Required Report: Required - Public Distribution **Date:** October 02, 2024

Report Number: EG2024-0024

Report Name: Retail Foods Annual

Country: Egypt

Post: Cairo

Report Category: Retail Foods

Prepared By: Samar Abdel halim

Approved By: Adam Klein

Report Highlights:

Against the backdrop of a series of global shocks, regional conflict, and the war in Ukraine, the Egyptian economy slowed down in 2024 and is projected to recover gradually in the coming years. Small local grocers are the dominant channel in the Egyptian retail market, comprising of more than $13 billion in retail sales and approximately 60 percent market share. However, the food retail industry in Egypt is becoming increasingly competitive, with both local and international players competing for market share through pricing and product innovation.

Market Fact Sheet: Egypt

Executive Summary: Egypt's economic challenges over the past two years have led to a considerable slowdown in agricultural imports as importers struggled to access foreign currency to make payments for much of this period, the Egyptian pound depreciated significantly and then was devalued, and consumers increasingly spent their monies on essentials. Economic activity in Egypt is forecast to drop 2.8 percent in FY24 but is projected to start recovering in FY25-FY26, supported by investments and a rebound in private consumption as inflation decreases. Egypt is a major importer of wheat, corn, and soybeans. Egypt's population of 114 million makes it the 13th largest country in the world. 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 provide exporters in these countries an advantage over U.S.-origin food products.

Consumer-Oriented Agricultural Imports:

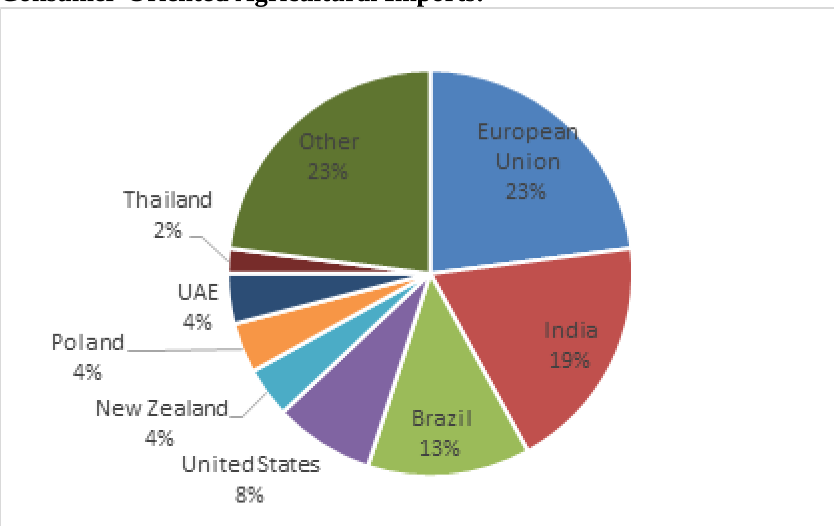


Chart 1: Top Exporting Countries to Egypt

Egypt imported roughly $3 billion of consumer-oriented products in 2023. The United States was the fifth largest exporter to Egypt (by value) with approximately $240 million in exports. Primary consumer-oriented products imported were beef products (including liver), condensed milk and cream, fats and oils derived from milk, tea, fresh fruits, soup and food preparations, chocolate and other cocoa products, spices, poultry meat and products, fresh vegetables and tree nuts. The main suppliers of foreign consumer-oriented products were the European Union, India, Brazil, Thailand, New Zealand, and the United States.

Food Retail Industry: The food retail industry in Egypt has become more competitive, with both local and international players competing for market share through pricing and product innovation. Euromonitor© reports consumer buying behavior in Egypt started to change in the fourth quarter of 2023. Boycott campaigns impacting some American brands started in October 2023 and may persist in the forecast period, positively impacting local and regional brands across a variety of channels.

Quick Facts CY 2024

Imports of Consumer-Oriented Products

$1.07 billion	Beef & Beef products
$722 million	Dairy Products
$311 million	Tea
$296 million	Fresh Fruit
$295 million	Soup and Food Preparations
$159 million	Chocolate and Cocoa Products
$129 million	Spices
$122 million	Poultry Meat and Products
$112 million	Fresh Vegetables
$106 million	Tree Nuts

Food Industry by Channels (USD millions)

Small Local Grocers	**$13,850.3**
Food/Drink/Tobacco Specialists	**$3,169**
Supermarkets	**$1,851**
Hypermarkets	**$1,508**
Discounters	**$1,475**
Convenience Retailers	**$991**
Foods E-Commerce	**$157**

GDP/Population

Population: 114 million
Real GDP: $1.912 trillion dollars (2023 est.)
GDP per capita *(USD)*: $17,000 (2023 est.)
Inflation rate: 33.88% (2023 est.)

