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Retail Foods

2014 Retail Foods Sector

Approved By:

Ron Verdonk

Prepared By:

Orestes Vasquez

Ibrahim Mohamed

Report Highlights:

This report provides U.S. exporters of consumer-ready food products with an overview of the Egyptian retail foods sector. Best product prospects are included in this report. Best prospects for U.S. products are beef livers and offal, dairy products and tree nuts. Apples and snack foods growth rates have decreased due to Egypt's free trade agreement with the EU, as European products enjoy preferential tariff rates. In 2014, U.S. exports of value-added food product exports to Egypt were valued at \$315 million.

Disclaimer:

This report was prepared by the Foreign Agricultural Service in Cairo for U.S. exporters of food and agricultural products, as well as U.S. regulatory agencies. While care was taken in the preparation of this report, information provided may not be completely accurate due to either recent policy changes or because clear and consistent information about some policies is unavailable. It is strongly recommended that U.S. exporters verify all Egyptian import requirements with their foreign customers prior to the shipment of goods. Final import approval of any product is subject to the importing country's rules and regulations.

Post:

Cairo

Executive Summary:

In the last five years Egypt's food retail market has grown at an average annual rate of 19 percent. In 2013, due to political instability, the growth rate decreased by 2 percent from 2012, a record year for imports of consumer-oriented goods which were valued at \$3.4 billion. The future for consumer-oriented products is very promising as consolidation and expansion continues in the supermarket and hypermarket segments. The economy is projected to grow by more than 4 percent in FY2015/16, inflation is expected to stabilize at eight percent, and growth is being fueled, in part, by government investment in large-scale infrastructure projects. Given these trends, FAS Cairo expects the food-retail industry will continue its double digit growth, at least for the next 24-36 months.

Egypt's retail and FMCGs' market remains underdeveloped, offering plentiful opportunities for rapid growth. Egypt has traditionally been an attractive market for U.S. firms thanks to its unique mix of demographics and commercial links to the broader world and strategic location which allows for onward marketing throughout the region. In 2014, the U.S. remained the second largest supplier of consumer-oriented products with a value of \$315 million comprised of meat and meat products representing close to 50 percent of value-added food imports, followed by dairy products with 35 percent of total imports of this category of goods from the U.S.

Egyptian consumers, especially the more affluent A-Class shoppers with average monthly incomes above \$4,000, demand higher quality and greater product variety. These qualities are associated with U.S.-origin food products.

Best prospects for U.S. products continue to be beef livers and related beef products, skimmed milk powder, butter, cheese, and tree nuts. Previous growth in snack foods and apple exports has been clearly affected by the implementation of the Egypt-EU Free Trade Agreement, whereby most EU products enter duty-free. For U.S. suppliers, these segments would benefit from any trade arrangement that would lower tariffs on U.S. goods to make them more competitive. Additionally, many locally or regionally-produced U.S. consumer-ready product brands are available in the food retail market including confectionary, biscuits, chips, and cereal products, making it more of a challenge to increase market share for U.S.-origin goods in these product segments.

SECTION I. MARKET SUMMARY

1) Economic and Demographic Situation

The Egyptian Central Agency for Public Mobilization and Statistics (CAPMAS) estimates Egypt's population at 87.7 million (December 2014). About 90 percent of the population is Muslim (mainly Sunni) and 10 percent is Christian (largely Coptic). Egypt's population growth rate is 1.92 percent, with a median age of 24.6 years, of which approximately 63 percent is under 30 years of age.

Egypt transitioned from a centralized planned economy to a more market-oriented economy through structural reforms that began in the 1990s. [The World Bank](#) defines [Egypt](#) as a lower middle income economy with a Gross National Income (GNI) per capita of \$3,140 (2013). Agriculture accounts for 29 percent of the labor force; industry and services absorb 24 and 47 percent of the labor force respectively. In 2013, agriculture accounted for 14.5 percent of Egypt's gross domestic product (GDP) of \$272 billion, industry and services accounted for 37.6 and 47.6 percent, respectively.

Table 1: Key Trade and Demographic Information

Total Population (Millions)/ Annual Growth Rate (%) ²	87.7/ 1.92%
Nominal GDP (2013 Billion USD) ³	272
Nominal GDP per Capita (2013 USD) ³	3,126
GDP (Purchasing Power Parity) Billion 2013 est. in USD	551.4
GDP per Capita (Purchasing Power Parity) 2013 est. in USD	6,600
Real GDP Growth Rate (% Change 2013) ³	2.1
Real GDP Growth Rate per Capita (% Change 2013) ³	0.4
Gross National Saving of % GDP, 2013 est.	12.3
Inflation, Consumer Prices (annual %) ³	9.5
GDP Composition, by end user, 2013 est.:	
Household consumption	78.6%
Government consumption	11.8%
Investment in fixed capital	14.3%
Investment in inventories	0.4%
Export of goods & services	18%
Imports of goods & services	-23.2%
GDP Composition by sector, 2013 est.	
Agriculture	14.5%
Industry	37.5%
Services	48%
Population below poverty line (2008 est.)	22%
Labor force (2013 est.) millions	27.69
Labor force by occupation (2011 est.)	
Agriculture	29%
Industry	24%
Services	47%
Agricultural Imports From All Countries (\$bil)/ U.S. Market Share (%) ¹ (2013)	\$3,319 / 12.59%
Unemployment Rate (%) (labor force = est. 27.5 million) ²	13.3
Consumer Food Imports From All Countries (\$bil)/ U.S. Market Share (%) ¹ (2013)	\$3,319/ 12.59%
Edible Fishery Imports From All Countries (\$Mil)/ U.S. Market Share (%) ¹ (2013)	\$583.7/ 0.46%
Urban Population (Millions)/ Annual Growth Rate (%) ²	36.8/ 2.1%

Number of Major Metropolitan Areas	4
Size of the Middle Class (Millions)	26-30
Per Capita Gross Domestic Product (based on PPP)/ Per Capita Gross National Income (2013) ³	\$6,500/ \$3,140
Per Capita Food Expenditure (U.S. Dollars) ²	841.9
Percent of Female Population Employed ²	18.7%
Exchange Rate USD 1 to Egyptian Pounds (LE) ⁴	LE 7.63

(1) USDA Global Trade Atlas

(2) The Central Agency for Public Mobilization and Statistics.

(3) The World Bank

(4) Central Bank of Egypt, May 2015

Since the revolution in 2011, Egypt's economic growth has averaged two percent; its unemployment rate increased to 13.3 percent, and fiscal deficits have been above 10 percent of GDP, which have been largely financed domestically contributing to the relatively high level of inflation that averaged 10.1 percent annually in the same period. Political uncertainties/security concerns have weighed on tourism and on capital flows leading to a decline in reserves from 6.8 months of imports in mid-2010 to 2.5 months of imports in December 2014.

In December 2014, the IMF completed its consultation and economic assessment of Egypt, releasing a statement indicating that the Egyptian economy "has begun to recover after four years of slow activity." The IMF highlighted government reforms undertaken in 2014— increasing rates for electricity usage and raising fuel prices while decreasing subsidization in both instances - as a key driver of the recovery. The measures implemented have had a significant impact on the first quarter of fiscal year 2014/15 (FY 2014/15) and resulted in real GDP growth of 6.8 percent and a reduction in the budget deficit to 3.6 percent of GDP. Concomitantly, the number of tourist arrivals increased by 70 percent year-on-year to 2.8 million tourists for the same time period. However, considering the first half of 2015, tourist arrivals have a ways to go to make up ground lost since activity, say in the pre-turbulent days of 2010.

With continued government reforms and a return of investor confidence, the IMF projects that the economy will have grown between 3.5 percent to 3.8 percent during FY 2014/15, an increase of 2.2 percent over FY 2013/14. Growth for FY15/16 is projected at 4.3 percent. These measures, if we project forward at this point, would bring the budget deficit to below 8 percent of GDP by 2018/19. The reduction in the budget deficit will support the targeted inflation to 7 percent over the medium term, and increase reserves to the equivalent of 3 months of imports in the course of 2015/16.

2) The Retail Market, Characteristics

Egypt remains the largest consumer market and most diversified economy in the Arab world. According to the Economist Intelligence Unit, food retail sales in 2014 were estimated at \$81 billion, or approximately \$920 per capita. Modern supermarket and hypermarkets chains (i.e., western-style) account for about two percent of the establishments but 15 percent of sales.

Table 2: Egypt, Value of Overall Food Retail Sales, (\$ billions)

	2008	2009	2010	2011	2012	2013e	2014e
Total Retail Sales ¹	74.7	88.3	100.7	102.8	99.3	111.6	127.1

Non-Food Retail Sales ¹	28.0	33.9	39.3	38.9	36.7	40.9	46.1
Food Retail Sales ¹	46.7	54.5	61.4	63.9	62.6	70.6	81.0
Food Retail Sales as a % of Total Retail Sales	62.5%	62%	61%	62%	63%	63%	64%
Total Food Imports ²	\$9.9	\$8.4	\$10.8	\$14.4	\$7.4 Jan-Jun	16	19

(1) Economist Intelligence Unit (EIU).

(2) Foreign Agricultural Service GATS UNTrade Database (HS 6-digit), "All Agricultural, Fish and Forest."

Note: Figures have been rounded to nearest decimal point. Imports values for 2013 and 2014 are estimates based on 2011 values.

The Egyptian retail market is fragmented, but moving towards concentration. The market, outside of a handful of large retail chains, is dominated by smaller retailers. Most large retailers are discounters who sell to smaller retailers. The latter remain competitive thanks to more convenient locations and flexibility in providing informal credit to shoppers.

A constraining factor facing modern grocery retailers in the Egyptian retail market is the pressure to reduce prices to gain market share or market entry. Other problems associated with the retail sector include poor customer service, as well as inventory management. Lack of store parking in highly congested urban areas is often cited as a weakness that restrains consumers from making larger retail food purchases and lack of space in urban centers like Cairo means new, large-scale retail is constructed away from the older, settled city cores.

Multinational branded products have made inroads in the larger, centralized shopping centers with their attached supermarkets or hypermarkets. Sources indicate that imported and domestically produced multinational branded products have taken off since the implementation of liberal economic reforms and Egypt's ascension to the WTO, and are widely popular with the middle class or Class-B consumers (monthly incomes of \$2,000 to \$3,000).

