 registered food processing and manufacturing companies. The sector, with S27.5 billion in sales, is responsible for nine percent of the 2019 gross domestic product. Though improving, local production is limited in quality and variety.

Hotels, Restaurants, and Institutions

In 2019, Egypt's Hotel-Restaurant-Institutional (HRI) sector generated $13 billion in revenues. This is a 11.5 percent increase from 2018. Egyptian institutional sales channels vary. Certain institutions, such as hospitals, correctional and military facilities, maintain centralized kitchens providing meals to patients, inmates, and soldiers. These institutions issue government tenders for private firms to run kitchens. In some cases, civil servants staff centralized kitchens. The food service industry generated about S7.5 billion in sales in 2019.

Quick Facts CY 2019

Imports of Consumer-Oriented Products US$2.9 billion

List of Top Growth Products in Egypt

1) Frozen Beef	2) Milk & Cream, Conc.
3) Black Tea	4) Apples, Fresh
5) Food Preparations	6) Beef Livers, Frozen
7) Cheese	8) Butter

Consumer Oriented Foods (US$ billion) 2019

Food Industry Output	$27.5
Food Exports	$2.5
Food Imports	$2.9
Inventory	N/A
Domestic Market	$27.5
Retail	$20.4
Food Service	$.75
Wet Market	N/A

Note: * Refers to consumer-oriented products only.

Top Egypt Hotels & Restaurants Chains

- Marriott International	- Americana Group
- Hilton International	- Manfoods
- Accor International	- Intl. Co.Food Industries
- Mövenpick Hotels	- Delicious Inc.
- Steigenberger	- Mo'men Group

GDP/Population

Population *(millions)*: 104 million (July 2020 estimates)

GDP *(billions USD)*: $366 (2020 estimates), $316.4 billion (2019); $249.1 billion (2018)

GDP per capita *(USD)*: 12,680 (2020), $12,435 (2019), $11,793 (2018)

Sources: International Monetary Fund, Central Intelligence Agency, FAS Cairo office research.

Strengths/Weaknesses/Opportunities/Challenges

Strengths	**Weaknesses**
1. Large consumer market 2. Consumer acceptance of U.S. origin products	1. High tariffs 2. Complex import regulations
Opportunities	**Threats**
1. Growing demand 2. Shortage in Supply of imported consumer-oriented products.	1. Trade competitors with free trade-agreements 2. Trade competitors with closer proximity

Data and Information Sources: FAS Cairo office research.

Contact: FAS Cairo AgCairo@fas.usda.gov

SECTION I: MARKET OVERVIEW

Although economic growth in the first three quarters of the Egyptian fiscal year (FY) 2019/20 (July-June) was robust, averaging five percent, the impact of the novel coronavirus (COVID-19) on trade and tourism and on Egypt's economic activity reduced the growth rate in the latter part of FY 2019/20 and going into FY 2020/21. While real gross domestic product (GDP) growth in calendar year (CY) 2019 (January-December) came in at 5.6 percent, up from 5.3 percent in 2018, the International Monetary Fund (IMF) is projecting GDP growth for 2020 at 3.5 to 3.8 percent. Although Egypt's economic growth rate remained positive, rebound to 2019 growth levels is not likely again until 2022. Nominal GDP in 2019 was $316.4 billion and is expected to reach $366 billion in 2020.

Population and key demographic trends, changes in consumption of middle class

Egypt's population of 104 million is growing at 2.3 percent per annum. The aging process is in its infant stage; 0-14-year-olds make up 34 percent of the population, while 18 percent falls within the 15-24-year range. Egyptians 25-54 years of age are 38 percent of the population, while 55-64-year-olds and 65-and-older are six and four percent, respectively. The median age is 24 years (Central Intelligence Agency, 2020 estimate). From 2015-30, the population will grow by 25.6 million, on average 1.6 percent per year. The Egyptian government unpegged the Egyptian Pound in November 2016, allowing it to devalue markedly and driving up inflation. Core inflation peaked in July 2017 at 35.26 percent. By the end of 2019 inflation rates decreased to about 9 percent and to 7.3 percent in the third quarter 2020. Inflation has eroded purchasing power for many Egyptians. Under these macroeconomic conditions, Egyptian consumption behavior has become increasingly price sensitive, especially for middle and low-income consumers. This has driven consumers to substitute domestic products for those previously imported. Despite of the recent macroeconomic upheaval, demand amongst higher-income consumers is increasing. Middle and lower-income consumers are expected to revert to their normal consumption patterns as inflation moderates and incomes improve. The economy will expand in 2021/22, as new energy projects gain momentum. Lower unemployment will help boost consumption, although widespread poverty is a constraint on consumer demand. The construction and energy sectors will be engines of growth in the medium-term. Tourism and other export and service sectors should recover in 2021. Consumer spending will pick-up in 2022-24 as growth becomes more broad-based and unemployment falls.

