**Required Report:** Required - Public Distribution

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# Report Name: Retail Foods

**Country:** Egypt

**Post:** Cairo

**Report Category:** Retail Foods

**Prepared By:** Ibrahim Al-Habbal, Marketing Assistant

**Approved By:** Olutayo Akingbe, Agricultural Attaché

**Report Highlights:**

Egypt imported some $3.2 billion worth of consumer-oriented products in 2020. This is a 3 percent increase of the 2019 imports value of $3.1 billion. The United States was the fourth largest exporter to Egypt with approximately $199 million in exports accounting for roughly 6 percent market share. This represents a 16 percent increase over 2019 export value of $172 million. The Egyptian retail food sector continues to be dominated by traditional grocery stores, however, supermarket chains, convenience stores, and online retailing platforms are growing in number and popularity. U.S.-origin food exports to Egypt face competition from European, Middle Eastern, and increasingly African-origin exports. Free trade agreements, shipping proximity and lower production costs often provides exporters in these countries an advantage over U.S.-origin food products.

THIS REPORT CONTAINS ASSESSMENTS OF COMMODITY AND TRADE ISSUES MADE BY USDA STAFF AND NOT NECESSARILY STATEMENTS OF OFFICIAL U.S. GOVERNMENT POLICY

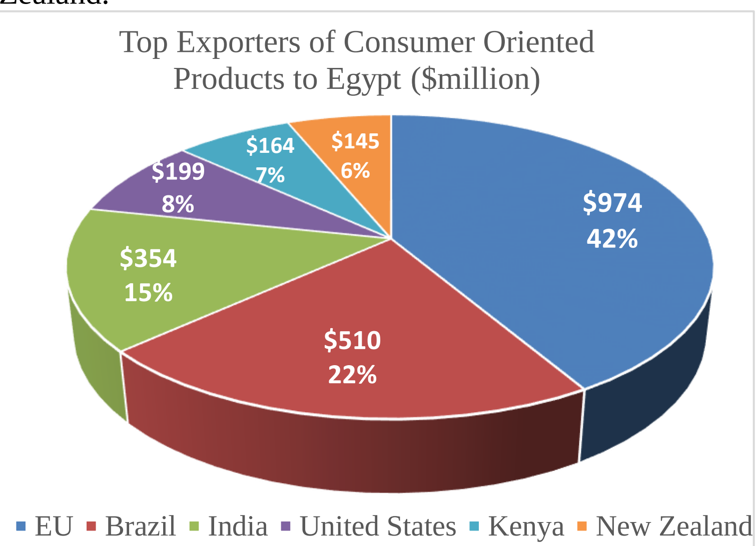
## Market Fact Sheet: Egypt

### Executive Summary

Egypt imported some $3.2 billion worth of consumer-oriented products in 2020. This is a 3 percent increase of the 2019 imports value of $3.1 billion. The United States was the fourth largest exporter to Egypt with approximately $199 million in exports accounting for roughly 6 percent market share. This represents a 16 percent increase over 2019 export value of $172 million. The Egyptian retail food sector continues to be dominated by traditional grocery stores, however, supermarket chains, convenience stores, and online retailing platforms are growing in number and popularity. U.S.-origin food exports to Egypt face competition from European, Middle Eastern, and increasingly African-origin exports. Free trade agreements, shipping proximity and lower production costs often provides exporters in these countries an advantage over U.S.-origin food products.

### Imports of Consumer-Oriented Products

Primary consumer-oriented products imported were beef and beef products, dairy products, spices, fresh fruits, tea, chocolate and cocoa products, tree nuts, soups and other food preparations, fresh vegetables, poultry meat and products (ex. eggs). The main suppliers were the European Union, Brazil, India, United States, Kenya, and New Zealand.




GDP per capita *(USD)*: 12,680
Population: 104 million (July 2020 estimates)

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

### Food Processing Sector

Egypt's food and beverage manufacturing and processing sector suffered a $2.2 million (about 10 percent) decrease in sales due to diminished tourism as a result of the COVID-19 pandemic. Egypt imported about $5.8 billion worth of food and beverage ingredients and additives in 2020. This is an 18 percent decrease from the 2019 import value of $7.2 billion. The United States was Egypt's seventh largest supplier with $225.4 million in sales accounting for about five percent of total market share. This is about a 74 percent increase from 2019 exports value of about $129.3 million.