Strengths/Weaknesses/Opportunities/Threats

Strengths	***Weaknesses***
-Well-established market with modern distribution channels. -Digital growth and use. -Africa's second-largest economy	-High turnover -Weak economic growth that negatively affects the purchasing power of individuals. - Market saturation.
Opportunities	***Threats***
-Rapidly growing population. -Improving fiscal, external, and current accounts.	-Underperforming private sector. -Regional instability.

Sources: World Bank, FAS Cairo office research, CIA factbook

SECTION I: MARKET SUMMARY

Against the backdrop of a series of global shocks, regional conflict, and the war in Ukraine, the Egyptian economy slowed down in 2024 and is projected to recover gradually in the coming years. As of September 2024, the overall business climate in Egypt is showing signs of economic recovery. Egypt has been implementing economic reforms to attract foreign investments, diversify its economy, and promote sustainable growth. The country's strategic geographical location, young and growing population, as well as its focus on infrastructure development, particularly in sectors like renewable energy and technology, are driving these positive trends.[1]

In the food sector, several multinational food companies are leveraging Egypt's advantages by investing in local production and using Egypt as a regional hub for manufacturing and distribution. In the coming years, the food sector in Egypt is expected to regain its growth trajectory, with opportunities for innovation, investment, and partnerships both locally and internationally. One notable trend is the changing consumption patterns of the middle class, which is leading to increased spending on quality food products and dining experiences.[2] Egypt is witnessing a shift towards healthier and more diverse food options, driven by changing consumer preferences and increasing nutritional awareness. However, challenges such as food safety, supply chain efficiency, and market competition will need to be addressed to ensure sustained growth and success in the sector.[3]

The rise of online food delivery services and the increasing interest in international cuisines are also reshaping the market landscape. The online food delivery market in Egypt is projected to reach USD $3.4 billion revenue in 2024.[4] As the economy regains its footing and the purchasing power of consumers increases, there are opportunities for food companies to innovate and cater to evolving tastes and preferences.

Advantages and Challenges Facing U.S. Suppliers

Table 1

Advantages	Challenges
U.S. origin products continue to be accepted in the Egyptian market.	Egypt's economic challenges have led to a considerable slowdown in imports as importers struggle to access foreign currency to make payments and consumers increasingly spend their monies on essentials.
U.S. products are associated with high quality.	U.S. exporters face competition from geographically advantaged European Union (EU) Member States. Egypt has a free trade agreement with the EU, which sometimes disadvantages U.S.-origin products.
Companies seek new ingredients, especially affordable unprocessed commodities.	Geographic proximity favors competing suppliers due to higher shipping costs from the United States.

Continued modernization of the food manufacturing sector in Egypt	Egypt often refers to international standards for application in its own market, for example the EU.
Egyptian food processing is growing; it requires more imported food ingredients.	Importers often indicate a lack of U.S. supplier interest in or awareness of Egyptian market opportunities.
Egypt's food processors and manufacturers are exporting to the region. Within 500 kilometers, Egypt has access to 339 million consumers.	The market in Egypt can be competitive, with local and international suppliers vying for market share, posing challenges for U.S. companies looking to establish a strong presence.
There is growing demand for high-value, highly processed ingredients.	Import regulations are, at times, complex and non-transparent.