3) Retail Trends, General Consumer Tastes, and Preferences

Egypt's retail business is still dominated by traditional grocers; however, changes in urban lifestyles are increasingly mirroring those of the west with an increasing demand for one-stop and top-up shopping facilities. The changes are noticeable in the expansion of modern grocery retailers in 2014 as supermarkets and hypermarkets saw outlet volume expansion of three percent and seven percent, respectively, while convenience stores saw a striking 13 percent growth. In contrast, traditional retailers saw less than one percent outlet growth in 2014 (Table 3).

Table 3: Grocery Retailers Outlets by Channel: % Unit Growth 2009-2014

Unit growth in percent	2013/14	2009-14 CAGR	2009/14 Total
Modern Grocery Retailers	2.0	2.5	13.0
- Convenience Stores	12.8	8.1	47.4
- Discounters	-	-	-
- Forecourt Retailers*	0.9	1.5	7.8
- Hypermarkets	6.7	14.9	100.0
- Supermarkets	3.0	4.4	23.8
Traditional Grocery Retailers	0.9	1.0	5.3
- Food/Drink/Tobacco Specialists**	0.8	1.1	5.7

- Independent Small Grocers	0.2	-0.6	-3.0
- Other Grocery Retailers	1.5	1.5	7.5
Grocery Retailers	0.9	1.0	5.3

Source: Euromonitor International from official statistics, trade associations, trade press, company research, trade interviews, trade sources

* Greengrocers, Butchers, Fishmongers, Bakers & Confectionaries, Alcoholic Beverage outlets, Farmers' Markets, Other Food Specialists (including delis and health food shops)

** (i.e. Small to medium-sized super markets and mini-markets which sell food products as well as most tobacco products, also, stores in Gas Stations)

Despite the impressive growth of modern retail, traditional grocers accounted for the bulk of sales in 2014 with a value of LE 156.5 billion (\$21 billion) or 77 percent of all sales, with food/drink/tobacco specialists under this group accounting for strongest sales with LE 82.6 billion (\$10.8 billion) or 41 percent of total retail sales. Meanwhile, modern grocery retailers accounted for LE 46.3 billion (\$ 6 billion) with supermarket sales having the top sales with LE36.6 billion (\$4.8 billion) (Table 4).

Table 4: Sales in Grocery Retailers by Channel: Value 2009-2014

EGP bn, retail value rsp excl sales tax	2009	2010	2011	2012	2013	2014
Modern Grocery Retailers	25.0	29.0	32.3	36.9	41.5	46.3
- Convenience Stores	0.7	0.8	0.8	0.9	1.2	1.4
- Discounters	-	-	-	-	-	-
- Forecourt Retailers	1.9	2.1	2.2	2.3	2.4	2.6
- Hypermarkets	2.1	2.7	3.9	4.7	5.0	5.7
- Supermarkets	20.4	23.5	25.4	29.0	32.8	36.6
Traditional Grocery Retailers	113.9	123.3	128.1	135.0	144.8	156.5
- Food/Drink/Tobacco Specialists	60.5	66.5	67.5	70.4	75.8	82.6
- Independent Small Grocers	23.4	26.0	29.2	33.0	36.9	41.1
- Other Grocery Retailers	30.0	30.8	31.4	31.7	32.0	32.8
Grocery Retailers	138.9	152.3	160.4	171.9	186.2	202.8

Source: Euromonitor International from official statistics, trade associations, trade press, company research, trade interviews, trade sources

The traditional grocery retailer sector's impressive sales are testament of their prevalence with a remarkable 1,156,500 outlets in 2014 or 99 percent of total retail outlets, out of which food/drink/tobacco specialists accounted for the bulk of the outlets with 76 percent (Table 5). These outlets are well-established and benefit strongly from a loyal consumer base, as they are easily accessible in most residential neighborhoods. Furthermore, many outlets offer short-term credit to recognized customers, as well as meeting consumers' immediate food/drink/tobacco needs on a frequent basis.

Table 5: Grocery Retailers Outlets by Channel: Units 2009-2014

'000 outlets	2009	2010	2011	2012	2013	2014
Modern Grocery Retailers	2.8	3.0	3.0	3.1	3.2	3.2
- Convenience Stores	0.1	0.1	0.1	0.2	0.2	0.2
- Discounters	-	-	-	-	-	-

- Forecourt Retailers	2.2	2.3	2.3	2.3	2.3	2.3
- Hypermarkets	0.0	0.0	0.0	0.0	0.0	0.0
- Supermarkets	0.5	0.6	0.6	0.6	0.6	0.7
Traditional Grocery Retailers	1,098.1	1,136.8	1,136.0	1,140.6	1,146.5	1,156.5
- Food/Drink/Tobacco Specialists	835.6	869.0	869.1	872.2	876.5	883.5
- Independent Small Grocers	88.4	87.5	85.8	85.8	85.6	85.8
- Other Grocery Retailers	174.1	180.2	181.1	182.6	184.4	187.2
TOTAL	1,101.0	1,139.8	1,139.1	1,143.6	1,149.7	1,159.7

Source: Euromonitor International from official statistics, trade associations, trade press, company research, trade interviews, trade sources

In 2014, Egypt's food retail sector's sales grew by 8 percent. Convenience stores saw the strongest growth with a notable increase in sales of 16 percent. This was due to the sector's increase in number of outlets across grocery retailers, accommodating well to the demand for top-up shopping as well as a food service operation in quick-paced, high-density urban areas (Table 6).

The hypermarket segment remains small with 16 outlets operating throughout the entire country that account for 3 percent of total retail sales, but with the highest annualized growth rate in retail sales with 22.2 percent from 2009-2014 (Table 6). Sales will continue to grow, as the number of outlets doubled in 2014, however, many Egyptians are reluctant to spend money travelling to these outlets and view traditional grocery retailers as more affordable and convenient.

Table 6: Sales in Grocery Retailers by Channel: % Value Growth 2009-2014

% current value growth, retail value rsp excl sales tax	2013/14	2009-14 CAGR	2009/14 Total
Modern Grocery Retailers	11.5	13.1	84.7
- Convenience Stores	15.6	16.4	113.6
- Discounters	-	-	-
- Forecourt Retailers	5.9	6.7	38.4
- Hypermarkets	12.0	22.2	172.1
- Supermarkets	11.7	12.4	79.0
Traditional Grocery Retailers	8.1	6.6	37.4
- Food/Drink/Tobacco Specialists	9.0	6.4	36.6
- Independent Small Grocers	11.3	11.9	75.6
- Other Grocery Retailers	2.3	1.8	9.2
Total	8.9	7.9	46.0

Source: Euromonitor International from official statistics, trade associations, trade press, company research, trade interviews, trade sources

Internet retailing remains a novelty and not widely used. Mansour's Metro and Ragab Sons have pioneered in this area. However, these players' online sales remained low at the end of the review period, with most consumers continuing to prefer to shop in store.

TRADITIONAL VS MODERN

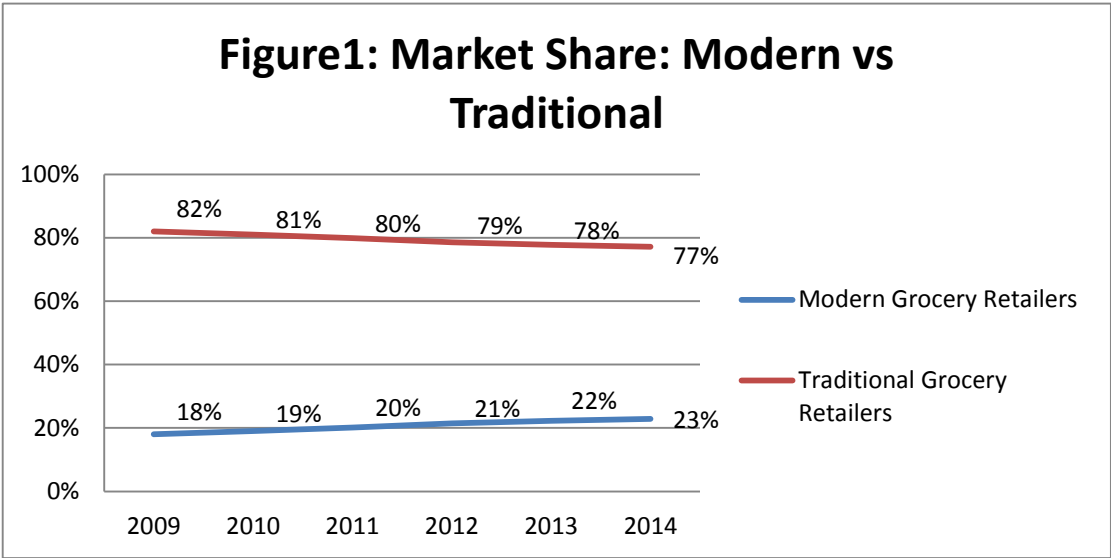
Traditional grocery operators remain the dominant players in terms of the number of outlets and sales, accounting for close to 99 percent and 77 percent, respectively. This is due to a number of

factors, including low urbanization levels in Egypt with only 44 percent of the population being urban in 2014. On the other hand, the limited space in high-density urban areas is a much better fit for the traditional small grocery outlets, as these can pop up practically anywhere due to the lack of zoning restrictions. In contrast, the modern retail sector usually is expanding in less dense suburban areas that require transportation, which is a limiting factor for many inhabitants, as public transport is often unreliable, and many consumers are reluctant to spend money on transportation when a walk to the local shop meets their needs.

The strongest channel within food/drink/tobacco specialists is bakeries, with most household buying unpackaged/artisanal bread fresh on a daily basis. Under the government's subsidy program, families are allotted up to five loaves of "baladi" bread/member/day, so it's a daily ritual to go to the local bakery and purchase the day's quota and tens of thousands of other government-supported outlets sell other items offered on a subsidized basis such as vegetable oil, sugar, poultry, and pasta.

Kiosks, street vendors and market stalls are a strong sector in the retail sector, accounting for the second largest share of outlet volume of 16 percent. Kiosks are found on most street corners nationwide and even inside large government buildings, being popular channels for the purchase of cigarettes and snacks.

Nonetheless, the modern grocery retail sector has increased its market share from 18 percent in 2009 to 23 percent in 2014. Post expects this trend to continue, but does not expect to see the modern retail market achieve market domination in the near future due to the aforementioned reasons (Figure 1).



