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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. There are 24 international hotel chains operating 145 facilities with 43,545 rooms in Egypt. The number of restaurants in 2019 grew to 40,605, up by over a thousand units from 2018. Sales values reached \$7.5 billion, up \$900 million or an increase of 14 percent compared to 2018. Egypt's institutional food service industry revenue is estimated at \$7.3 billion. Egypt's hotels, restaurants, and institutions do not normally import food and beverage, nor ingredients and supplies directly. These purchase from Egyptian importers who have established relationships with foreign exporters and are more familiar with the country's complex import regulations.

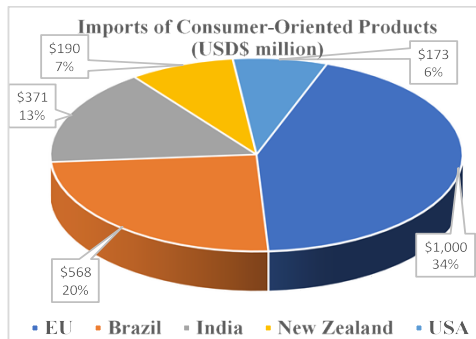
MARKET FACT SHEET: EGYPT

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 \$316.4 billion, positioning it as the world's 40th largest economy. It is a major food and agricultural products 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 subsectors.

Imports of Consumer-Oriented Products

Egypt's imports of consumer-oriented products 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 \$6.25 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 \$27.5 billion in sales, is responsible for nine percent of 2019 gross domestic product. Though improving, local production is limited by quality and variety.

Hotel-Restaurant-Institutional

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 \$7.5 billion in sales in 2019.

Quick Facts CY 2019

Imports of Consumer-Oriented Products (US \$2.9 billion)

List of Top 10 Growth Products in Host Country

- | | |
|----------------------|--------------------------|
| 1) Frozen Beef | 2) Milk and Cream, Conc. |
| 3) Black Tea | 4) Apples, Fresh |
| 5) Food Preparations | 6) Seed Potatoes |
| 7) Cheese | 8) Beef Livers, Frozen |
| 9) Butter | 10) Poultry |

Consumer-Oriented Foods (U.S. billion) 2019

Food Industry Output	\$27.5
Food Exports	\$2.5
Food Imports	\$2.9
Inventory	N/A
Domestic Market	\$27.9
Retail	\$20.4
Food Service	\$7.5
Wet Market	N/A

Top Egypt Hotels and 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*): 104.1 million (July 2020 estimate)
 GDP (*billions USD*): \$366 billion (2020 estimate); \$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, Economist Intelligence Unit, FAS Cairo office research.

Strengths/Weaknesses/Opportunities/Challenges

Strengths	Weaknesses
<ol style="list-style-type: none"> 1. Large consumer market. 2. Consumer acceptance of U.S. origin products. 	<ol style="list-style-type: none"> 1. High tariffs. 2. Complex import regulations.
Opportunities	Threats
<ol style="list-style-type: none"> 1. Growing demand. 2. Shortage in Supply of imported consumer-oriented products. 	<ol style="list-style-type: none"> 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 SUMMARY

Economic growth in the first three quarters of the Egyptian fiscal year (FY) 2019-2020 (July-June) was robust, averaging five percent. The impact of the novel coronavirus (COVID-19) on trade and tourism flows on Egypt’s economic activity were significant in the latter part of FY 2019-2020 and going into FY 2020-2021. 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) projects GDP growth for 2020 at two percent. A rebound to 2019 growth levels is unlikely before 2024.

Despite ramped up government spending, tourism, which accounts for 9.5 percent of employment and 5.5 percent of GDP – largely shut down, and private consumption growth, exports, and investment suffered due to COVID-19 and the restrictive measures taken to combat it. Foreign investors pulled \$17 billion out of Egypt in March. Services exports will fall in 2020, hit by the impact on Suez Canal revenues (94.8 million metric tons of freight pass through in May, down 10 percent from a year earlier) due to COVID-19 trade flow disruptions and tourism’s collapse (these account for 15 percent of current-account receipts). Nominal GDP in 2019 was \$316.4 billion and should reach \$366 billion in 2020.