Retail Sales by Channel

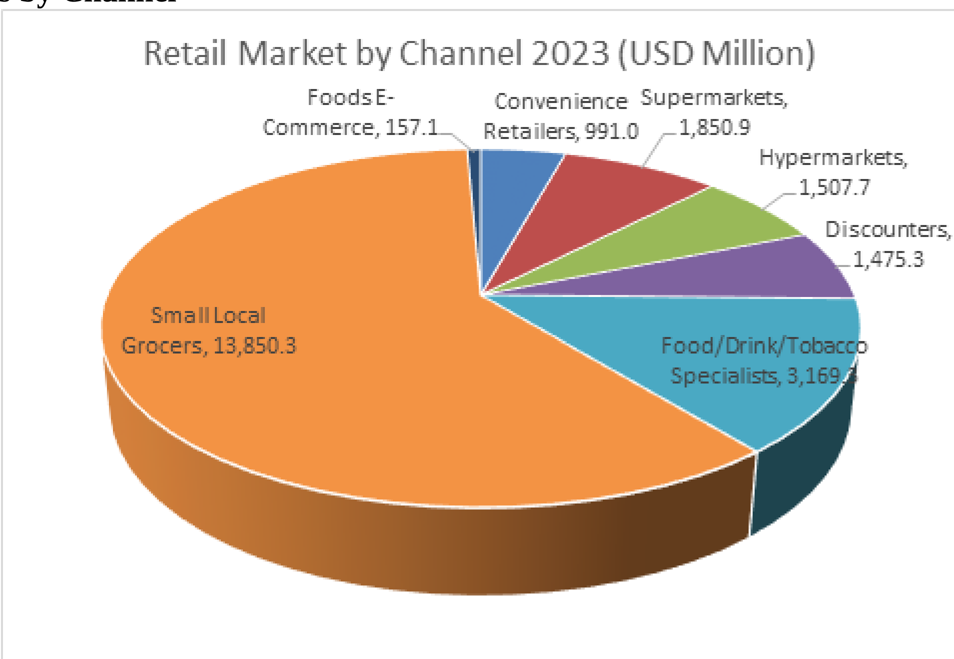


Chart 2: Retail Market by Channel – 2023

SECTION II: ROADMAP FOR MARKET ENTRY

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 Food Service - Hotel Restaurant Institutional_Cairo_Egypt_EG2023-0026).

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.

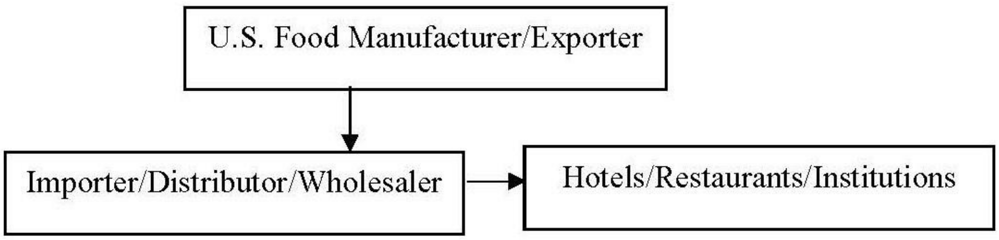


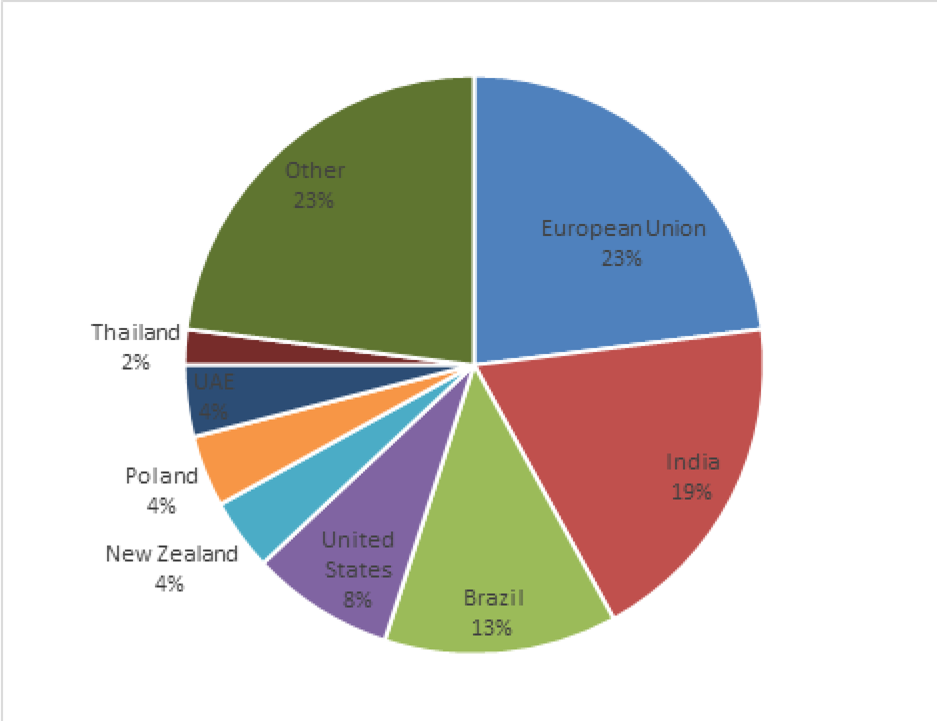
Table 2: Company Profiles and Top Host Country Retailers

