

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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Report Highlights:

Egypt's economy is rebounding registering its largest growth rate since the outbreak of the 2011 revolution, growing by 4.2 percent in FY 2014/15. However, consumer spending is slowing due to a deteriorating Egyptian pound and the aftershocks of the reduction in fuel and electricity subsidies. Best prospects for U.S. agricultural products are beef, tree nuts, dairy and dairy products, and food preparations.

SECTION I: MARKET OVERVIEW

Two years after President El-Sisi assumed power in 2013, Egypt's economy has stabilized, a landmark expansion of the Suez Canal has been successfully completed, and the government has moved ahead with needed structural reforms. Despite these successes, other critical reforms have been delayed or rolled back, including: a capital gains tax for increasing revenues, a one-stop shop aimed at assisting foreign investment, further cuts to costly fuel subsidies, and much needed reforms to its large civil service.

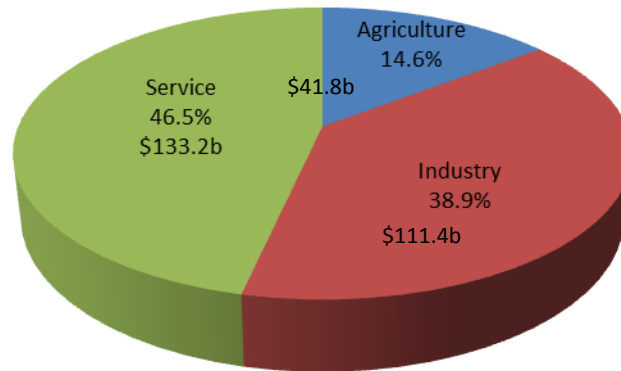
For FY2015/16 (June 1, 2015 to June 30, 2016), the Ministry of Planning forecasts real GDP growth at 5.5 percent with GDP reaching US\$334 billion, while FY 2014/15 real GDP growth was 4.2 percent. Egypt's fiscal year FY 2015/16 deficit is expected to decrease, with this year's budget calling for a deficit of 8.9 percent of GDP, versus 10.5 percent of GDP deficit last fiscal year.

MACROECONOMIC INDICATORS	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16*
<u>GDP</u>						
Nominal GDP (US\$ bn)	236	262	271	286	307	334
Real GDP growth (%)	1.8	2.2	2.1	2.2	4.2	5.5
Agriculture	0.0	2.9	3.0	3.0	3.0	3.4
Industry	0.8	0.9	0.6	1.8	3.3	5.1
Services	1.4	2.8	3.0	2.1	5.2	4.0
<u>Population and income</u>						
Population (m)	79.4	80.7	82.1	83.4	84.8	86.4
GDP per capita (US\$)	2,966	3,261	3,250	3,341	3,620	3,865
Recorded unemployment (%)	12.0	12.7	13.2	13.0	12.8	-
<u>Fiscal indicators</u>						
Exchange rate LE :US\$	5.94	6.06	6.87	7.08	7.72	-
Consumer prices (%)	10.1	7.1	9.5	10.1	10.4	-
<u>Current account (US\$ m)</u>						
Trade balance	-28,544	-34,735	-29,273	-39,137	-37,030	-
Current-account balance	-7,901	-9,541	-3,488	-6,151	-5,543	-

Source: Ministry of Planning and Central Agency for Mobilization and Statistics

Agriculture accounts for 29 percent of the labor force, while industry and services absorb 24 and 47 percent of the labor force, respectively. In FY2013/14, agriculture accounted for 14.6 percent of Egypt's GDP, industry and services accounted for 38.9 and 46.5 percent, respectively (Figure 6).

Figure 1: GDP – Composition, by Sector of Origin (FY2013/14)