Source: Euromonitor

COMPETITIVE LANDSCAPE

Competition in the food retail market is highly fragmented, with the top five retailers having a about 10 percent market share in 2014. This is due to the strength of the traditional sector's number of outlets, in which sole ownership is still the norm. It also reflects consumers' preference for grocery retailers close to their homes. However, the top five retailers have all gained market share in the last five years at the expense of the smaller players, increasing from 5.5 percent in 2010 to 9.9 percent in 2014 (Table 6). This was partly due to growing price competition in this channel and poor performance for market stalls and street vendors as a result of consumers' concerns over higher-

than-normal crime levels triggered by Egypt's political crisis.

Table 5: Grocery Retailers' Market Share: Percent of Sales 2010-2014

% retail value rsp excl sales tax	2010	2011	2012	2013	2014
Mansour Mfg & Distribution (MMD)	3.1	3.4	3.4	3.4	3.9
Ragab Sons for Trade & Distribution	0.9	0.9	1.8	2.4	2.4
Majid Al Futtaim Hypermarkets LLC	0.9	1.5	1.8	2.0	2.3
Spinneys Egypt Ltd	0.4	0.6	0.7	0.7	0.7
Zahran Group	0.2	0.3	0.5	0.6	0.6
Others	94.5	93.3	91.8	90.9	90.1
Total	100.0	100.0	100.0	100.0	100.0

Source: Euromonitor International from official statistics, trade associations, trade press, company research, trade interviews, trade sources

Mansour Manufacturing and Distribution (MMD) was the leading food retailer with a market share of 3.9 percent in 2014. This is chiefly due to the strength of the company's supermarket operation under the brand name of Metro, which is the leading food retailer with 3 percent of total sales in 2014 (Table 7). Metro benefits from a strong reputation for quality and service, with many outlets being open 24 hours. The company also offers the Mini-Metro chain, focusing on consumer foodservice, and the value supermarket chain Kheer Zaman. Mansour also saw the strongest value share gain in 2014 over the previous year, gaining half a percentage point in overall grocery retailers. This was chiefly due to Metro's ongoing outlet expansion.

The second leading retailer, Ragab Sons for Trade & Distribution, increase its market share by purchasing the Al Mahmal Company for EGP 2 billion, which will increase its market share in the supermarket sector from 13 percent to 16 percent. According to some media reports, the sale was linked to the owner's concern that his previous connections to the banned political organization, the Muslim Brotherhood, could result in business assets being frozen. Indeed, in June 2014 the Egyptian government raided the Seoudi and Zad supermarket chains, temporarily closing there stores due to their owners' connections to the Muslim Brotherhood. While Zad lacked a significant share in supermarkets, having been launched only in 2012, Seoudi was a more prominent player and ranked sixth in value terms in supermarkets in the year with over 2 percent market share.

In 2013, the third-leading player, the Emirati based Majid Al Futtaim, with its flagship Carrefour stores, began negotiations to acquire Metro and Kheer Zaman supermarket chains from Mansour Mfg & Distribution (MMD). However, these negotiations proved unsuccessful and subsequently broke down. Majid Al Futtaim Hypermarkets has, however, stated that it would be interested in restarting these negotiations, viewing the Metro chain in particular as a good fit with its Carrefour operations.

Table 6: Grocery Retailers Brand Shares: % Value 2011-2014

% retail value rsp excl sales tax	Company	2011	2012	2013	2014
Metro	Mansour Mfg & Distribution (MMD)	2.7	2.7	2.5	3.0
Ragab Sons	Ragab Sons for Trade & Distribution	0.9	1.8	2.4	2.4
Carrefour	Majid Al Futtaim Hypermarkets LLC	1.3	1.5	1.5	1.7
Kheer Zaman	Mansour Mfg & Distribution (MMD)	0.7	0.8	0.9	0.8
Spinneys	Spinneys Egypt Ltd	0.6	0.7	0.7	0.7

Zahran	Zahran Group	0.3	0.5	0.6	0.6
Carrefour Market	Majid Al Futtaim Hypermarkets LLC	0.2	0.4	0.5	0.6
Al Mahmal	Al Mahmal Co	0.2	0.3	0.4	0.4
Hyper1	Al Hawary Co	0.5	0.5	0.4	0.4
Fathalla	Gomla Marke Co	0.3	0.3	0.4	0.4
Seoudi	Seoudi Co	0.4	0.4	0.4	0.4
Awlad Ghanem	Al Marwa For Trading & Distribution Co	0.2	0.2	0.3	0.3
Alfa Market	Alfa Market SAE	0.2	0.2	0.2	0.2
Mobil Market	Exxon Mobil Corp	0.2	0.2	0.2	0.1
La Poire	International Co for Sweets Production	0.1	0.1	0.1	0.1
Esso Snack & Shop	Exxon Mobil Corp	0.1	0.1	0.1	0.1
Oscar	Oscar Supermarket	0.1	0.1	0.1	0.1
Abou Zekry	Abou Zekry SAE	0.1	0.1	0.1	0.1
Royal House	Royal House Supermarket	0.1	0.1	0.1	0.1
Abba	Abbanoub Inter Trade Co	0.1	0.1	0.1	0.1
Others	Others	90.8	89.2	88.0	87.3
Total	Total	100.0	100.0	100.0	100.0

Source: Euromonitor International from official statistics, trade associations, trade press, company research, trade interviews, trade sources

PROSPECTS

The forecast period performance of grocery retailers will be shaped by the country's economic and political situation. If stability, economic growth, and disposable income levels are sufficiently positive, the shift from the traditional food retailers to modern grocery retailers will accelerate. However, any worsening in the economic situation is likely to result in a slower shift toward the modern retail sector. Nonetheless, the traditional retail sector will continue to dominate the market for the foreseeable future (Table 7).

Table 7: Forecast Sales in Grocery Retailers by Channel: Value 2014-2019

EGP bn, retail value rsp excl sales tax	2014	2015	2016	2017	2018	2019
Modern Grocery Retailers	46.3	47.2	48.6	50.4	52.3	53.8
- Convenience Stores	1.4	1.5	1.6	1.7	1.8	1.9
- Discounters	-	-	-	-	-	-
- Forecourt Retailers	2.6	2.5	2.4	2.4	2.4	2.3
- Hypermarkets	5.7	5.7	5.9	6.0	6.2	6.2
- Supermarkets	36.6	37.4	38.7	40.2	41.8	43.4
Traditional Grocery Retailers	156.5	156.2	159.5	164.2	170.3	176.9
- Food/Drink/Tobacco Specialists	82.6	84.1	88.3	93.2	98.8	104.8
- Independent Small Grocers	41.1	41.5	42.4	43.7	45.5	47.3

- Other Grocery Retailers	32.8	30.7	28.8	27.3	26.0	24.8
Total	202.8	203.4	208.1	214.6	222.6	230.7

Source: Euromonitor International from trade associations, trade press, company research, trade interviews, trade sources

Note: Forecast value data in constant terms.

As for outlets, modern and traditional retail sectors are projected to grow 2.2 percent and 1.3 percent annually for the next five years, respectively (Table 8). When it comes to sales, modern retail sector sales are expected to grow at 3.1 percent, while the traditional sector is expected to grow 2.5 percent over the next five years (Table 9) .

Most Egyptians will continue to prefer to shop close to home, viewing these outlets as more convenient and affordable. A preference for these outlets is illustrated by the fact that sales in convenience stores and food/drink/tobacco specialists are expected to be the fastest growing. Convenience stores are expected to see a six percent annual growth in sales, thanks to a strong growth in outlets of 8.7 percent annually. Sales of food/drink/tobacco specialists are expected to grow 5 percent annually during the next five years, despite outlet volume growth of only 1 percent. This channel will benefit most from rising disposable income levels for low-to-middle income consumers, as well as the government's new food subsidy program that mostly benefits this sector.

Table 8: Forecast Grocery Retailers Outlets by Channel: % Unit Growth 2014-2019

Unit growth (percent)	2018/19	2014-19 CAGR	2014/19 Total
Modern Grocery Retailers	1.8	2.2	11.5
- Convenience Stores	5.5	8.7	52.0
- Discounters	-	-	-
- Forecourt Retailers	0.9	1.0	5.0
-- Chained Forecourts	3.3	4.6	25.3
-- Independent Forecourts	0.5	0.4	2.0
- Hypermarkets	4.5	7.5	43.8
- Supermarkets	3.2	4.0	21.5
Traditional Grocery Retailers	1.5	1.3	6.8
- Food/Drink/Tobacco Specialists	1.4	1.2	6.3
- Independent Small Grocers	0.7	0.7	3.7
- Other Grocery Retailers	2.0	2.0	10.5
Grocery Retailers	1.5	1.3	6.8

Source: Euromonitor International from trade associations, trade press, company research, trade interviews, trade sources

Table 9: Forecast Sales in Grocery Retailers by Channel: % Value Growth 2014-2019

% constant value growth, retail value rsp excl sales tax	2014-19 CAGR	2014/19 TOTAL
Modern Grocery Retailers	3.1	16.3
- Convenience Stores	6.0	33.6
- Discounters	-	-
- Forecourt Retailers	-2.3	-11.0
- Hypermarkets	1.9	9.7

- Supermarkets	3.5	18.6
Traditional Grocery Retailers	2.5	13.0
- Food/Drink/Tobacco Specialists	4.9	26.8
- Independent Small Grocers	2.9	15.1
- Other Grocery Retailers	-5.4	-24.4
Grocery Retailers	2.6	13.8