Company	Channel	Outlets	Focus
Carrefour	Supermarket/Hypermarket	36	Domestic & Imported Goods
Mansour Group	Retail/Distribution	142	Domestic & Imported Goods
Seoudi	Retail	20	Domestic & Imported Goods
HyperOne	Retail	3	Domestic & Imported Goods
Spinneys Egypt	Retail	20	Domestic & Imported Goods
BIM	Retail	300	Primarily Domestic Goods
Kazyon	Retail	460	Primarily Domestic Goods
Gourmet Egypt	Retail	18	Domestic & Imported Goods
Alfa Market	Retail	8	Domestic & Imported Goods

SECTION III: COMPETITION

Egypt imported roughly $3 billion of consumer-oriented products in 2023. The United States was the fifth largest exporter to Egypt (by value) with approximately $240 million in exports. However, 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 for some regional competitors provide exporters in these countries an advantage over U.S. suppliers. Primary consumer-oriented products imported were beef products (including liver), condensed milk and cream, fats and oils derived from milk, tea, fresh fruits, soup and food preparations, chocolate and other coca products, spices, poultry meat and products, fresh vegetables and tree nuts. The main suppliers of foreign consumer-oriented products were the European Union, India, Brazil, Thailand, New Zealand, and the United States

Figure 1: Top Exporters of Consumer Oriented Products to Egypt 2023



Source: GATS, TDM, & FAS Cairo Research

Table 3: Egypt's Major Imports and Competing Suppliers (2023)

Product Category	Major Supply Sources	Strengths of Key Supply Countries	Advantages and Disadvantages of Local Suppliers
Beef and Beef Products $1.07 Billion	1. India- 51% 2. Brazil- 26% 3. **USA**- 16% 4. Australia- 1.7%	Low production cost	-Limited domestic production -High demand
Dairy Products $722 million	1. New Zealand- 17% 2. Germany- 13% 3. France- 11% 4. **USA**- 8%	Duty free access and year-round availability	-Limited domestic production -High demand
Tea $311 million	1. Kenya- 92% 2. India- 2% 3. Sri Lanka- 2% 4. UAE- 1% **USA**-0.0004%	Low production cost	-No local production -High Demand
Fresh Fruits $296 million	1. Lebanon- 32% 2. Poland- 28% 3. Greece- 15% 4. Italy- 13% **USA-** 0.0004%	EU duty-free access and proximity.	-Limited domestic production -High demand

Soup and food $295 million	1. Lebanon- 17% 2. Ireland- 16% 3. Poland- 15% 4. Italy- 8% **USA-** 1.9%	EU duty-free access and proximity	-Limited domestic production -High demand
Chocolate and Cocoa $159 million	1. Ireland- 13% 2. Lebanon- 13% 3. Poland- 12% 4. Italy- 8% **USA-** 1.6%	High production and low production cost	-No local production -High Demand
Spices $129 million	1. Guatemala- 23% 2. Vietnam- 17% 3. Brazil- 16% 4. Italy- 8% **USA-** 0%	Low production cost	-Limited domestic production -High demand
Poultry Meat and Products $122 million	1. Brazil- 97% 2. Turkey- 3% 3. France- 0.03% **USA-** 0%	Low production cost	-Limited domestic production -High demand
Fresh vegetables $112 million	1. United Kingdom- 44% 2. Netherlands- 25% 3. France- 12% 4. Denmark- 6% **USA-** 0.9%	EU duty-free access	-Limited domestic production -High demand
Tree Nuts $106 million	1. Vietnam- 26% 2.**USA**- 21% 3. Turkey- 12% 4. Bulgaria- 10%	Ideal growing conditions	-Limited domestic production -High demand

Source: GATS, TDM, CAPMAS, & FAS Cairo Research.

These categories highlight Egypt's import priorities based on market size, key suppliers, and the strengths of those suppliers, while also noting the limitations of local production and ongoing high demand.

SECTION IV: BEST PRODUCT PROSPECTS CATEGORIES

- Products present in the market, which have good sales potential, such as beef, dairy, fresh fruits, soups, tea, spices, tree nuts, chocolate, fresh vegetables, and poultry meat, continue to represent good prospects for U.S. exporters. 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 export market for U.S. frozen beef livers, with a value of $53 million in 2023. U.S. beef muscle cuts are well known for their quality among affluent buyers and represent a category with growth potential, especially targeted to the growing tourism and hospitality sector.