Table 1: Advantages and Challenges Facing U.S. Suppliers

Advantages	Challenges
- U.S. origin products continue to enjoy acceptance in the Egyptian market	- U.S. exporters face competition from the European Union (EU) member states. Egypt has a free trade agreement with the EU, which sometimes disadvantages U.S.-origin products.
- U.S. products are associated with high quality.	- Many importers indicate lack of U.S. supplier interest in Egypt. - Geographic proximity favors competing suppliers due higher shipping costs from the United States. - Egyptian import regulations are at times non-transparent.
- Companies seek new ingredients, especially affordable unprocessed commodities.	- Egypt often recurs to EU standards, which do not coincide with U.S. or Codex standards.

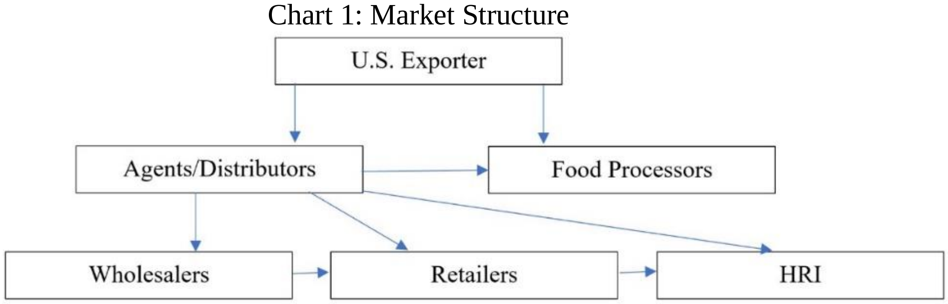
- There is growing demand for high-value, highly processed ingredients.	- Importers often indicate a lack of U.S. supplier interest in Egypt.
- Egyptian food processing is growing; it requires more imported food ingredients.	- Import regulations are complex, non-transparent.
- Egypt's food processors and manufactures are exporting to the region. Within 500 kilometers, Egypt has access to 339 million consumers.	- Importers are largely unfamiliar with U.S. Export controls, procedures, standards, and certifications.
- Egyptian importers of U.S.-origin agricultural products could benefit from USDA's GSM-102 Credit Guarantee Program.	- U.S. dollar denominated repayment terms. - Similar government-funded financing programs.

SECTOIN II: EXPORTER BUSINESS TIPS

Market Research: U.S. exporters should identify an Egyptian importer or distributor, with whom they can build a relationship. Egyptian firms are best suited to navigate local regulations, understand distribution chains, and have relationships with retailers, food processors, hotels, restaurants and institutions (see GAIN EGYPT - Egypt Food Processing Ingredients 2020, GAIN- Egypt Retail Foods Annual 2020, and GAIN-EGYPT Food Service – Hotel Restaurant Institution Annual 2020.

Market Structure: Egypt's market structure is straightforward. Importers are food processors, manufacturers, and or agents/distributors of these. Large companies will source food ingredients and products directly to lower prices, guarantee product flow, and ensure quality. Agents/distributors service the food processing and manufacturing sectors, comprised of numerous fragmented small- and medium-size companies. Smaller manufacturers purchase reduced quantities, do not import directly, pay in Egyptian pounds, and maintain small inventories.

Chart 1: Market Structure



General Consumer Tastes and Trends: FAS Cairo (Post) attributes the growth in local and imported consumer-oriented foods to Egypt's time-starved middle-class consumers. Ready-to-eat frozen meals and instant noodles are popular time-saving meal options; ingredients for these products are imported. There is growing availability of packaged food products.

SECTION III: IMPORT FOOD STANDARDS AND REGULATIONS AND IMPORT PROCEDURES

Customs Clearance: The Egyptian Parliament approved the law number 1/2017 establishing the National Food Safety Authority (NFSA) on Monday 2, January 2017. As of November 15, 2019; NFSA officially assumed responsibility for all ports' inspections and sampling/testing.