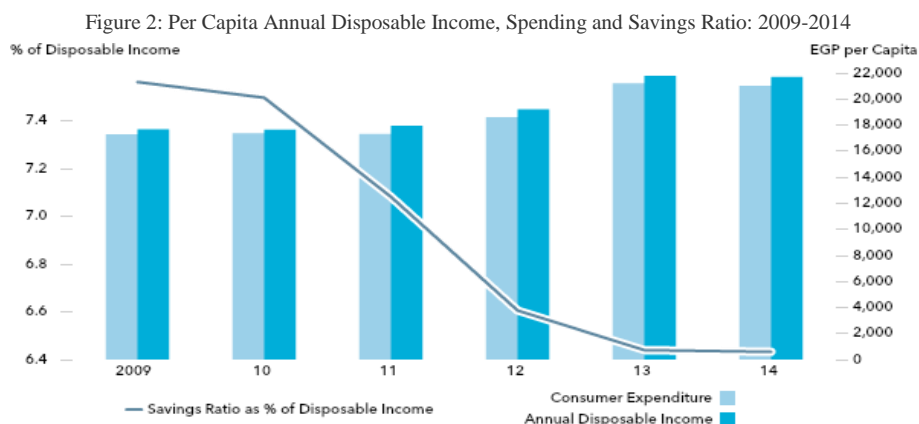


Source: [The World Factbook](#)

Income and Expenditure

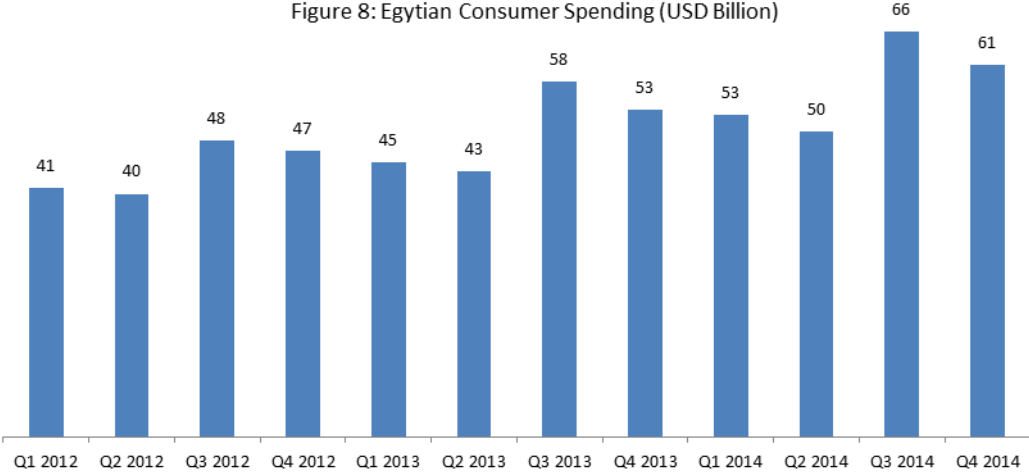
Egyptian consumers remain cautious about their household spending and wary of such obstacles as unemployment and high inflation in the food and energy sectors. A report from the Information and Decision Support Centre (IDSC), an advisory unit for the Cabinet, revealed in January 2014 that consumer confidence had increased by nearly 12 percent, due to consumers' belief living conditions had improved. However, subsequent surveys revealed that consumer confidence was dropping due to perceptions of stagnant wages and government economic policies, such as recent electricity and fuel price increases. Increases in the energy sector are explained by a decrease in government subsidies, resulting in price hikes of up to 80 percent for some households.

Rising food prices are taking a toll on Egypt's consumers. According to the Central Agency for Public Mobilization and Statistics (CAPMAS), food and drink prices were up nearly 12 percent in May 2014 over the previous year, with the price of vegetables rising by 31 percent and the price of beef rising by 42 percent. While transportation costs increased by about 13 percent. Stagnant incomes and rising prices have negatively impacted Egyptians' ability to save (Figure 2). Savings represented 6.4 percent of disposable income in 2014 as outlined by Euromonitor analysts who predicted the percentage to drop to 6.3 in 2015.