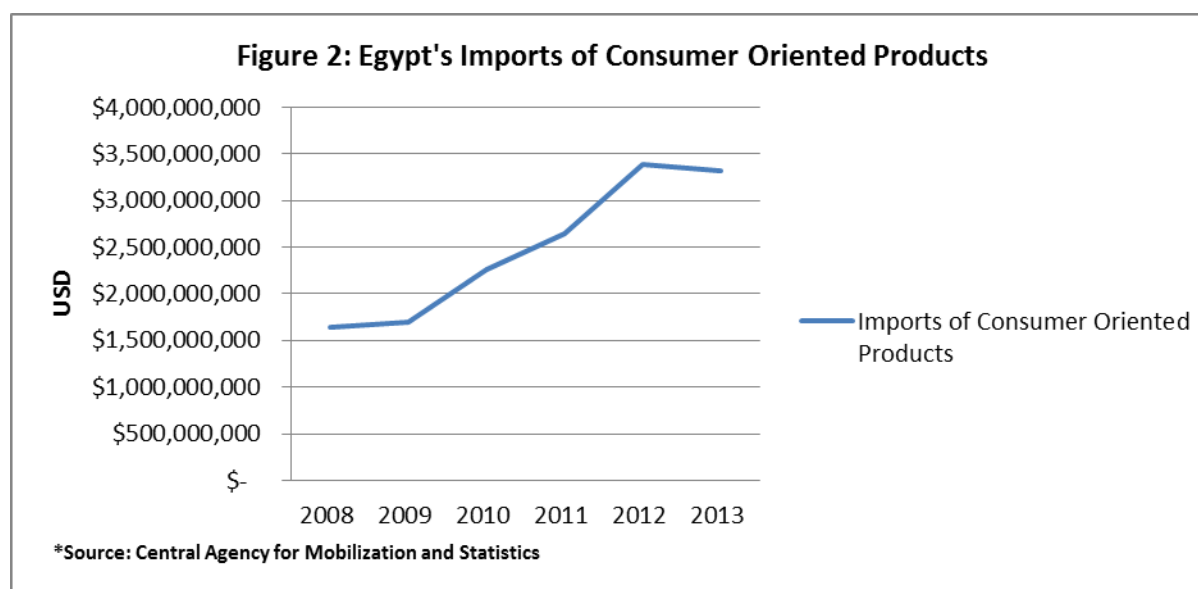
Source: Euromonitor International from trade associations, trade press, company research, trade interviews, trade sources

Note: Forecast value data in constant terms.

Internet sales will grow and be dominated by the leading grocery retailers, and an increasing number of Egyptians are discovering the ease and convenience of internet shopping. Retailers are improving their websites and more chains are likely to launch this service. However, strong online marketing is likely to prove even more important than a presence in internet retailing, with a frequently-updated Facebook page in particular likely to encourage consumers to seek out promotions and sales. That said, purchases made online will still represent a very small percentage of overall sales.

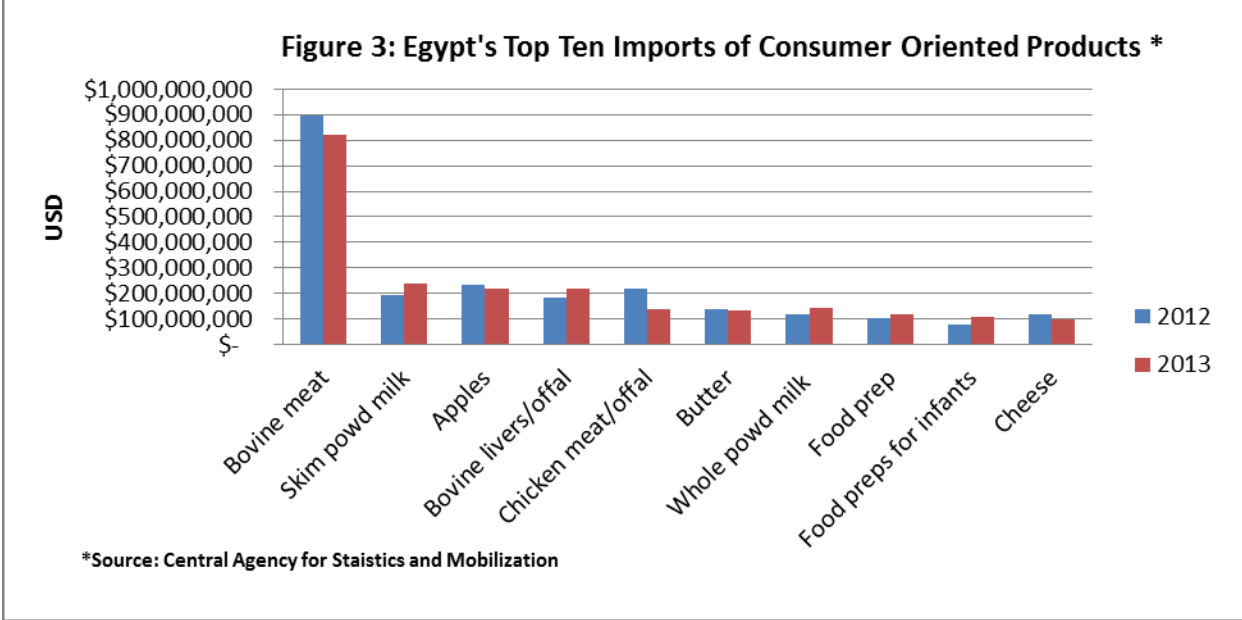
4) Egypt's Trade in Consumer Goods

Despite political turmoil, in the last five years Egypt's imports of consumer oriented products have annually grown by 19 percent. In 2013, Egypt imported \$3.32 billion of consumer oriented products, a decline of two percent from its record year of 2012, in which it imported \$3.39 billion of consumer oriented products (Figure 2). The dip in exports in 2013 was not a surprise as the political situation and the aftereffects thereof with the change in leadership that occurred midyear, had countrywide, economy-wide impacts.

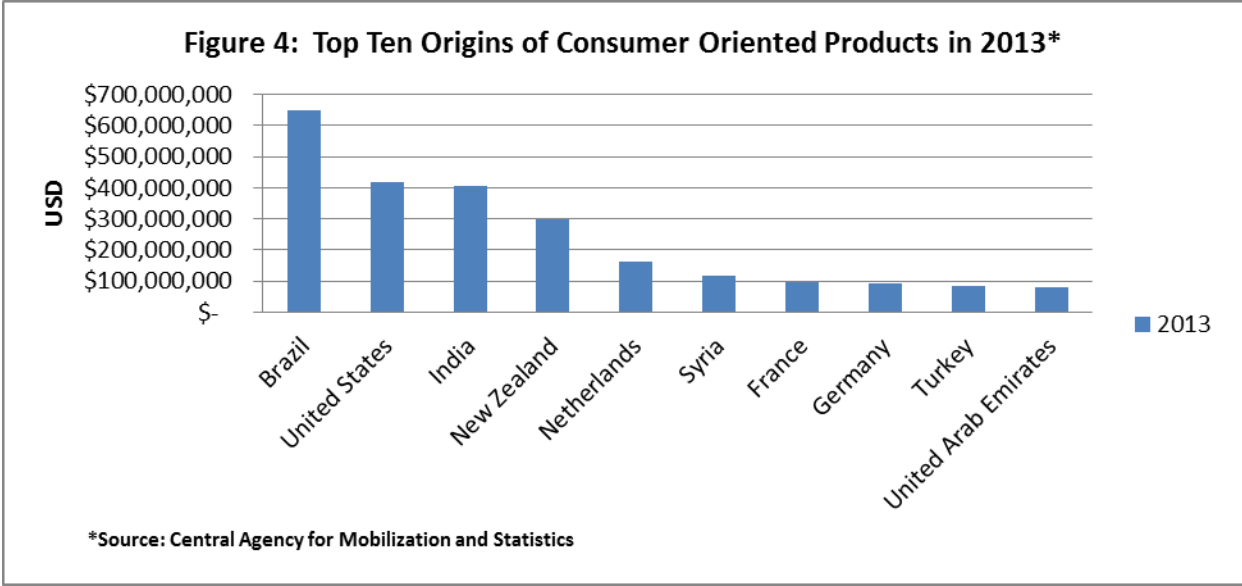


In 2013, red meat by far was the largest import, accounting for \$820 million or 25 percent of

Egypt's value-added food imports, followed by skimmed milk with a value of \$240 million, and apples with a value of \$220 million (Figure 3).



In 2013, Brazil was Egypt's leading supplier of consumer oriented products with a value of \$646 million, consisting mostly of meat and meat products accounting for 98 percent of these imports. U.S. value-added products were next with at just under \$370 million made up mostly of meat and meat products with 52 percent of this total, followed by dairy and dairy products with 33 percent of total imports. The third leading supplier was India with an import value of \$407 million made up mostly of bovine meat representing 75 percent of imports, followed by skimmed powdered milk with 11 percent, and spices with 6 percent. The top ten suppliers of consumer oriented products (Figure 4) accounted for 75 percent of all imports.



5) Food Standards and Regulations

For food import regulations and standards refer to the [GAIN Egypt FAIRS Report](#) The Egypt FAIRS Report provides an overview of the food laws and regulatory environment in Egypt, particularly as it relates to U.S. food and agricultural exports.

6) U.S. Product Advantages and Challenges in Egypt

Advantages	Challenges
<ul style="list-style-type: none">• U.S.-origin products continue to enjoy wide acceptance in the Egyptian market.• Recognition of affordability combined with guarantees of high quality, and product availability.• New-to-market products benefit from the recent expansion of supermarket and hypermarket chains.• Receptivity toward buying into the notion of American luxury.	<ul style="list-style-type: none">• Higher tariffs often levied on imported consumer-oriented products.• Many importers indicate that there is a lack of U.S. supplier interest in Egypt.• Egyptian import regulations are convoluted, non-transparent, and often overly stringent.• Egyptian importers are largely unfamiliar with U.S. export control processes, procedures, standards, and certifications.• The absence of cold storage facilities outside of Cairo and Alexandria.• The stagnant though slowly rebounding tourist trade.• An evolving regulatory system.• Other trading partners' proximity.

SECTION II: ROAD MAP FOR MARKET ENTRY

1) Supermarkets and Hypermarkets, Entry Strategy

Introducing a product successfully in the Egyptian marketplace depends on promotion and product support. Sources attest that successful U.S. food and agricultural product sales occur as a result of thorough market research, establishing relationships with experienced agents and distributors, and understanding Egypt's import norms, especially those relating to halal requirements.

After establishing contact with potential partners, FAS Cairo recommends visiting Egypt to gain firsthand knowledge of its market. Product sampling, in-store displays, price discounts, and advertising are critical in promoting a new-to-market product. To build product loyalty, U.S. exporters working with distributors need to ensure a continuous supply of their products. The norm for local importers is to work with consolidated shipments initially, gauging a new-to-market product's retail potential.