Documents normally required for food imports include:

- Bill of lading
- Commercial invoice
- Certificate of origin (countersigned by the Chamber of Commerce and notarized by the Egyptian Embassy or Consulate in the country of origin)
- export/health certificate (FDA certificate of free sale, sanitary, phytosanitary)
- Packing List
- Certificate of Insurance
- Import Permit (issued to Egyptian importers)
- Payment guarantee (form 11) from a local bank advising payment transfer to the supplier

Country Language Labeling Requirements: The translation into Arabic of the foreign language label information is required. Inconsistency in the translation may result in a rejection. Arabic labeling can be printed on the package or be a permanent adhesive label. Products cannot show more than one date of manufacture or expiration. Label information cannot be erased, scratched, or altered in any way (see GAIN EGYPT – FAIRS Egypt Country Annual 2019, and the GAIN EGYPT – FAIRS Egypt Country Export Certificate 2019 reports).

Tariffs and Free Trade Agreements (FTA): Egyptian Presidential Decree 25 (2016) increased tariff rates on a wide range of imports, including agricultural and food items, to curb dollar outflows as the country struggled through a foreign currency crisis. Tariffs on fresh apple, grapes and pears increased from 30 percent to 40 percent, while tariffs on nuts increased from 10 percent to 20 percent. Generally, Egypt's applied import tariffs are set lower than the bound rate. The United States does not have a free trade agreement (FTA) with Egypt. However, the 1999 U.S.-Egypt Trade and Investment Framework Agreement (TIFA) serves as a forum for continuing dialogue for expanding fair and reciprocal trade and investment. Egypt has FTAs with the European Union, Turkey, the Southern Common Market (MERCOSUR), and the Common Market for Eastern and Southern Africa (COMESA). Egypt is a member of the Greater Arab Free Trade Area (GAFTA), composed of 18-member states. It is also a member of the Tripartite Free Trade Area; composed of member states and partners from COMESA, the East African Community, and the Southern African Development Community. In 2018, Egypt joined the African Continental Free Trade Area (AFCFTA), composed of 44 countries. The EU-Egypt FTA and other free trade agreements are eroding the competitiveness of some of U.S. products.

Trademarks and Patents Market Research: In June 2002, Egypt passed the Intellectual Property Rights (IPR) Law 82/2002. The law describes copyright's legal rights and enforcement procedures, expedited trademark registration, and piracy protection (see GAIN EGYPT – FAIRS Egypt Country Annual 2019).

SECTION IV: MARKET SECTOR STRUCTURE AND TRENDS

Key developments for top Food Sector:

Retail Food Sector: Modern supermarket and hypermarket chains operating in Egypt confronted increased price sensitivity by running promotions, creating loyalty programs, and offering bulk discounts. In some cases, they have also substituted imported products for domestic alternatives. Modern retail channels, such as supermarkets, hypermarkets, and convenience stores, have a combined 3,913 outlets and represent around 20 percent of total sales. Traditional grocery retailers have 113,724 outlets and represent 80 percent of total sales. Small traditional grocers remain the dominant retail outlet in Egypt. These outlets are conveniently located in urban centers, carry a wide variety of food and beverage products, provide reasonably priced home delivery service and, in some cases, offer credit to buyers (see GAIN- Egypt Retail Foods Annual 2020).

Food Processing Sector: Egypt imported some $6.3 billion worth of food ingredients in 2019 (Food Ingredients identified by Egyptian Chamber of Food Industries (CFI)), a slight increase of total imports in 2018 ($6.2 billion). The United States ranked the 14th supplier with about $166 million in sales accounting for about three percent of the market share, however, this is about a 65 percent decrease from 2018, mainly due to about an 86 percent decrease in Corn exports to Egypt in 2019 (from $330 million in 2018 to $46 million in 2019). The Egyptian Chamber of Food Industries (CFI) indicates that there are over 10,000 registered food manufacturing companies in the country. Post estimates Egypt's food manufacturing and processing sector is estimated at $27.5 billion in 2019. Egypt exported around $2.5 billion in processed foods in 2019 mainly to the Middle East countries (see GAIN EGYPT - Egypt Food Processing Ingredients 2020).

Hotels, Restaurants, Institutions Sectors: In 2020, Egypt's Hotel-Restaurant-Institutional (HRI) sector has taken a major hit due to the COVID-19 pandemic outbreak. The outbreak led to the complete suspension of tourism from March through June (100-days). Revenue losses have cost the tourism sector $1 billion per month. Hotels and restaurants, dependent on tourism (foreign and domestic) revenues, were anticipating in 2020 to see an increase in the number and frequency of visitors. Prior to the COVID-19 outbreak 13.3 million foreign tourists came to Egypt in 2019; up by 1.8 million visitors from 2018 and 4.8 million more than in 2017 (see GAIN-EGYPT Food Service – Hotel Restaurant Institution Annual 2020).