- Top consumer-oriented products imported from the United States include beef liver, dairy products, and tree nuts.
- U.S. products that are not present in significant quantities but have good sales potential among the more affluent Egyptian consumers include sweets and snacks, and healthy and nutritional 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.

HS	Product	World (USD, 2022)	United States (USD, 2022)	U.S. Share of Imports in 2022	World (USD, 2023)	United States (USD, 2023)	U.S. Share of Imports in 2023
All	Total - Agricultural and Related Products	21,010,259,487	2,828,218,658	13.5%	17,797,311,383	1,200,772,324	6.7%
01	Live Animals	773,978,797	2,189,502	0.3%	449,456,930	4,138,725	0.9%
02	Meat And Edible Meat Offal	1,525,000,361	170,908,690	11.2%	1,211,154,437	173,878,271	14.4%
03	Fish And Crustaceans, Molluscs And Other Aquatic Invertebrates	604,350,763	33,795	0.0%	530,086,844	30,682	0.0%
04	Dairy Produce; Birds' Eggs; Natural Honey; Edible Products Of Animal Origin, Nesoi	843,360,279	62,957,668	7.5%	622,569,099	57,602,656	9.3%
05	Products Of Animal Origin, Nesoi	9,024,992	428,608	4.7%	5,726,097	758,495	13.2%
06	Live Trees And Other Plants; Bulbs, Roots And The Like; Cut Flowers And Ornamental Foliage	12,099,320	2,413	0.0%	11,239,423	199,114	1.8%
07	Edible Vegetables And Certain Roots And Tubers	640,208,152	1,411,868	0.2%	666,825,645	5,053,793	0.8%
08	Edible Fruit And Nuts; Peel Of Citrus Fruit Or Melons	709,963,009	45,471,397	6.4%	428,565,528	22,510,098	5.3%
09	Coffee, Tea, Mate And Spices	678,784,580	261,798	0.0%	655,216,330	159,414	0.0%
10	Cereals	7,342,479,073	50,355,820	0.7%	6,394,816,033	60,422,795	0.9%
11	Milling Industry Products; Malt; Starches; Inulin; Wheat Gluten	49,369,382	89,619	0.2%	63,928,476	158,687	0.2%
12	Oil Seeds And Oleaginous Fruits; Miscellaneous Grains, Seeds And Fruits; Industrial Or Medicinal Plants; Straw And Fodder	3,158,022,157	2,331,094,244	73.8%	1,968,776,037	791,195,933	40.2%
13	Lac; Gums; Resins And Other Vegetable Saps And Extracts	29,811,348	759,607	2.5%	27,098,161	714,016	2.6%
14	Vegetable Plaiting Materials And Vegetable Products, Nesoi	2,807,226	-	0.0%	2,987,750	75	0.0%
15	Animal Or Vegetable Fats And Oils And Their Cleavage Products; Prepared Edible Fats; Animal Or Vegetable Waxes	2,350,049,155	11,167,761	0.5%	2,494,771,674	6,088,579	0.2%
16	Edible Preparations Of Meat, Fish, Crustaceans, Molluscs Or Other Aquatic Invertebrates	288,660,229	4,926	0.0%	90,774,467	3,032,045	3.3%
17	Sugars And Sugar Confectionary	614,515,036	1,588,119	0.3%	664,258,428	1,957,401	0.3%
18	Cocoa And Cocoa Preparations	176,495,880	700,595	0.4%	158,597,238	891,210	0.6%
19	Preparations Of Cereals, Flour, Starch Or Milk; Bakers' Wares	208,808,934	2,312,225	1.1%	135,972,078	721,625	0.5%
20	Preparations Of Vegetables, Fruit, Nuts, Or Other Parts Of Plants	87,467,667	4,141,411	4.7%	63,854,297	1,642,035	2.6%
21	Miscellaneous Edible Preparations	447,721,096	20,172,245	4.5%	357,523,854	16,521,129	4.6%
22	Beverages, Spirits And Vinegar	107,491,340	35,829,848	33.3%	77,603,885	8,471,436	10.9%
23	Residues And Waste From The Food Industries; Prepared Animal Feed	349,790,510	86,336,504	24.7%	715,508,673	44,624,111	6.2%

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

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 ● 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