In 2020, Egypt’s Hotel-Restaurant-Institutional (HRI) sector has taken a major hit due to the COVID-19 pandemic outbreak (February 14). The outbreak led to the complete suspension of tourism from March through June (100-days). Tourism revenue losses have been \$1 billion per month. Hotels and restaurants, dependent on tourist (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.

In late July and into early August 2020, Egypt authorized the resumption of international flights, lifted the partial nighttime curfew (imposed since late March), and reopened restaurants, cafes, theaters, and cinemas, as well as hotels, museums, and archeological sites, but is still limiting capacity at 50 percent. The easing of restrictions is part of the government’s coexistence plan to maintain anti-coronavirus precautionary measures while resuming economic activities. COVID-19 has negatively affected HRI demand for beef, poultry, dairy products, sweets and snack foods, and other consumer-oriented foods.

TABLE 1: Advantages and Challenges Facing U.S. Suppliers of Consumer-Oriented Products

Advantages	Challenges
- U.S.-origin food products and ingredients have a good reputation and image.	- 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.
- Growing demand for high-value U.S. products in the recovering hotels and restaurants sector.	- 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.
- Egyptian importers of U.S.-origin agricultural products could benefit from USDA’s GSM-102 Credit Guarantee Program.	- Lack of awareness among local banks and importers of the GSM-102. - Similar government-funded financing programs.

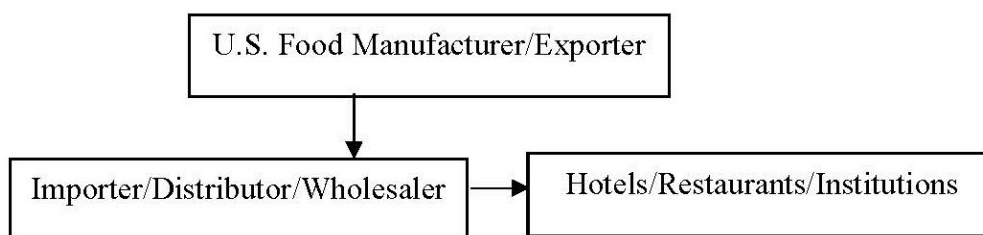
SECTION II. ROADMAP FOR MARKET ENTRY

Entry Strategy

Firms interested in exporting to Egypt should identify an Egyptian importer or distributor, with whom they can build a relationship. These Egyptian firms are best suited to navigate local regulations, understand distribution chains, and have relationships with hotels, restaurants, and institutions.

Market Structure/Distribution

Egypt's hotels, restaurants, and institutions do not normally directly import food and beverages, nor ingredients and supplies. These purchase from Egyptian importers who have established relationships with foreign exporters and who are more familiar with the country's import and government regulations.



Sub-Sector Profiles

Hotels: There are 24 international hotel chains operating 145 facilities with 43,545 rooms in Egypt. Cairo's hotels serve business and leisure visitors. Hotels in Alexandria and the cities along the Red Sea coast (e.g., Taba, Nuweiba, Doha, Sharm El Esheikh, Hurghada, and Ain El Sokhna), as well as Luxor and Aswan) mainly serve leisure visitors. Hotels usually do not import directly, due to bureaucracy and high tariffs. They purchase from local importers, who are better suited to navigate complex local regulations and have established relationships with retailers and food processors (see [GAIN EGYPT \(EG2020-0032\) - Egypt Retail 2020](#), and [GAIN EGYPT \(EG2020-0006\) Food Processing Ingredients](#)).