Source: Euromonitor International from national statistics/trade sources/OECD

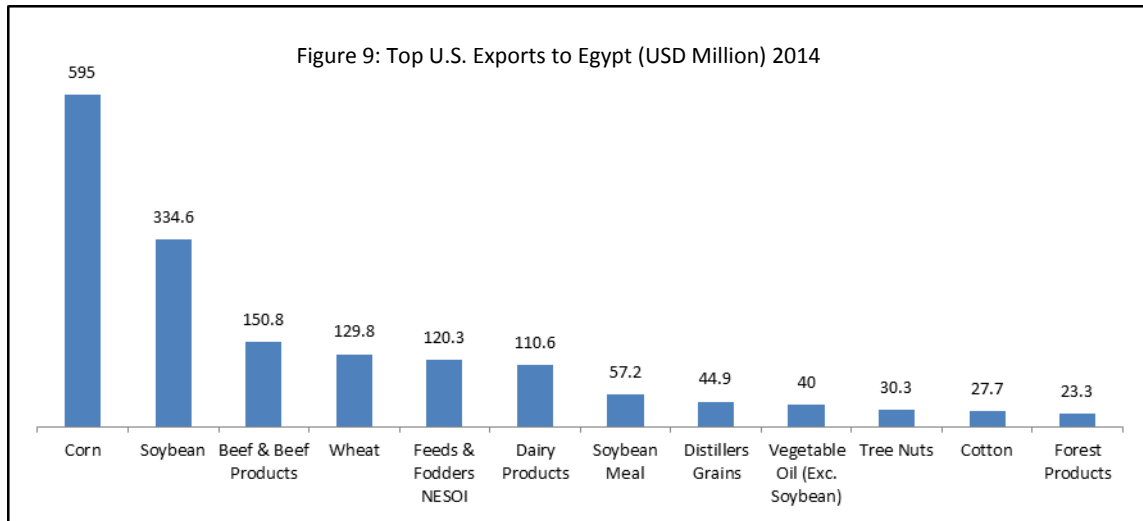
In 2014, consumption expenditure per capita was LE 21,018 (US\$2,971). That indicator was expected to increase by 1.4 percent in real terms during 2015. The Ministry of Planning reported a slowdown in consumer spending in the fourth quarter of 2014 reaching \$66.24 billion, down from \$68.81 billion in the third quarter of 2014. The change is mostly explained by the *Ramadan* and *Eid al Adha* festivities that took place during the third quarter, in which consumer spending skyrockets (figure 8).



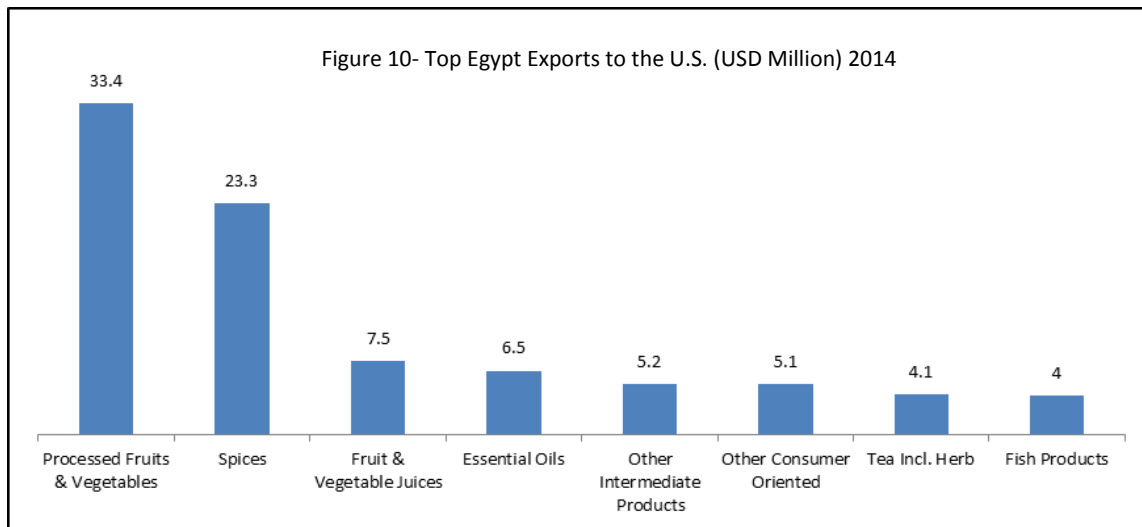
In FY2014/15, public expenditures rose by LE 31.8 bn to LE 733.4 bn. The finance minister asserted that the improvement in public fiscal indicators was the result of structural reforms implemented in FY2013/2014. These reforms improved local and international trust in the management of the Egyptian economy, reflected by an improved sovereign rating by the key rating agencies, decreasing financing costs.

United States Trade Position with Egypt

In 2014 Egypt was a major importer of U.S. bulk commodities (\$1 billion) followed by consumer-oriented products (\$314 million) and intermediate products (\$303.9 million). The following figures (9 & 10) highlight U.S. agricultural & related products trade with Egypt.