### Food Retail Industry

The impact of COVID-19 on grocery retailers was positive for the most part. Grocery retailers grew in number by 4.3 percent over the past five years (2015-2020) the most growth was with discounters who sell at wholesale prices (162 percent) and hypermarkets (153 percent) respectively. However, traditional grocery retailers still dominate the sector with number of outlets estimated at 117.5 million representing 96.6 percent of total grocery retailers' outlets in Egypt, and sales estimated at $25.1 billion, accounting for about 74 percent of total sector sales.

<u>Top Growth Products in Egypt ($million)</u>

| | |
|---|---|
| 848 | Beef & beef products |
| 756 | Dairy products |
| 200 | Spices |
| 192 | Fresh fruits |
| 175 | Tea |
| 142 | Chocolate & Cocoa prod. |
| 131 | Tree nuts |
| 101 | Soups & Food Prep. |
| 91 | Fresh Vegetables |
| 89 | Poultry meat (ex. eggs) |

*ECTION I: MARKET SUMMARY*

In 2020, contrary to other sectors of the economy in Egypt such as the hotels, restaurants and institutions, the impact of COVID-19 on grocery retailers was positive for the most part. As the country locked down in March 2020, consumers relied more on in-home cooking versus eating out, which drove up sales. Almost all grocers, including hypermarkets like Spinneys, Carrefour, and Metro-Market provided home-delivery services. Also, the wide-spread use of communication technology by consumers led to an increase in e-commerce activity during the pandemic. Consumers turned to non-conventional platforms such as Souq.com and Jumia.com for grocery shopping.

Grocery retailers grew in number by 4.3 percent over the past five years (2015-2020) the most growth was with discounters who sell at wholesale prices (162 percent) and hypermarkets (153 percent) respectively. However, traditional grocery retailers still dominate the sector. In 2020, traditional grocery retailers' outlets are estimated at 117.5 million representing 96.6 percent of total grocery retailers' outlets in Egypt. Their sales are estimated at $25.1 billion, accounting for about 74 percent of total sector sales. Outlets for modern retailers, such as convenience stores, discounters, forecourt retailers (i.e., mini-marts), hypermarkets, and supermarkets, are estimated at 4.12 million and represent around 3.3 percent of total grocery retailers' outlets. Modern grocery retailers' sales in 2020 are estimated at $8.8 billion or about 26 percent of total sector sales estimated at $34 billion.

In spite 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 boom in sales over the past five years (estimated at 9.5 percent compound annual growth rate) peaked in 2020 due to the effects of the COVID-19 pandemic on consumers' behavior. However, this is not expected to continue over the next five years. Post forecasts sales to decline by about 3.7 percent over the next 12 months and by 3.2 percent over the next five years (2020-2025) as consumption patterns return to normal.

While U.S. products could be competitive in the Egyptian market, they face stiff competition from exporters in regions with preferential trade agreements. Currently, beef, infant formula, apples, cheese, tree nuts and certain confectionaries represent the best growth prospects in Egypt.

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

| Advantages | Challenges |
|---|---|
| U.S. origin products continue to enjoy acceptance in the Egyptian market. | Higher tariffs often levied on imported consumer-oriented products. |
| U.S. products are associated with high quality. | Many importers indicate that there is a lack of U.S. supplier interest in Egypt. |
| New-to-market products benefit from the recent expansion of supermarket and hypermarket chains. | Geographic proximity to competing suppliers. |
| | Egyptian import regulations are at times non-transparent. |

*SECTION II: ROADMAP FOR MARKET ENTRY*

## 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 (EG2020-0045) - Egypt Food Service – Hotel Restaurant Institutional 2019, and GAIN EGYPT (EG2021-0009) Food Processing Ingredients).