TABLE 2: EGYPT, Major Hotel Chains

S/N	Name of Chain	Purchasing	Sites	Rooms	Location
1	Marriott International	Direct	19	8,090	Nationwide
2	Hilton International	Direct	17	6,187	Nationwide
3	Accor International Hotels	Direct	17	4,529	Nationwide
4	Mövenpick Hotels, Resorts & Cruises	Direct	16	3,145	Nationwide
5	Steigenberger Hotels & Resorts	Direct	12	3,260	Nationwide
6	Azur Hotels & Resorts	Direct	10	2,806	Nationwide
7	Swiss Inn Hotels & Resorts	Direct	8	1,674	Nationwide
8	Helnan International Hotels	Direct	7	1,192	Nationwide
9	InterContinental Hotels	Direct	5	2,148	Cairo
10	Four Seasons Hotels & Resorts	Direct	4	952	Nationwide

Source: FAS Cairo office research.

Restaurants: In 2019, the foodservice sector benefitted from a stable, growing economy and an increase in tourism numbers. The number of restaurants grew to 40,605, up by over a thousand units from 2018. Sales values reached \$7.5 billion, up \$900 million and increasing 14 percent compared to 2018.

TABLE 3: EGYPT, Selection of Major Restaurant Chains

Company	Purchasing	Outlet Name	Type	Outlets	Location
Americana Group	Direct/Import	Fish Market, Costa Coffee, Hardee's, Maestro, Baskin Robins, Samadi, Grand Café, TGI Friday, KFC, Pizza Hut, Chicken Tikka	Fast Food , Casual Dining , Café	334	Nationwide
Manfoods	Direct/Import	McDonald's	Fast Food	90	Nationwide
International Company for Food Industries	Direct/Import	Cook Door	Fast Food	62	Nationwide
Delicious Inc.	Direct/Import	Cilantro , Abou El Seid	Casual Dining	56	Nationwide
Mo'men Group	Direct/Import	Mo'men	Fast Food	30	Nationwide
Spectra	Direct/Import	Spectra	Restaurant and Café	28	Nationwide
Brinker Intl. Inc.	Direct/Import	Chili's Grill & Bar	Casual Dining	22	Nationwide
Al-Sobai'ya Group	Direct/Import	Abou Shakra	Casual Dining, Fast Food	11	Nationwide
The Olayan Group	Direct/Import	Burger King	Fast Food	17	Nationwide

Source: FAS Cairo office research.

Institutional: Egyptian institutional sales channels vary and information about these is limited. Certain institutions, such as hospitals, correctional and military facilities, have centralized kitchens to provide meals for their patients, inmates, and soldiers. In many cases, these institutions issue government tenders for private firms to run kitchens. Others have civil serviced managed centralized kitchens. Egypt's institutional food service industry revenue in 2019 is estimated at \$7.3 billion.

TABLE 4: EGYPT, Institutional Food and Beverage Expenditure, 2019

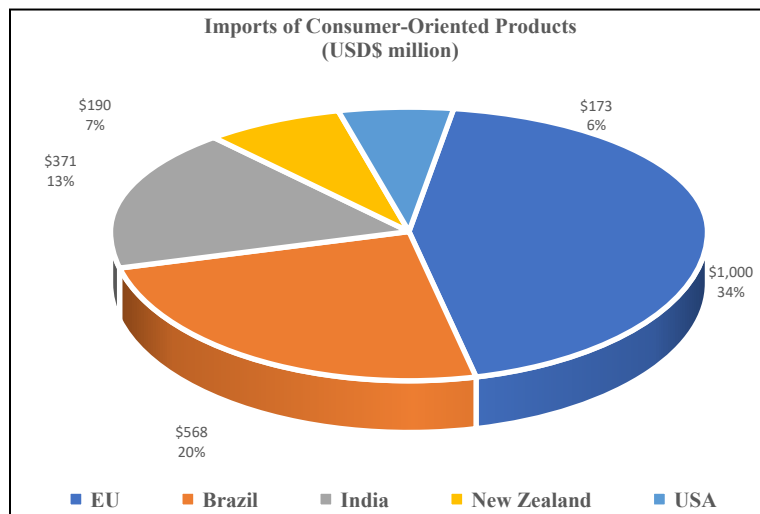
Institutions	Population	Food & Beverage Expenditure (\$ millions)	Remarks
Ministry of Defense	440,000	\$907	Soldier meals
Correctional Facilities	180,000	\$248	Inmate meals
Universities	2,815,000	\$2,033	Student expenditure
School Feeding Program	11,200,000	\$1,050	Government funded
Schools	23,200,000	\$2,667	Student expenditure
Gas and Oil Sector	206,063	\$260	Company and employee expenditure
Public Hospitals	93,897	\$35	Government funded
Private Hospitals	32,698	\$25	Resident/patient expenditure

Sources: CAPMAS, FAS Cairo office research.

