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Report Category: Retail Foods

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Report Highlights:

Egypt imported some $3.8 billion worth of consumer-oriented products in 2021. This is a decrease of 8.67 percent from 2020 imports of $4.1 billion. The United States was the third largest exporter to Egypt with approximately $243 million in exports accounting for roughly 6 percent market share. This is an increase of about 19 percent from 2020 export value of $204 million. E-commerce has seen a noticeable increase in the Egyptian retail sector, despite the dominance of traditional grocery stores. 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.

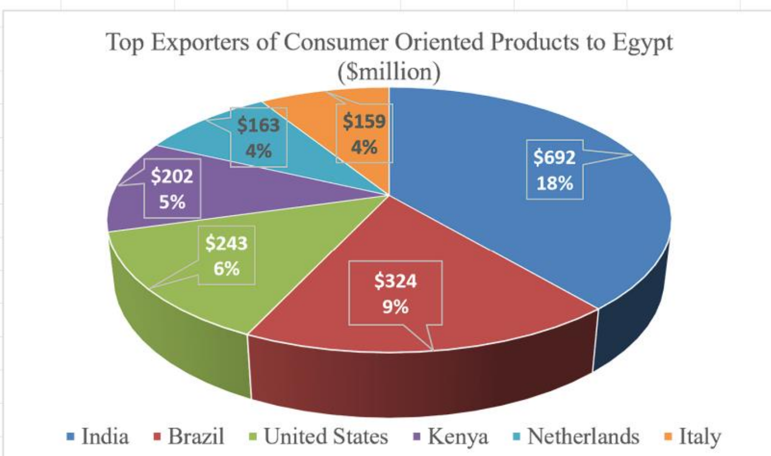
Market Fact Sheet: Egypt

Executive Summary

Egypt imported some $3.8 billion worth of consumer-oriented products in 2021. This is a decrease of 8.67 percent from 2020 imports of $4.1 billion. The United States was the third largest exporter to Egypt with approximately $243 million in exports accounting for roughly 6 percent market share. This is an increase of about 19 percent from 2020 export value of $204 million. E-commerce has seen a noticeable increase in the Egyptian retail sector, despite the dominance of traditional grocery stores. 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.

Imports of Consumer-Oriented Products

In 2021, the 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 India at $692 million (18 percent), Brazil at $324 million (9 percent), United States at $243 million (6 percent), Kenya at $202 million (5 percent), Netherlands at $163 million (4 percent), and Italy at $159 million (4 percent).



GDP per capita *(USD)*: 12,607 PPP
Population: 103.1 million

Sources: World Bank, FAS Cairo office research.

Food Processing Sector

Despite a slow-down in 2020 due to the COVID-19 pandemic, the impact of the pandemic on the sector was not substantial. The food processing sector did not undergo closures throughout the pandemic's first and second waves. The sector quickly rebounded in 2021. Egypt's exports of processed food and beverage reached $32.1 billion in 2021 (about 26 percent) increase compared to $25 billion in 2020. Egypt imported about $7.3 billion worth of food and beverage ingredients and additives in 2021. This is a 19 percent increase from the 2020 import value of $6 billion. The United States was Egypt's fifth largest supplier with $433 million in sales accounting for about six percent of total market share. This is about a 92 percent increase from 2020 exports value of about $225 million.

Food Retail Industry

In 2021, the food retail sector grew by about 3.4 percent from 2020. The sector recorded sales of $31.3 billion in 2021 compared to $30.2 billion (estimates). Modern retail channels – such as supermarkets, hypermarkets, and convenience stores – have a combined 4,041 outlets and represent around 27.1 percent of total sales. Traditional grocery retailers have 116,578 outlets and represent 72.9 percent of total sales. Small traditional grocers remain the dominant retail outlet in Egypt.

Top Growth Products in Egypt ($million)	
1,103	Beef & beef products
725	Dairy products
437	Fresh fruits
221	Soups & Food Prep.
220	Tea
155	Spices
167	Tree nuts
153	Chocolate & Cocoa prod.
108	Fresh Vegetables
95	Poultry meat (ex. eggs)

SECTION I: MARKET SUMMARY

Egypt's real GDP expanded by 3.3 percent in 2021, trailing the Middle East and Africa's average growth of 4.1 percent. The ongoing COVID-19 pandemic, imposed limitations, sluggish vaccine implementation, depressed private investment, and gradual recovery in the country's tourism sector were all factors in the slower growth in 2021 as incoming tourist arrivals remained much lower than pre-pandemic levels. As a result, Egypt's GDP per capita reached $3,981 in 2021, compared to the Middle East and Africa's average of $4,045. Egypt's economy was expected to grow at a compound annual growth rate of 4.5 percent between 2022 and 2040, compared to the Middle East and Africa average of 3.6 percent, however, the military conflict that erupted between Russia and Ukraine in February 2022 demolished revenues from a third of total tourists arriving in Egypt from both countries.