**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.

*Market Structure*

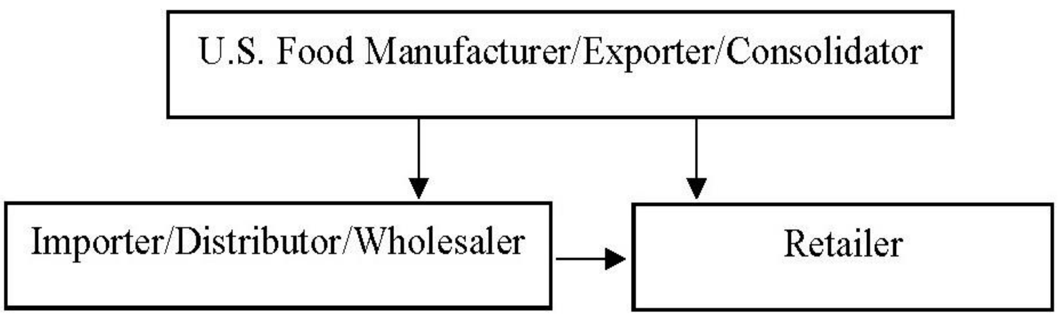



**Table 2: Company profiles and top host country retailers**

| Company | Activity | Outlets | Remarks |
|---|---|---|---|
| Carrefour | Supermarket/Hypermarket | 53 | Domestic & Imported Goods |
| Mansour Group | Retail/Distribution | 130 | Domestic & Imported Goods |
| Seoudi | Retail | 17 | Domestic & Imported Goods |
| HyperOne | Retail | 3 | Domestic & Imported Goods |
| Spinneys Egypt | Retail | 17 | Domestic & Imported Goods |
| BIM | Retail | 300 | Primarily Domestic Goods |
| Kazyon | Retail | 424 | Primarily Domestic Goods |
| Gourmet Egypt | Retail | 15 | 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 | |

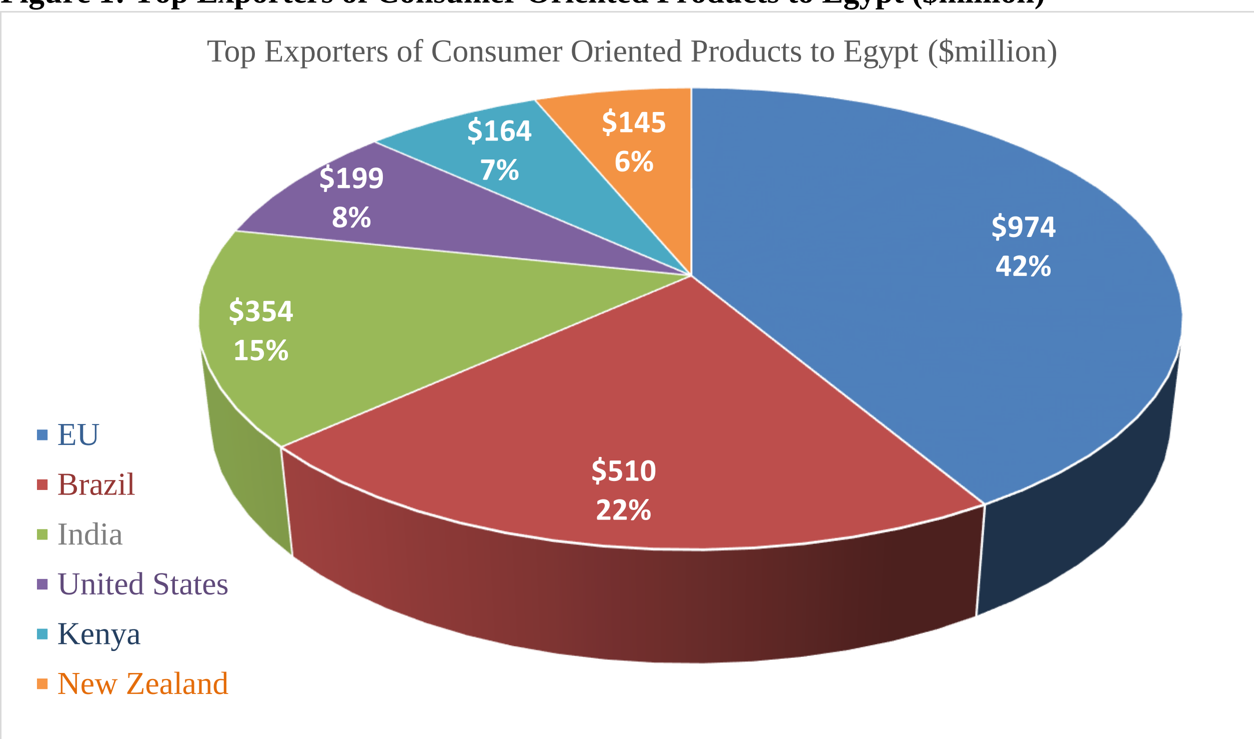
| | | |
|---|---|---|
| Egyptian Group | Importer/Distributor | Marketing & Distribution |
| Bassiouni Sons | Importer/Distributor | Tree Nut Importer/Processor/Distributor |
| Samo Trading | Importer/ Distributor | Tree Nut Importer/Processor/Distributor |