Best product prospects categories

Products present in the market, which have good sales potential, such as cheese, beef products, and tree nuts, continue to represent good prospects for U.S. exporters. As in past years, Egypt remains an important market for U.S. beef liver and offals. The country is by far the largest importer of U.S. beef liver, reaching about US$76 million in 2019. U.S. beef muscle cuts are well known for their quality among affluent buyers and represent a category with growth potential.

Table 2: Egypt, Company Profiles and Top Retailers

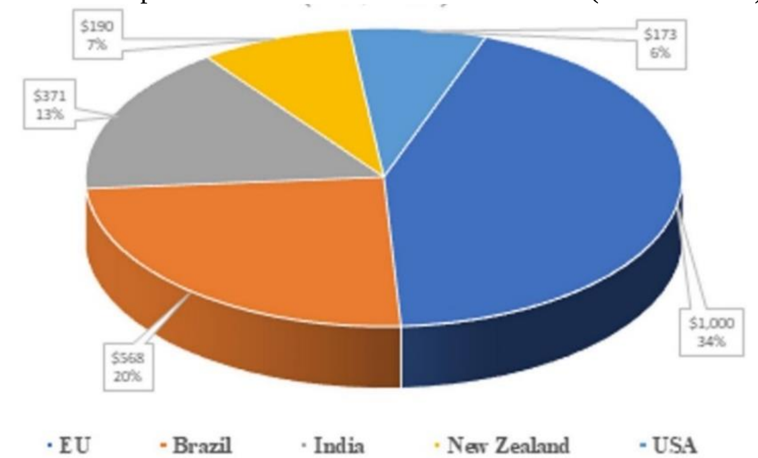
Company	Activity	Outlets	Remarks
Carrefour	Supermarket/Hypermarket	37	Domestic & Imported Goods
Mansour Group	Retail/Distribution	100	Domestic & Imported Goods
Seoudi	Retail	12	Domestic & Imported Goods
On-the-Run	Convenience Store	27	Domestic & Imported Goods
HyperOne	Retail	2	Domestic & Imported Goods
Spinneys Egypt	Retail	13	Domestic & Imported Goods
BIM	Retail	300	Primarily Domestic Goods

Kazyon	Retail	414	Primarily Domestic Goods
Gourmet Egypt	Retail	9	Domestic & Imported Goods
Alfa Market	Retail	7	Domestic & Imported Goods
Ayman Afandi	Importer/Distributor	Marketing & Distribution	
Al-Shaheen Co.	Importer/Distributor	Marketing & Distribution	
GMA	Importer/Distributor	Marketing & Distribution	
Amin Trading	Importer/Distributor	Marketing & Distribution	
AM Foods	Importer/Distributor	Marketing & Distribution	
Egyptian Group	Importer/Distributor	Marketing & Distribution	
Bassiouni Sons	Importer/Distributor	Tree Nut Importer/Processor/Distributor	
Samo Trading	Importer/ Distributor	Tree Nut Importer/Processor/Distributor	

FAS Cairo research

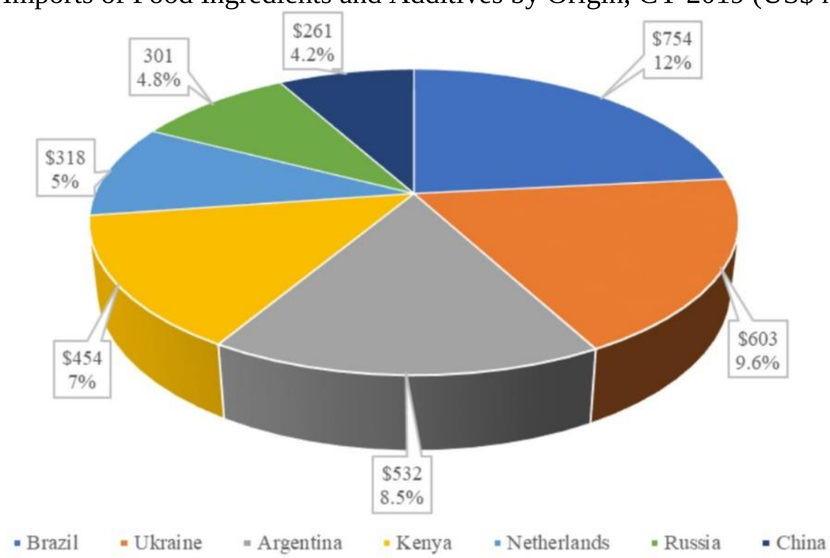
Charts of key issues or competitive situation:

Chart 2: Imports of Consumer-Oriented Products (US$ millions)



Source: Trade Data Monitor, CAPMAS, FAS Cairo office research.