In addition, the U.S. Federal Reserve increased interest rates by 0.25 percent, causing foreign investments to depart emerging markets (Egypt among them). The Central Bank of Egypt as a result raised interest rates by 1 percent in March 2022 and 2 percent in May 2022 with the aim of attracting foreign investment and lowering inflation. The interest rate increase in Egypt immediately caused the Egyptian pound to devaluate by 11 percent, from EGP 15.72 to EGP 17.42 to the U.S. dollar.

U.S. consumer-oriented products imported by Egypt increased by 19 percent from $204 million in 2020 to $243 million in 2021. The highest value U.S. products exported to Egypt during 2021 were beef liver which increased by 27 percent, from $53 million in 2020 to 67.2 million in 2021. Dairy products exports increased by 39 percent, from $76 million in 2020 to $106 million in 2021. However, On December 1, 2021, the Government of Egypt notified the WTO Technical Barriers to Trade (TBT) Committee of proposed new requirements for halal-certified products imported into Egypt (G/TBT/N/EGY/313). Most importantly, the new requirements proposed imported milk and dairy products be certified as Halal by a sole Halal certification body approved by Egypt (ISEG). The notification referenced an unpublished standard on halal from 2014 (ES 2429/2014). This increased the hardship on U.S. exporters of dairy products. It led to a 46 percent drop in exports, from $49.3 million in January-April 2021 compared to $26.8 million during the same period in 2022. This decision, however, was put on hold and as the date of this report, the decision is still on hold. Tree nuts exports decreased by 19 percent from $51 million in 2020 to $41.3 million in 2021.

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

Advantages	Challenges
U.S. origin food products and ingredients have a good reputation and image.	- U.S. exporters face competition from the EU member states. Egypt has a free trade agreement with the European Union, which in several cases severely disadvantages U.S. origin products.

Growing demand for high-value U.S. products in the recovering hotels and restaurants sector.	- Many importers indicate lack of U.S. supplier interest in Egypt. - Geographic proximity favors competing suppliers due to higher shipping costs from the United States. - Egyptian import regulations are at times non-transparent.
Egyptian importers of U.S.-origin agricultural products benefit from USDA's GSM-102 Credit Guarantee Program.	- Lack of awareness among local banks and importers of the GSM-102 program. - Similar government-funded financing programs.

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.

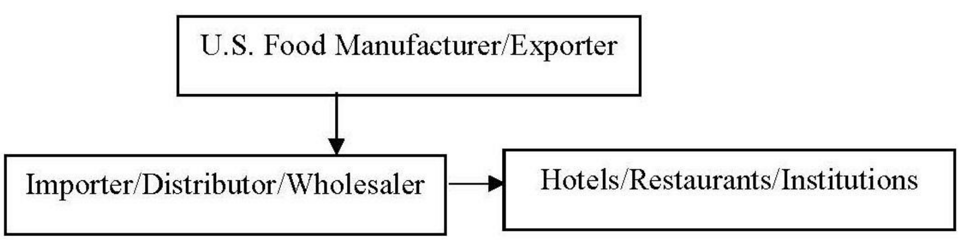


Table 2: Company Profiles and Top Host Country Retailers

Company	Activity	Outlets	Remarks
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