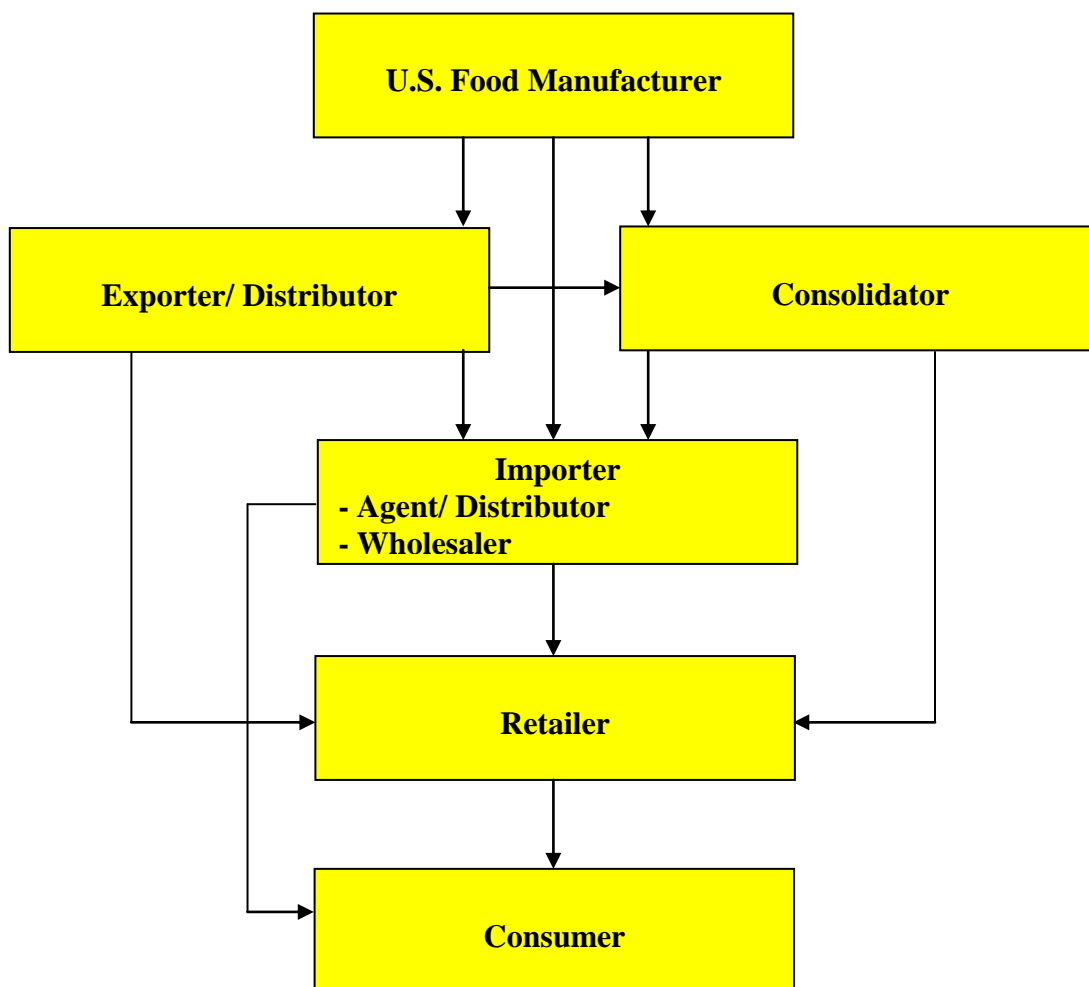
U.S. exporters should consult with FAS Cairo on the latest market developments, customs regulations and sanitary and phytosanitary (SPS) requirements. Customs clearance for food

products can take up to 30 days. Production and expiration dates are mandatory and labels must be in Arabic language or translated on a sticker affixed to the container. Products making nutritional claims must be registered with the National Nutrition Institute.

Post recommends that U.S. exporters participate in major food shows (e.g., ANUGA, SIAL, NRA, and Gulfood in Dubai). FAS Cairo invites Egyptian buyers' to participate at these fairs to help introduce importers to U.S. exporters. HACE is Egypt's largest food show.

2) Retail Market Structure

Basic flow of imported food products:



- Retail supermarket and hypermarket chains maintain their own distribution systems, using modern warehouses as distribution centers.
- Depending on arrangements, some imports are handled directly by the supermarket chain's head office, their identified importer, or by branches themselves. For example, Carrefour buys some of its beef directly from private processing plants that import live beef cattle for local (halal) slaughter.

- Importers sometimes sell their goods to wholesalers, who in turn distribute imported food products to retail outlets. Of course, many importers sell directly to retailers.

Food Retail, Major Supermarket Sales, Shares, Brands Outlets

The modern retail sector is slowly reshaping Egypt's food retail industry and consumer shopping habits. The shift from traditional to modern has been slow, although the modern retail sector began with the establishment of supermarkets in Cairo in the late 1970s. In 2003, French supermarket franchise Carrefour opened its first retail branch, catering to a market segment clearly above Egypt's working poor with relatively higher-income clientele, and they established retail operations in Cairo and Alexandria. These establishments have been able to tap into the market by offering competitive pricing, and the demand for one-stop shopping. However, in terms of sales, the modern retail sector lags behind the traditional retail sector with a market share of 23 percent in 2014.

In 2014, over 70 percent of retail sales were from non-organized and independent enterprises, while the top 5 retailers commanded 9.9 percent of total sales. It is expected that these retailers will consolidate market share by buying and edging out modern and traditional grocers. While Egypt's supermarket and hypermarket trend has had impact on the local retail economy, there is substantial room for development as the traditional sector will continue to dominate retail sales, projected to account for three-fourths of total sales in 2019.

There are currently several (five operational and many others either being built or planned) large retail malls in and around Cairo and Alexandria. Egypt's projected organized retail floor space development trumps all other MENA markets, with a staggering 1.9 million square meters of retail space to be added to existing developments by 2015. Mall-based stores in the Egyptian market also benefit from the recreational value of these shopping complexes, meaning traffic is high and this can often increase sales through impulse purchases. Ever-expanding urban communities on the outskirts of Cairo encourage the development of large shopping complexes thanks to the abundance of space and Egypt's increasingly sophisticated transport infrastructure. Many upscale gated communities are even being developed with retail areas as part of the master plan.

As mentioned, Majid Al Futtain entered the Egyptian market through a joint venture with France's Carrefour in 2003 and currently has nine hypermarkets in and around Cairo and Alexandria, with two more in the planning stages. The company's real estate branch currently owns two retail malls: Maadi City Center in Cairo, and Alexandria City Center. One more outlet is currently under construction, the Mall of Egypt in Cairo's Sixth of October suburb.

Trans World Trading (TWT), an Egyptian conglomerate, has one retail project "Dandy Mega Mall". Strategically located next to the Cairo-Alexandria toll gate, it currently occupies 82,000 square meters and is planned to grow to 120,000. Anchored by the Egypt's biggest Carrefour hypermarket, it's popular with residents of the surrounding Giza and Sixth of October suburbs, as well as seasonal travelers, and it is estimated that 70 percent of that mall's traffic is made up of Egyptians on their way to or returning from Alexandria and Egypt's northern coast.

The Mall of Arabia is Egypt's biggest mall in terms of space and store numbers, and the second biggest mall in the Middle East. The project is owned by the Saudi Fawaz Al Hokair Group. The Mall of Arabia holds 900 brands, parking space that accommodates up to 9,000 cars, a multiplex with 13 3D screens, and the largest open-air, casual dining and coffee shops. The Mall of Arabia also includes Spinneys hypermarket "the largest shareholder and manager of the brand is the Dubai-based private equity firm The Abraaj Group" a retailer that competes with Carrefour and Metro Supermarkets. It currently operates four stores in Cairo, two in the Sixth of October, one store each in Nasr City and Hurgada. Spinney's has plans to open two new stores in Cairo's Mohandeseen and

Zamalek neighborhoods.

Table 10: Egypt, Supermarket/ Hypermarket Outlets by Brand, 2014

Outlet	Company	Number of Outlets	Locations	Purchasing Agent Type
Metro, Mini-Metro	Mansour Manufacturing and Distribution Group	58 (year end 2014)	Cairo, Sharm El Sheik, Alexandria	Direct/ Distributor/ Importer
Ragab Sons	Ragab Sons for Trade and Distribution	64 supermarkets 2 hypermarkets	Cairo, Alexandria	Direct/ Importer
Kheir Zaman	Mansour Manufacturing and Distribution Group	50 (yearend 2012)	Cairo, Alexandria	Direct/ Distributor
Al Hawary	Al Hawary Company	5	Cairo	Wholesaler
Fathalla	Gomla Market Company	27	Cairo, Alexandria, Hurghada	Direct/ Importer/ Wholesaler
Alfa Market	Alfa Market SAE	8	Cairo, Alexandria	Direct/ Importer
SEOUDI Market	Seoudi Market	13		
Abou Zekry	Abou Zekry SAE	7	Cairo	Direct
Carrefour, Carrefour Express	The Majid Al-Futtaim Group in joint venture with Carrefour SA	15 supermarkets 9 hypermarkets	Cairo, Alexandria, Hurghada, Sharm El Sheikh	Direct/ Importer
Spinney's	Spinney's Egypt Ltd.	6 (+4 ²)	Cairo, Hurghada	Direct
BIM Market	Turkish Chain	10	Cairo	---
Traditional Grocery Retailers ¹	---	Approximately 85,000	Nationwide	---

Source: Euromonitor International and Post estimates.

(1) Includes independent small groceries, food/drink/tobacco specialists, and all grocery retailers.

(2) Will open by end of 2015

4) Convenience Stores, Gas Marts and Kiosks

The modern convenience store sector is doing remarkably well, becoming an increasingly important venue for food retail in recent years. The country has over 225 locations integrated with gas station brands offering imported snack and drink products, and frequently, express outlets for popular food retailers. Exxon-Mobil is the leader in the segment with a 74 percent market share with brands such as Mobil Market, Esso Snack and Shop, and On the Run. Emarat-Masr gas stations also have an increasing presence with 20 outlets, including several with on-site Burger King franchises. Local confectioner, Le Poire, has also capitalized on the convenience store trend by opening express outlets at gas stations.