Chart 3: Imports of Food Ingredients and Additives by Origin, CY 2019 (US$ millions)



Source: Trade Data Monitor, CAPMAS, FAS Cairo office research

Table 3: Egypt, 5-Year Food and Agricultural Imports, CY 2015-19 (CY2020 January-October)

Description	United States Dollars (millions)										YTD Jan-Oct				% Change	% Change
	2015		2016		2017		2018		2019		2019		2020		2019/2020	2019/2020
	World	U.S.	World	U.S.	World	U.S.	World	U.S.	World	U.S.	World	U.S.	World	U.S.	World	U.S.
Total	$11,596	$1,669	$10,627	$904	$9,924	$622	$9,689	$799	$8,218		$6,876		$6,889	$1,191	0.19	26.45
Oil Seeds Etc.; Misc. Grain, Seed, Fruit, Plant Etc.	$1,000	$243	$901	$106	$1,162	$396	$1,603	$1,111	$679	$1,003	$586	$863	$267	$1,108	(54.44)	28.45
Meat and Edible Meat Offal	$1,989	$260	$1,769	$225	$1,557	$249	$1,543	$278	$915	$77	$821	$65	$1,223	$44	48.96	(32.40)
Cereals	$4,315	$324	$4,120	$218	$4,415	$107	$4,304	$331	$4,459	$184	$3,770	$184	$3,190	$11	(15.38)	(93.81)
Dairy Prods; Birds Eggs; Honey; Ed Animal Pr. NESOI	$760	$39	$668	$25	$473	$25	$597	$35	$570	$43	$445	$30	$431	$65	(3.15)	114.68
Edible Fruit & Nuts; Citrus Fruit Or Melon Peel	$707	$30	$597	$35	$335	$10	$415	$23	$245	$32	$182	$21	$331	$36	81.87	67.90
Fish, Crustaceans & Aquatic Invertebrates	$557	$3	$501	$3	$565	$6	$694	$5	$333	$2	$295	$2	$490	$2	66.10	15.90
Edible Vegetables & Certain Roots & Tubers	$532	$3	$564	$2	$454	$2	$460	$2	$465	$1	$319	$1	$263	$2	17.55	284.47
Live Animals	$164	$0	$160	$2	$137	$1	$209	$4	$89	$9	$81	$4	$143	$6	76.54	57.88
Lac; Gums, Resins & Other Vegetable Sap & Extract	$23	$1	$24	$2	$19	$2	$19	$1	$25	$3	$20	$2	$13	$3.00	(35.00)	10.27
Live Trees, Plants, Bulbs Etc.; Cut Flowers Etc.	$2	$1	$2	$1	$2	$0	$5	$0	$15	$1	$12	$0.00	$5	$3.00	(58.33)	1123.71
Coffee, Tea, Mate & Spices	$502	$0	$537	$0	$495	$0	$547	$1	$367	$1	$300	$1.00	$344	$1.00	14.67	(23.14)
Products of Animal Origin, NESOI	$30	$1	$30	$0	$36	$0	$46	$1	$26	$3	$21	$2	$25	$1.00	19.05	(60.58)
Milling Products; Malt; Starch; Inulin; Wht. Gluten	$42	$1	$49	$1	$36	$0	$33	$0	$28	$0	$21	$0.00	$32	$0.00	52.38	(42.75)
Vegetable Plaiting Materials & Products Nesoi	$4	$0	$3	$1	$3	$0	$3	$0	$2	$0	$2	$0	$1	$0.00	(50.00)	(100.00)

Source: Trade Data Monitoring, FAS Cairo research

Best high-value consumer-oriented products prospects categories:

Top consumer-oriented products imported from the world include frozen beef, milk & cream concentrated, black tea, fresh apples, food preparations, and beef liver. Top consumer-oriented products imported from the United States include beef liver, dairy products, and tree nuts. U.S. products not present in significant quantities but which have good sales potential among the more affluent Egyptian consumers include sweets and snacks, healthy and nutritional foods, and pet foods. U.S. products not present because they face significant barriers include fresh apples due to high tariffs and poultry parts due to non-tariff barriers. Egypt is a viable market for the following U.S. origin food ingredients: U.S. corn, other than seed corn. Fixed vegetable fats and oils (including Jojoba oil) and their fractions, whether or not refined, but not chemically modified. Petroleum oils, oils from bituminous minerals (other than crude) and products containing by weight Gt=70% or more of these oils, not biodiesel or waste. The Egyptian government prohibits the importation and/ or utilization of food ingredients and additives (oils, fats, etc.) derived from non-halal origins and/ or those which contain alcohol, or pork products and its derivatives.

SECTION VI: KEY CONTACTS AND FURTHER INFORMATION

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Attachments:

No Attachments