SECTION III. COMPETITION

Egypt's main suppliers of consumer-oriented food products in 2019 include the European Union (\$1 billion) followed by Brazil (\$568 million), India (\$371 million), and New Zealand (\$190 million). It imported roughly \$2.9 billion in consumer-oriented food products. The United States came in as the fifth largest supplier. Egypt imported \$173 million worth of U.S.-origin food products, representing six percent of total imports, this is an increase of 30 percent from the 2018 value of \$133 million.

U.S.-origin food products face competition from EU, Middle Eastern, and African consumer-oriented food products exporters. These maintain preferential trade arrangements with Egypt, providing favorable tariff treatment. Shipping proximity to Egypt also provides these export origins additional advantages.



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

SECTION IV. BEST PRODUCT PROSPECTS CATEGORIES

U.S.-origin products currently available in the market that count with additional good sales potential, include frozen high-end beef cuts (prime), natural milk products, whey protein concentrates, tree nuts, potato chips, popcorn, food preparations, and pork and pork products. Egypt imported almost \$173 million worth of consumer-oriented products in 2019 from the United States. The top imported products were bovine livers (\$67 million), dairy products (\$45 million), tree nuts (\$32 million), and condiments and sauces (\$2 million). Hotel and restaurant managers indicate that US-origin products not present in significant quantities in the market which have good sales potential include affordable (choice and select) frozen beef cuts, wine, peanut, bread flour, sauces and dressings, and syrups.

Alcoholic beverages (wines, beers, and spirits) are served in Egyptian hotels and in a small number of high-end restaurants in Cairo, Alexandria, and tourism locales along the Red Sea coast. Some hotels serve only local wines due to costs. Major hotel chains indicate that serving U.S. wines would boost their restaurant sales, but lament the shortage of availability. Wine is subject to a customs duty of 1,950 percent, while beer is subject to a 1,450 percent duty and spirits face a 3,000 percent duty – all face an additional 14 percent sales tax. Only a limited number of Egyptian companies are permitted to directly import alcoholic beverage for re-sale to the hotels and to duty-free shops.

SECTION V. POST CONTACT AND FURTHER INFORMATION

U.S. Embassy Cairo/Foreign Agricultural Service (FAS) Office of Agricultural Affairs (OAA)

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For additional information, see www.fas.usda.gov. See our Food and Agricultural Import Regulations and Standards (FAIRS) reports, FAIRS Export Certificate, Food Processing Ingredients Sector, and HRI Food Service Sector GAIN reports.

Egyptian Hotel Association

Mailing Address: 8 El Saad El Aly Street, Dokki, Giza, Egypt

Phone: +(20) (2) 3748-8468 • Fax: +(20) (2) 3748-5083

Email: eha@egyptianhotels.org • Website: <http://www.egyptianhotels.org/Default.aspx>

Egyptian Chefs Association

Mailing Address: 20 Salem Street, Agouza, Cairo, Egypt

Phone/Fax: +(20) (2) 3762-2116/ 2117/ 2118

Email: eca@egyptchefs.com • Website: <http://www.egyptchefs.com/>

Egyptian Tourism Federation

Mailing Address: 8 El Saad El Aly Street, Dokki, Giza, Egypt

Phone: +(20) (2) 3337-8473 • Fax: +(20) (2) 3749-0223 and +(20) (2) 3337-8450

Email: etaa@etaa-Egypt.org • Website: <http://www.etf.org.eg/>

Egyptian Tourist Authority

Mailing Address: 11 Abassiya Square, Cairo, Egypt.

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Email: info@egypt.travel • Website: <http://www.egypt.travel/>

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Attachments:

No Attachments