ExxonMobil's "On the Run," with its 32 stores, pioneered the concept of service station convenience stores; it plans to open another 10 to 15 stores in the near- to medium-term. Gas marts often operate around the clock and stock a variety of consumer-oriented food products, including ready-

to-eat meals. Daily sales vary based on store size and location, but reportedly average in the neighborhood of \$4,300 per day for a medium-size outlet. Gas mart profit margins reportedly are 25 percent of sales.

5) Traditional Markets, "Mom and Pop," Small Independent Grocery Stores, and Wet Markets

Small independent grocery stores due to their size and limited capital offer a reduced number of imported food products. Industry sources confirm that the number of small independent grocery stores is gradually declining with the takeoff of modern supermarkets and hypermarkets.

The small independent grocery stores are being squeezed out by thinning profit margins and supermarket expansion. Post sees small independent grocery stores' numbers declining at a rate of 5 percent per year. However, this segment is unlikely to completely disappear, especially outside of the country's major cities since low- and lower middle-income consumers will continue to be its main demographic.

6) Internet Retailing

Internet Retailing is a new trend that is slowly taking off in Egypt's major cities. Many food retailers such as Metro Supermarkets, and even smaller retailers, see the internet as an important medium for advertising store promotions and new products. Some supermarket chains such as Metro Supermarkets have a limited amount of store products offered for sale through their websites.

SECTION III: COMPETITION

Table: 11: Egypt's Key Consumer Oriented Import Partners in 2013

Product Category	Major Supply Sources	Strengths of Key Countries	Advantages and Disadvantages of Local Suppliers
Snack Foods Net Imports: 90,859 MT \$85.8 million (CIF)	1. UAE – 22% 2. Turkey – 14.5% 3. Saudi Arabia – 9% 19. United States – 1%	The top three suppliers benefit from closer shipping proximity, and FTAs with Egypt.	Domestic production suffers from low quality.
Breakfast Cereals Net Imports: 2,147 \$4 million (CIF)	1. Syria – 18.5% 2. France -14% 3. Spain -13% 7. United States - 6%	The top three suppliers benefit from closer shipping proximity. Syria has a long established trade relationship. EU-Egypt FTA 0% tariff rate.	Very low domestic production of low quality. Imports are perceived to be better quality.
Red Meats, FR/CH/FR Net Imports: 615,298 MT \$783.8 million (CIF)	1. Brazil - 48% 2. India – 25% 3. United States -22%	Brazil and India are lower cost suppliers of beef. Limited number of halal certified U.S. processing plants.	Limited domestic feeder cattle and buffalo stock.

Red Meats, Prep./Pres. Net Imports: 4,165 MT \$17 million (CIF)	1. Brazil – 43% 2. United States – 37% 3. Jordan – 9.5%	Brazil is highly price competitive.	Domestic production is low cost.
Poultry Meat Net Imports: 152,603 MT \$185.5 million (CIF)	1. Brazil – 98% 2. Argentina – 0.9% 3. China – 0.7% United States – 0%	Brazilian product is almost exclusively whole birds.	Insufficient domestic production. Imports of more affordable of U.S. CLQs are blocked by a protectionist industry.
Dairy Products (excl. cheese) Net Imports: 157,515 MT \$483.3 million (CIF)	1. New Zealand – 43% 2. United States - 12.5% 3. Germany - 8.5%	U.S. competitors benefit from shipping proximity, market access preferences, and consumer preferences.	Limited domestic production. Preference for utilizing higher quality imports.
Egg & Products Net Imports: N/A \$2.6 million (CIF)	1. Greece - 30% 2. Ukraine – 20% 3. United States -16%	EU suppliers face 0% tariffs compared to 5-10% faced by U.S. product.	Egypt has well established egg laying and processing industry.
Fresh Fruit Net Imports: 1,863,505 MT \$185.7 million (CIF)	1. Italy - 37% 2. Syria - 17% 3. Lebanon - 12% 10. United States - 1.4%	Top suppliers benefit from proximity and FTAs. U.S. apples face a 20% tariff rate.	Domestic production of apples and pears is of low quality.
Fresh Vegetables Net Imports: 934,360 MT \$14 million (CIF)	1. UK – 36% 2. Netherlands -20% 3. China – 13% 16. United States 0.06%	Top suppliers benefit from lower shipping costs, proximity, and the EU-Egypt FTA (0% tariff). U.S. product faces 2-10% tariffs.	Large domestic production. Problems getting product to market impact quality.
Processed Fruit & Veg. Net Imports: 395,261 MT \$67.4 million (CIF)	1. Turkey – 14.5% 2. China -13% 3. Syria – 11% 5. United	Top suppliers benefit from lower shipping costs and proximity. U.S. product faces 20% tariff rate.	Large domestic production. Problems getting product to market impact quality.

	States – 6.5%		
Fruit & Veg. Juices Net Imports: 48,418 MT \$51.2 million (CIF)	1. UAE -57% 2. Saudi Arabia - 24% 3. Spain – 6% 11. United States – 06%	Top suppliers benefit from lower shipping costs and proximity.	Local production is of good quality combined with improving distribution and marketing. Imports are preferred at hotels.

Tree Nuts Net Imports: 932,393 MT \$74.5 million (CIF)	1. United States – 29% 2. Vietnam – 21% 3. Turkey – 15%	Egypt-Turkey FTA. Specialized product.	Limited, low quality local production.
Wine & Beer Net Imports: 497,659 L \$639 thousand (CIF)	1. United States – 44% 2. Italy – 37% 3. UK – 8%	EU suppliers benefit from EU-Egypt FTA and closer shipping proximity.	Limited, low quality production due to religious reasons.
Nursery Products Net Imports: 48,418 MT \$51.2 million (CIF)	1. Netherlands - 62% 2. Spain -12.5% 3. China – 12% 11. United States – 0.5%	Top suppliers benefit from lower shipping costs, proximity, and the EU-Egypt FTA (0% tariff). U.S. product faces 30% tariff rate.	Limited local production.
Pet Foods Net Imports: 2,303 MT \$3.9 million (CIF)	1. Hungary – 24% 2. France - 22.5% 3. Argentina – 12% 4. United States– 11.5%	Top suppliers benefit from lower shipping costs, proximity, and the EU-FTA (0% tariff). U.S. product faces tariff rate of 5-30%.	Limited local production.
Other Consumer Oriented. Net Imports: N/A \$368.3 million (CIF)	1. Netherlands - 11% 2. India – 10.5% 3. Vietnam – 8% 18. United States – 2%	Top suppliers benefit from lower shipping costs and proximity. The Netherlands benefits from the EU-Egypt FTA.	Limited local production combined with quality concerns.

Source: Global Trade Atlas (GTA).

Supply sources ranked by value. CIF = cost-insurance-freight. Quantities are in metric tons (MT) and liters (L). CLQ = Chicken Leg

Quarters.

Table : Comparison of Tariffs Rates of Selected Consumer Foods
Products by Origin

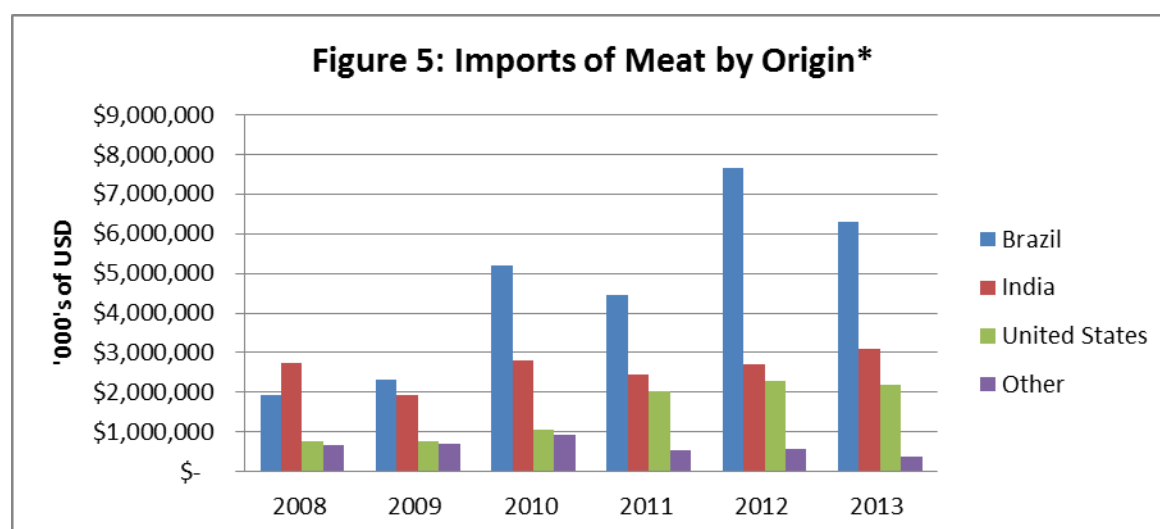
Group	Products	HS	U S	E U	COME SA	Pan - Ara b FTA
<i>Red Meats, Fresh/Chilled/Frozen</i>						
	Bovine Boneless Frozen	0202-30	0	0	0	0
	Bovine Livers, Frozen	0206-22	5	0	0	0
	Bovine Offal, Frozen	0207-12	3 0	0	27	0
<i>Dairy Products</i>						
	Milk Powder< 1.5% Fat	0402-10	0	0	0	0
	Butter	0405-10	5	0	4.5	0
	Natural Milk Product	0404-90	5	0	0	0
<i>Fresh Fruit</i>						
	Apple, Fresh	0808-10	2 0	0	0	0
<i>Tree Nuts</i>						
	Almonds, No Shell	0802-12	5	0	0	0
	Almonds, In Shell	0802-11	5	0	0	0
<i>Cheese</i>						
	Cheese Except Fresh	0406-90	0- 1 0	0	0-4.5	0
	Cheese Processed	0406-30	1 0	0	9	0
	Fresh Cheese	0406-10	1	5	9	0

			0			
<i>Snacks</i>						
	Confectionary Products	1704-90	3 0	1 5	27	0
	Chewing Gum	1704-10	3 0	1 5	0	0
	Chocolate prep in block	1806-20	1 0	5	9	0
	Chocolate not Deflated	1806-31	2 0	1 0	18	0
	Chocolate	1806-90	2 0	1 0	18	0
	Cookies and Biscuits	1905-31	3 0	1 5	27	0
	Waffles and Wafers	1905-32	3 0	1 5	27	0

Source: WTO Tariff Database

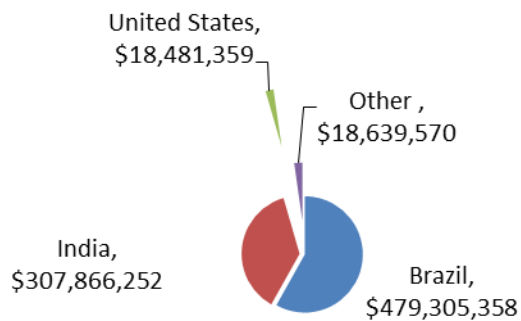
SECTION IV: BEST CONSUMER-ORIENTED PRODUCTS PROSPECTS

1) Red Meat and Bovine Offal- Import growth of beef and meat products has been remarkable in the last five years, from \$570 million in 2009 to \$1.2 billion in 2013, an increase of 128 percent (Figure 5). In that period, U.S. market share increased from 14 percent to 18 percent. Although meat is part of the traditional cuisine, demand is constrained by consumer income levels and reflected by the type of meat that is imported from abroad. Most of the imports are made up of frozen meat cuts from Brazil and India (Figure 6), followed by beef offal from the United States (Figure 7). Egypt is the world's largest importer of beef livers.