*SECTION III: COMPETITION*

Consumer-oriented products from the United States face heavy competition from both domestic and imported products (Table 3). Egyptian-produced substitutes have gained ground following the currency devaluation in 2017, and now fill much of the domestic demand for chips, crackers, and cookies. Though domestic production has grown, imported products are perceived as being of higher quality and often offer greater variety. Higher income consumers continue to purchase imported retail products. Egypt's import of consumer-ready products in 2020 was around $3.2 billion. The U.S. share of imports was around 6 percent, or $199 million.

In 2020, the main exporters of consumer-oriented products to Egypt were the European Union at 30 percent ($974 million), Brazil at 16 percent ($510 million), India at 11 percent ($354 million), United States at 6 percent ($199 million), Kenya at 5 percent ($164 million), and New Zealand at 4.5 percent (145 million).

**Figure 1: Top Exporters of Consumer Oriented Products to Egypt ($million)**




Source: TDM, CAPMAS, & FAS Cairo Research.

**Table 3: Egypt – Major Imports and Competing Suppliers (2020)**

| Product Category | Major Supply Sources | Strengths of Key Supply Countries | Advantages and Disadvantages of Local Suppliers |
|---|---|---|---|
| Beef & Beef Products<br><br>$848 million | 1. Brazil – 49%<br>2. India – 37%<br>3. USA – 7%<br>4. Paraguay – 3% | Low production cost. | - Limited domestic production<br>- High demand |
| Dairy Products<br><br>$756 million | 1. EU – 54%<br>2. New Zealand – 18%<br>3. USA – 10%<br>4. Canada – 6% | EU duty-free access.<br>Year-round availability | - Limited domestic production<br>- High demand. |
| Spices<br><br>$200 million | 1. Guatemala – 68%<br>2. India – 12%<br>3. Brazil – 7%<br>13. USA – <1% | Low production cost.<br>Year-round supply.<br>Proximity. | - Limited domestic production<br>- High demand |
| Fresh Fruit<br><br>$192 million | 1. EU – 93%<br>2. Ecuador – 3%<br>3. Kenya – 1%<br>10. USA – <1% | EU duty-free access.<br>Proximity. | - No local production<br>- High demand |
| Tea<br><br>$175 million | 1. Kenya – 84%<br>2. Sri Lanka – 6%<br>3. Saudi Arabia – 3%<br>13. USA – <1% | Low cost of production, and proximity. EU duty-free access. | - Limited domestic production<br>- High demand. |
| Chocolate & Cocoa Products<br><br>$142 million | 1. EU – 52%<br>2. Malaysia – 15%<br>3. Indonesia – 10%<br>14. USA – <1% | EU duty-free access and proximity. Lower production cost | - Limited domestic production<br>- High demand. |
| Tree Nuts<br><br>$131 million | 1. Turkey – 40%<br>2. USA – 39%<br>3. Indonesia – 8%<br>4. EU – 5% | Proximity. Lower production cost. Free Trade Agreement | - Limited domestic production<br>- High demand. |
| Soups & Other Food Prep.<br><br>$101 million | 1. EU – 67%<br>2. Thailand – 12%<br>3. UK – 5%<br>5. USA – 3% | EU duty-free access.<br>Proximity. | - Limited domestic production<br>- High demand. |
| Fresh Vegetables<br><br>$91 million | 1. EU – 48%<br>2. UK – 36%<br>3. China – 14%<br>10. USA – <1% | EU duty-free access.<br>Lower production cost | - Limited domestic production<br>- High demand |
| Poultry Meat & Prod. (ex. Eggs)<br><br>$89 million | 1. Brazil– 84%<br>2. Ukraine – 15%<br>3. EU – 1%<br>5. USA – <1% | Low cost production.<br>Year-round supply. | - Limited domestic production<br>- High demand. |

Source: TDM, CAPMAS, & FAS Cairo Research.