Source: BICO Trade Data



Source: BICO Trade Data

Table 1: U.S. Supplier Advantages (Strengths and Market Opportunities) and Challenges (Weaknesses and Competitive Threats)

Advantages	Challenges
<p>U.S.-origin products continue to enjoy wide acceptance in the Egyptian market.</p> <p>Recognition of high quality product.</p> <p>New-to-market products benefit from the recent expansion of supermarket and hypermarket chains.</p> <p>Receptivity toward buying into the notion of</p>	<p>High tariffs levied on imported consumer-oriented products limit its access to mid and high-income consumers.</p> <p>Many Egyptian importers indicate lack of U.S. supplier interest in Egypt.</p> <p>Egyptian import regulations are complex, non-transparent, and often stringent.</p> <p>Egyptian importers are largely unfamiliar with U.S.</p>

American luxury.	<p>export control processes, procedures, standards, and certifications.</p> <p>The absence of adequate cold storage facilities outside of Cairo and Alexandria.</p> <p>The decrease of tourist trade.</p> <p>An evolving regulatory system.</p> <p>Proximity of U.S. competitors (EU and the Arab World).</p> <p>Multiple trade agreements between Egypt and trading partners favor their products over U.S. goods.</p> <p>Lack of market-driven foreign exchange and the appreciation of the U.S. Dollar in the past four years.</p>
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SECTION II: EXPORTER BUSINESS TIPS

Local Business Practices and Customs

Standard time in Egypt is two hours ahead of Greenwich Mean Time (GMT) and seven hours ahead of U.S. Eastern Standard Time (six hours ahead of U.S. Eastern Daylight Time). Egypt does not follow daylight savings time. The local workweek runs from Sunday through Thursday. Government offices, most private sector companies, and banks are closed on Fridays and Saturdays. Government offices open from 9:00 a.m. to 1:00 p.m. (some remain open until 3:00 p.m.). Private sector companies are normally open from 9:00 a.m. to 6:00 p.m. Banks open at 8:30 a.m., but close at 2:00 p.m. Most stores and supermarkets/hypermarkets open at 10:00 a.m. and often remain open until 11:00 p.m. Some Coptic (Christian) businesses close on Sundays.

Though internet usage in Egypt is increasing at high rates, overall internet penetration levels are only around 50 percent. As such, many potential importers, especially smaller firms, will show a preference for telephone communication or in person meetings. Exporters should expect email communications to be slower than telephone or other more traditional forms of contact.

Although Arabic is the official language of government and commerce, many in the public and private sectors have a fairly good working knowledge of English and French. Egyptians are very hospitable; one can expect to be offered coffee or tea. The exchange of pleasantries and casual conversation often take up most of the time in introductory meetings. It may take more than a couple of meetings to progress towards an agreement on the terms of a business negotiation. Age and experience are highly valued in Egypt.

Business cards normally follow a Western-style format. These are often two-sided; written on one side in Arabic and on the other in English. Most professionals will wear Western-style business suits and ties. However, both sexes dress conservatively. Westerners are given some leeway in the major cities, but Western women are expected not to dress provocatively.

Traffic congestion in Cairo and in major cities such as Alexandria is a fact of life. It is highly recommended that sufficient time be factored into schedules in order to arrive at meeting destinations on-time. However, do not be surprised if you are forced to wait for a counterpart. Many negotiations will tend to run late into the night and are often sealed over dinner.

Receptions, business luncheons, dinners, as well as conference gatherings can often be luxurious affairs. Given that the majority of Egyptians are Muslims, alcoholic beverages are not normally served at public gatherings. Public intoxication is frowned upon regardless of one’s religion or socio-economic class. Fruit juices, soft drinks, mineral water, coffee, and tea are the expected beverage offerings.

General Consumer Tastes and Preferences

Although 90 percent of Egypt’s population relies on state food subsidies, disposable income has been growing, and most Egyptian consumers view pricing as the key purchasing determinant. Large, family-sized packaging is well received by consumers who aim to control expenditure by purchasing in bulk. Given urban dwellers’ hectic lifestyles, frozen ready-to-eat meals are becoming increasingly popular.

Egyptian consumers, especially the more affluent consumers with average monthly incomes of \$3,000 or higher, demand high-quality and a diverse product base. They recognize these traits to be found in U.S.-origin products, and pricing might not be the relevant purchasing factor for this group. Younger consumers are increasingly attached to U.S. and European food products, trends, and brands, due to their exposure through internet and travels abroad. An estimated eight million Egyptians reside overseas and often travel back to Egypt, facilitating the diffusion and receptivity of foreign food products in Egypt.