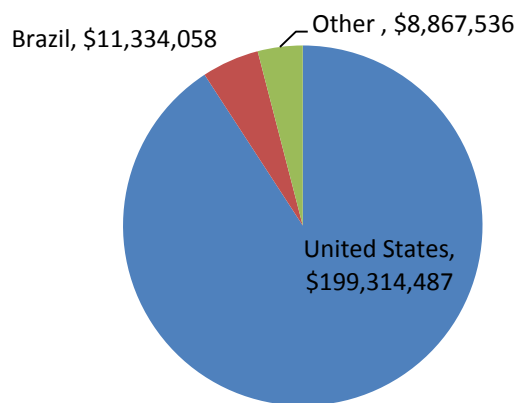
Source: Central Agency for Mobilization and Statistics (CAPMAS)

Figure 6: Imports of Frozen Beef by Origin in 2013



Source: Central Agency for Mobilization and Statistics (CAPMAS)

Figure 7 : Imports of Beef Livers and Offal by Origin, 2013



Source: Central Agency for Mobilization and Statistics (CAPMAS)

Table 12: Egypt, Supermarket Prices, Domestic Beef Compared to Imported Beef

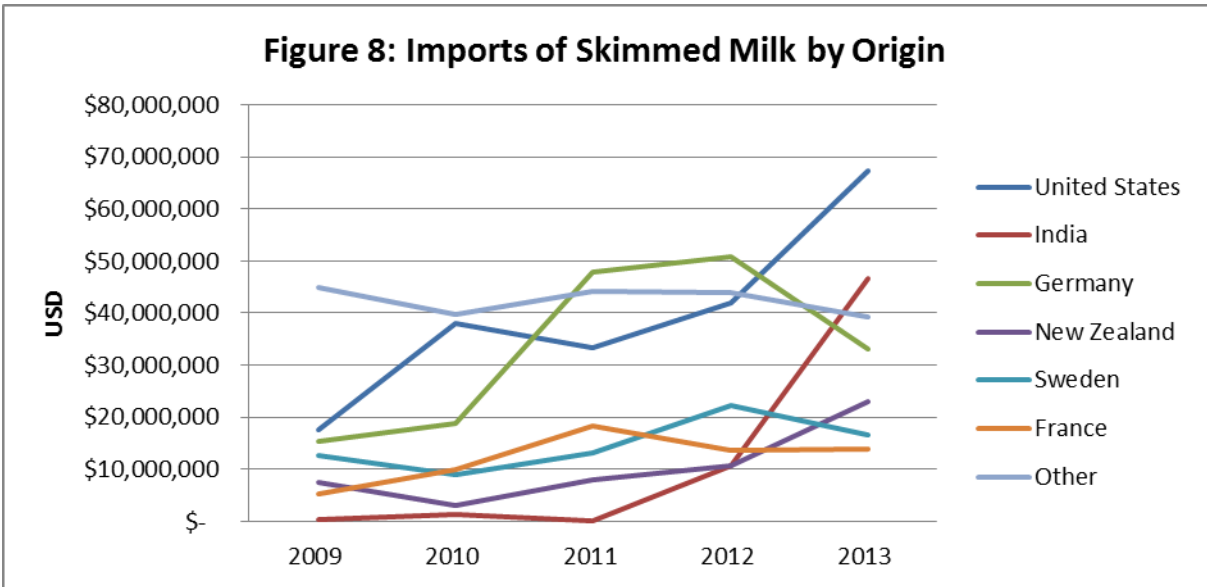
Origin	Domestic	Brazil	India	Sudan
Price per Kilogram	LE 85 (\$11.14)	LE 31-35 (\$4.06 -\$4.59)	LE 30 (\$3.93)	LE 30 (\$3.93)

\$US 1 = Egyptian Pound (LE) 7.63.

Despite imported beef's lower price, many Egyptian consumers still favor higher-priced domestic beef. Locally produced beef is assumed to be fresher and more wholesome than frozen beef shipments from overseas. Consumers question also whether beef from cattle processed for export to Egypt has been slaughtered in accordance with halal requirements.

2) Skimmed Powdered Milk- Egypt's demand for skimmed milk powder is significant as its domestic production is unable to meet the country's growing need and as consumers' preferences are changing from fresh to processed milk products. Most of the milk is reconstituted and sold across the range of establishments. In the past five years, demand for skimmed milk grew from \$103 million in 2009 to over \$240 million in 2013, a growth rate of 27 percent/year. In 2013, the

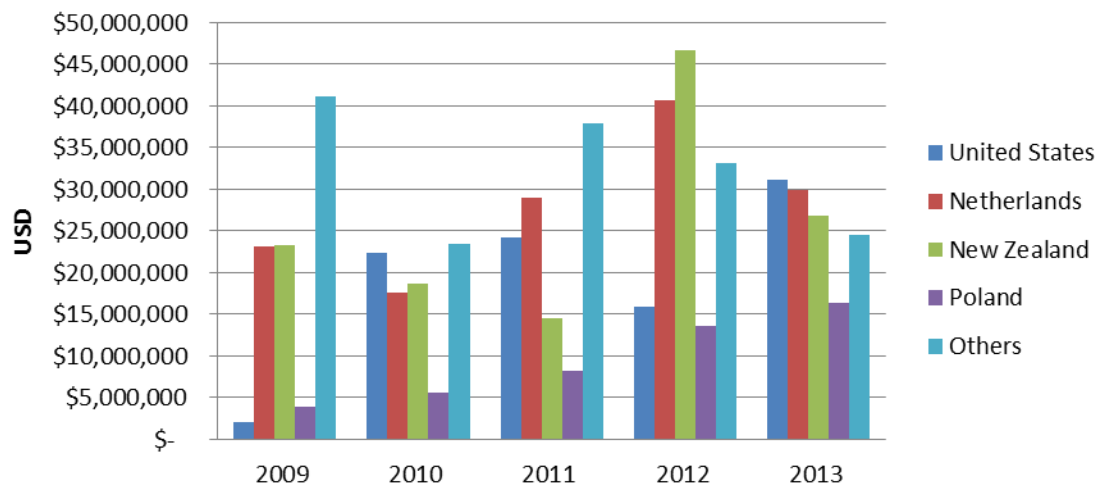
U.S. was the leading supplier of powdered milk with imports here valued at \$67 million; however, Egypt remains a very competitive and price sensitive market, with purchasing from a number of suppliers (Figure 8).



Source: Central Agency for Mobilization and Statistics (CAPMAS)

3) Cheese- Egyptian consumers' preference for imported cheese remains strong, as consumers expand their traditional consumption of soft cheese to specialty cheeses. In 2013, U.S. suppliers sold more cheese than other suppliers with sales valued at \$31 million, followed by the Netherlands with \$29 million and New Zealand with \$26 million (Figure 9). Much of the cheese is bought in bulk and repackaged using local brands or sold unpackaged in the supermarkets' deli section. Cheddar, colby, emmental, gouda and edam cheeses are readily available at major supermarkets and hypermarkets.

Figure 9: Cheese Imports by Origin

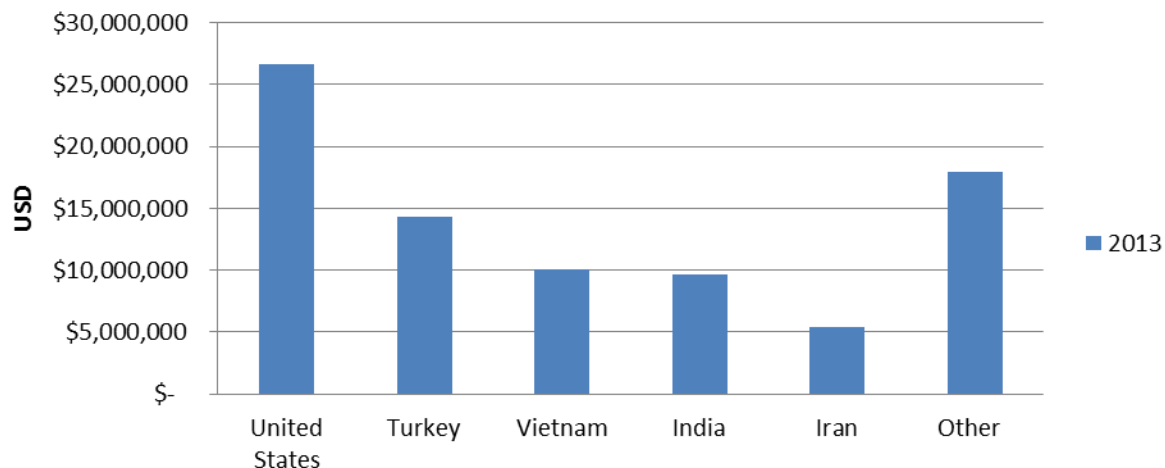


Source: Central Agency for Mobilization and Statistics (CAPMAS)

4) Tree Nuts- Demand for tree nuts has maintained a solid growth rate of between four-five percent/year. Imports of tree nuts increased from \$69 million in 2009 to \$84 million in 2013, a 22 percent increase. In 2013, U.S. origin tree nuts had the highest market share at 30 percent with a value of \$26 million, followed by Turkey with a market value of \$14 million and Vietnam with \$10 million (Figure 10). Main U.S. exports are almonds, pistachios and chestnuts (Figure 11).