*SECTION IV: 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. Egypt is a net importer of processed dairy products, and U.S. products may be competitive based on exchange rates and other considerations. As in past years, Egypt remains an important market for U.S. beef liver and offal. The country is by far the largest importer of U.S. beef liver, reaching about US$52.9 million in 2020. U.S. beef muscle cuts are well known for their quality among affluent buyers and represent a category with growth potential.
- 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.

*SECTION V: KEY CONTACTS AND FURTHER INFORMATION*

U.S. Embassy Cairo, Foreign Agricultural Service (FAS) Office of Agricultural Affairs
Mailing Address: American Embassy, 8 Kamal El-Din Salah Street, Garden City, Cairo, Egypt
Phone: +20-2-2797-2388 ● Fax: +20-2-2796-3989 ● AgCairo@fas.usda.gov

For further information, see: GAIN EGYPT (EG2019-0025) – FAIRS Annual Country Report 2019 and GAIN EGYPT (EG2019-0029) – FAIRS Export Certificate Report 2019 reports, as well as GAIN EGYPT (EG2019-0028) – Exporter Guide 2019, GAIN EGYPT (EG2019-0009) - Egypt Food Service – Hotel Restaurant Institutional 2019), and the Country Commercial Guide reports.

**TRADE ASSOCIATIONS**

**Chamber of Food Industries**
Mailing Address: 1195 Nile Corniche, Boulaq, Cairo Governorate
Phone: +20-2-2574-8627 ● Fax: +20-2-2574-8312
Cellphone: +20-122-7825232 and +20-122-782-5233 ● info@fei.org.eg
Website: http://www.mvegypt.com/egycfi/en

**Egyptian Hotel Association**
Mailing Address: 8, El Sad El Aly St. 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
Phone/Fax: +2 02 3762-2116 ● +2 02 3762-2117 ● +2 02 3762-2118
Email: eca@egyptchefs.com ● Website: http://www.egyptchefs.com/

**Cairo Chamber of Commerce**
4 Falaki Square, Bab Ellok, Cairo Governorate
Phone: +20-2-2795-8261 and +20-2-2795-8262 ● Fax: +20-2-2796-3603 and +20-2-2794-4328
Email: info@cairochamber.org.eg ●**Error! Hyperlink reference not valid.** Website: www.cairochamber.org.eg

**MINISTRIES AND GOVERNMENT AGENCIES**

**Ministry of Agriculture**
Mailing Address: 9 El Gamaa Street, Giza, Egypt
Phone: (+202) 3568-6373/ 1658
Website: www.agr-egypt.gov.eg/

**Ministry of Investment and International Cooperation**
Mailing Address: 3 Salah Salem Street, Cairo
Mailing Address: 8 Adly Street – Down Town, Cairo
Phone: +20-2-2405-5417 ● +20-2-2391-0008 ● +20-2-2390-8819 ● +20-2-2393-5147
Email: ministeroffice@miic.gov.eg
**Ministry of Supply and Internal Trade**
Mailing Address: 99 Al Kasr Al Aini, Al Inshaa WA Al Munirah, Qasr an Nile, Cairo Governorate, Egypt
Phone: +20- 2- 2794-4338/ 8224/ 8184 ● +20-2- 2795-8481 ● info@msit.gov.eg
Website: www.msit.gov.eg

**Ministry of Trade and Industry**
Mailing Address: 2 Latin America, Garden City, Cairo
Commercial Affairs Phone: +20-2-2792-1207● mfti@mfti.gov.eg
Website: http://www.mti.gov.eg/English/Pages/default.aspx

**General Organization for Export and Import Control**
Sheraton Al Matar, Heliopolis, Cairo
Phone: +20-2-2266-9627
Website: http://www.goeic.gov.eg

**Egyptian Customs Authority**
Ministry of Finance Buildings, Tower 3, Ramses Street Extension, Cairo Governorate
Phone: +20-2-2342-2247
Email: info@customs.gov.eg ● Website: http://customs.gov.eg

**General Authority for Veterinary Services**
Nadi El-Saeed Street, Dokki, Giza
Phone: +20-2-3748-1763

**Attachments:**

No Attachments