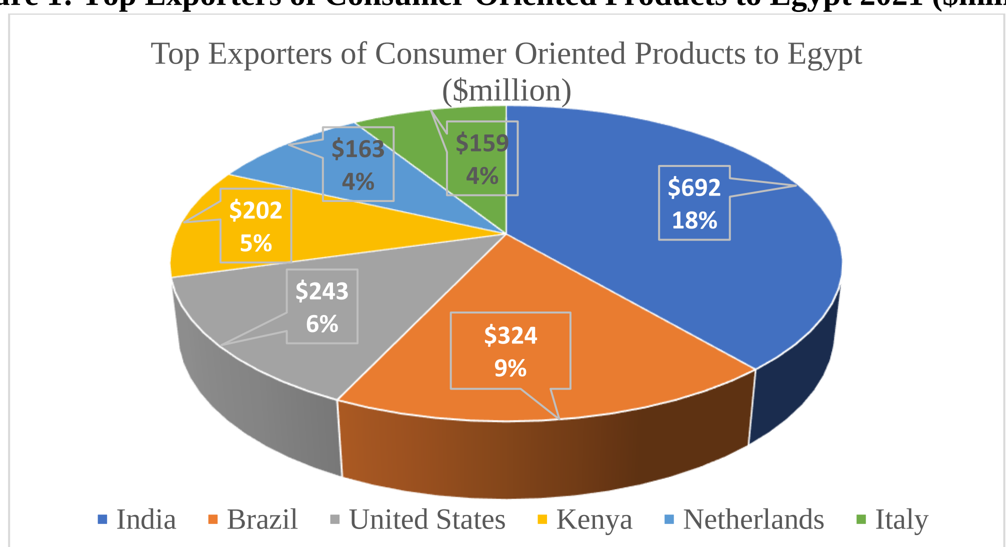
BIM	Retail	300	Primarily Domestic Goods
Kazyon	Retail	460	Primarily Domestic Goods
Gourmet Egypt	Retail	18	Domestic & Imported Goods
Alfa Market	Retail	8	Domestic & Imported Goods
Ayman Afandi	Importer/Distributor	Marketing & Distribution	
Al-Shaheen Co.	Importer/Distributor	Marketing & Distribution	
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 2021 was around $3.8 billion. The U.S. share of imports was around 6 percent, or $243 million.

In 2021, the 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 India at $692 million (18 percent), Brazil at $324 million (9 percent), United States at $243 million (6 percent), Kenya at $202 million (5 percent), Netherlands at $163 million (4 percent) and Italy at $159 million (4 percent).

Figure 1: Top Exporters of Consumer Oriented Products to Egypt 2021 ($million)



Source: GATS, TDM, & FAS Cairo Research.

Table 3: Egypt – Major Imports and Competing Suppliers (2021)

Product Category	Major Supply Sources	Strengths of Key Supply Countries	Advantages and Disadvantages of Local Suppliers
Beef & Beef Products $1.103 billion	1. India – 59% 2. Brazil – 22% 3. USA – 12% 4. Australia – 1%	Low production cost.	- Limited domestic production - High demand
Dairy Products $725 million	1. New Zealand – 19% 2. USA – 13% 3. Netherlands – 11% 4. France – 11%	EU duty-free access. Year-round availability	- Limited domestic production - High demand.
Fresh Fruit $437 million	1. Poland – 32% 2. Italy – 26% 3. Greece – 16% 13. USA – <1%	EU duty-free access. Proximity.	- Limited domestic production - High demand
Soup & Other Food Preparations $221 million	1. Ireland – 29% 2. Germany – 10% 3. UK – 5% 10. USA – 4%	EU duty-free access. Proximity.	- Limited local production - High demand
Tea $220 million	1. Kenya – 86% 2. Sri Lanka – 4% 3. UAE – 2% 13. USA – <1%	Low cost of production, and proximity. EU duty-free access.	- No local production - High demand.
Spices $155 million	1. Guatemala – 23% 2. India – 18% 3. Vietnam – 16% 14. USA – <1%	Lower production cost	- Limited domestic production - High demand.
Tree Nuts $167 million	1. USA – 29% 2. Indonesia – 23% 3. Turkey – 15% 4. Iran – 5%	Lower production cost. Proximity	- Limited domestic production - High demand.
Chocolate & Cocoa Products $153 million	1. Netherlands – 11% 2. Indonesia – 11% 3. Malaysia – 10% 5. USA – >1%	High production. Low production coast. Proximity.	- No local production - High demand.
Fresh Vegetables $108 million	1. Netherlands – 33% 2. UK – 27% 3. France – 15% 10. USA – <1%	EU duty-free access. Proximity.	- Limited domestic production - High demand
Poultry Meat & Prod. (ex. Eggs) $95 million	1. Brazil– 59% 2. Ukraine – 9% 3. Denmark – <1% 5. USA – <1%	EU duty-free access. Proximity.	- Limited domestic production - High demand.

Source: GATS, 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. 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 $67 million in 2021. 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 (EG2021-0027) – FAIRS Annual Country Report 2021 and GAIN EGYPT (EG2021-0028) – 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
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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
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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