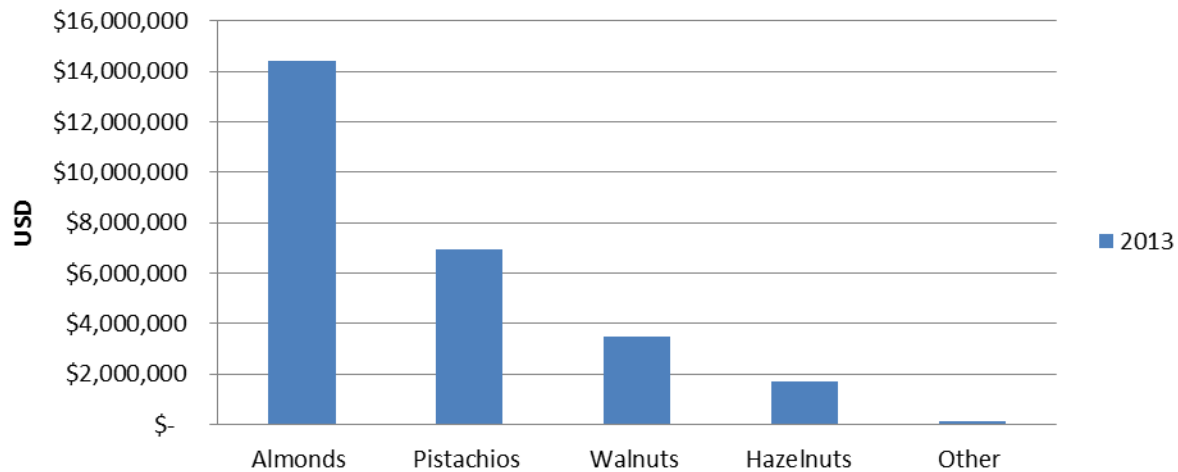
Egyptian consumers' perceptions of tree nuts are similar to those in the West: a healthy and nutritious snack. Additionally, it's a mainstay in local confectionary products such as kunafa, umm ali, and basbousa, all of which are widely consumed during Ramadan festivities.

Figure 10: Imports of Tree Nuts by Origin*



Source: Central Agency for Mobilization and Statistics (CAPMAS)

Figure 11: 2013 Exports of U.S. Tree Nuts by Type*

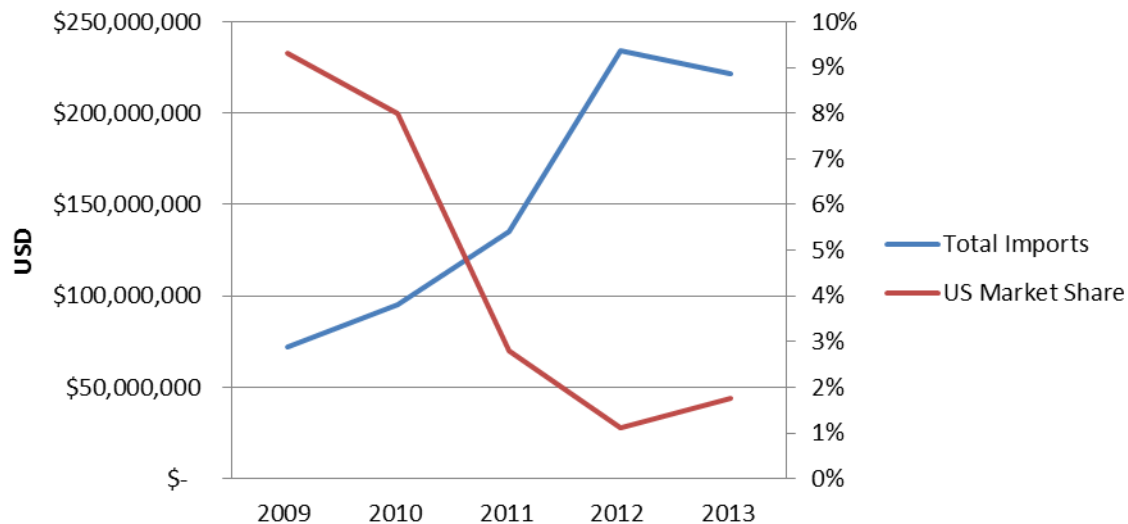


Source: Central Agency for Mobilization and Statistics (CAPMAS)

Products with Declining Market Share

1) Apples- U.S. apples used to be the market leader; however, EU-origin apples increased their market share thanks to the EU-Egypt Free Trade Agreement (FTA) that allows them to enter duty free, while U.S. apples face a 20 percent tariff rate. Since that FTA came into force in 2011, U.S. exports declined 66 percent from 12,000 metric tons in 2010 to 4,000 MT in 2013. Nevertheless, growth in the apple sector remains strong and if the tariff rate on U.S. apples is reduced, American suppliers could regain significant market share as Egyptian consumers are familiar with U.S. varieties, especially red delicious.

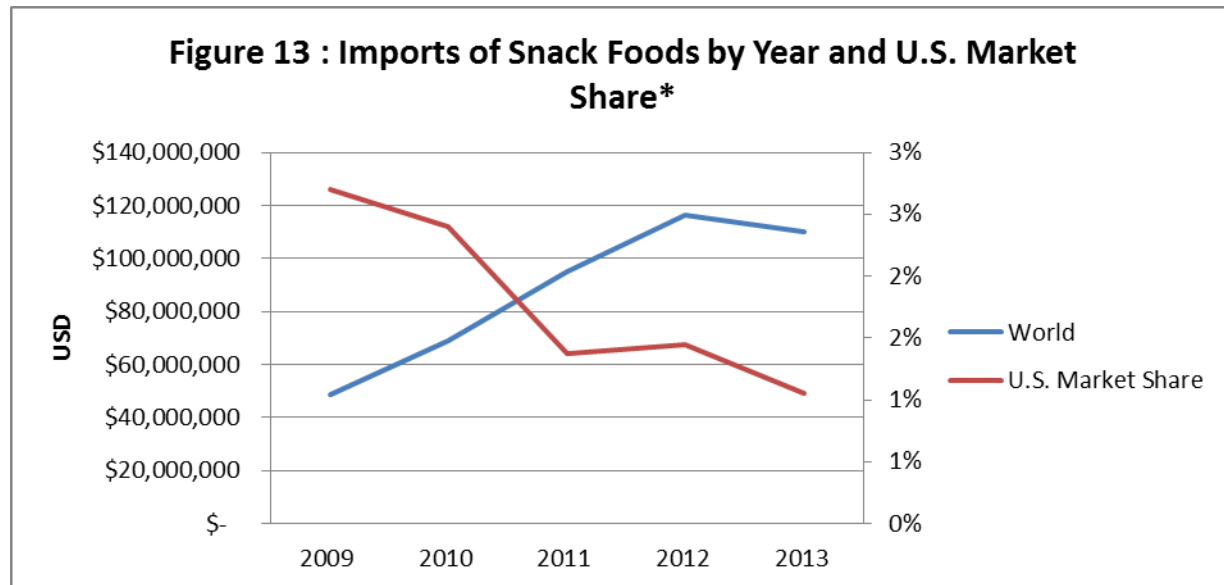
Figure 12: Apple Imports and U.S. Market Share by Year*



Source: Central Agency for Mobilization and Statistics (CAPMAS)

2) Snack Foods- Snack foods have been growing at a galloping pace, in the last five years, and

imports have gone from \$48 million in 2009 to over \$110 million in 2013, a 129 percent increase (Figure 13). U.S. snacks have just one percent of market share, a decrease from an average of two percent before the implementation of the Egypt-EU FTA in 2011. EU snack foods face a favorable tariff regime such as 15 percent for biscuits, cookies, and wafers while U.S. origin products are assessed a 30 percent tariff duty. Growth is also constrained by shipping costs, shelf life, and domestic and regional production centers that manufacture U.S. brands such as cookies, confectionary products, and chips.



Source: Central Agency for Mobilization and Statistics (CAPMAS)

SECTION V: POST CONTACT AND FURTHER INFORMATION

For further information regarding this report and or assistance, please contact FAS Cairo at the following address:

USDA\FAS – OFFICE OF AGRICULTURAL AFFAIRS, U.S. EMBASSY CAIRO, EGYPT

Websites: www.usembassy.egnet.net/agricult.htm • www.fas.usda.gov

Email: Agcairo@fas.usda.gov

Address: 8 Kamal El-Din Salah Street, Garden City, Cairo, Egypt

Tel: (20-2) 2797-2388/2389 • Fax: (20-2) 2796-3989

For additional information on exporting U.S. food and agricultural products to other countries, please visit the Foreign Agricultural Service's website at <http://www.fas.usda.gov>.

Egypt and its Largest Cities/Population (2014)



Population	Governate
9 102 232	Cairo
4 716 078	Alexandria

653 770	Port Said
607 775	Suez
1 300 815	Damietta
5 818 363	Dakahlia
6 327 562	Shraqia
4 989 302	Qalyoubia
3 093 754	Kafr El Sheikh
4 648 408	Gharbiya
3 849 850	Menoufeya
5 647 233	Behera
1 146 033	Ismailia
7 397 577	Giza
2 771 138	Beni Suef
3 072 181	Fayoum
5 004 421	Elmenya
4 123 441	Assiout
4 469 151	Sohag
2 959 175	Qena
1 394 687	Aswan
1 119 222	Al-Oksor
337 051	Red Sea
219 615	New Valley
427 573	Matrouh
421 984	North Sinai
164 574	South Sinai
85 782 965	Total

Post acknowledges the following Sources: The African Development Bank, the Central Intelligence Agency (CIA), the Economist Intelligence Unit (EIU), Euromonitor International, Egypt's Ministry of Finance, Egypt's Central Agency for Public Mobilization and Statistics (CAPMAS), the Egyptian Cabinet's Information and Decision Support Center (IDSC), Foreign Agricultural Service (FAS) GATS BICO and UNTrade Databases, the Commerce Department's Foreign Commercial Service (FCS), Global Trade Atlas (GTA), the World Bank, retail trade websites, trade press, and trade interviews.