Shopping centers usually contain popular retail food sales outlets where Egyptians go in droves. The retail stores’ promotional sales, wide product variety, and pricing options resonate strongly with both lower and middle income consumers. However, the bulk of Egyptian consumers continue to purchase perishable food items and fresh beef at neighborhood grocery stores and small butcher shops, due to their convenience.

Consumption of red meats, especially domestically grown beef, is constrained by its affordability. Since the 2013 revolution, the Ministry of Supply and Internal Trade has been consistently purchasing high volumes of lower priced fresh and frozen beef and live cattle from countries like Brazil, Sudan, Ethiopia, and India. The meat is then offered on the local market through the armed forces’ distribution outlets, reaching a broad consumer base at affordable prices (Table 2).

Table 2: Egypt, Supermarket Prices, Domestic Beef Compared to Imported Beef

Origin	Domestic	Brazil	India	Sudan
Price per Kilogram	LE 95 (\$11.98)	LE 31-35 (\$3.91 -\$4.42)	LE 30 (\$3.79)	LE 30 (\$3.79)

USD 1 = Egyptian (LE) 7.93.

A typical Egyptian middle-class meal is comprised of either red or white meat, accompanied by rice and small amounts of vegetables and fruits. Lower-income Egyptians typically consume meals consisting of bread, vegetables, and pulses. Soups tend to utilize bouillon beef/poultry cubes for flavoring in lieu of actual cuts of beef or poultry. Most fruits are consumed seasonally during the harvest season when prices are affordable; apples and bananas are an exception as these are available throughout the year. Domestically grown fish, mostly tilapia, has made huge inroads as an affordable protein alternative to beef, priced at LE 8-30 (\$1.01 - \$3.79). The Coptic population's demand for fish throughout Lent causes a spike in prices. Rice is a common dish throughout the country and is often consumed daily.

European-origin apples have increased their market share thanks to the EU-Egypt Free Trade Agreement. Lebanese, Iranian, and Syrian apples are popular alternative to EU-origin apples, at prices ranging between LE10-11 (\$1.27 - \$1.39) per kilogram. Egyptian apples at LE 8 (\$1.01) are the most affordable, but are less sugary, limiting their appeal.

The average Egyptian has a limited knowledge and understanding of biotech products beyond what is reported in the media. Egyptian supermarkets and hypermarkets do not label biotech products. Domestic organic production (i.e. eggs and vegetables) is making inroads among consumers.

General Import and Inspection Procedures

Current import regulations require that every component of a product be inspected, regardless of the compliance history of the product, country of origin, exporter, shipper or the importer. No import can be sold in Egypt without first proving that it conforms to Egyptian standards. If there are no Egyptian standards that suit the imported product, then it must use an international standard such as Codex, IPPC, and OIE. In lieu of these standards, U.S. and EU standards are used.

The process of inspection and certification of food imports is centralized under the General Organization for Export and Import Control (GOEIC) of the Ministry of Trade and Industry (MTI). The GOEIC processes import documents, as well as issues the final results of inspections through a certificate of conformity. To accomplish this, GOEIC works closely with the Ministry of Agriculture and Land Reclamation (MALR) and the Ministry of Health (MOH), as these ministries have statutory authority for the inspection and testing of imported food products. The Ministry of Health is responsible for collecting food samples and testing these for chemical, toxicological, and microbiological agents. MALR's Regional Laboratory for Food and Feed (RLFF) is responsible for monitoring imported and domestic feed and feed ingredients. The General Organization for Veterinary Services (GOVS) of MALR is responsible for inspecting livestock and testing for veterinary drugs. The Central Administration of Plant Quarantine (CAPQ) of MALR responsible for inspecting plants and plant products.

Customs is responsible for applying the appropriate duties. Egypt's overall weighted tariff average is 5.5 percent. Tariffs on the vast majority of goods entering the country are below 15 percent. Vehicles, alcohol, and tobacco are the only items on which tariffs are still 40 percent or greater. The tariff for alcoholic beverages ranges between 1,200 percent and 3,000 percent; however, the tourism industry enjoys a substantial reduction at 300 percent duty, plus a 40 percent sales tax.

Table 3: Select Import Tariffs Rates Applied by Egypt in 2012

Group	Products	Import Tariffs
<i>Coarse Grain</i>		
	Maize Except Seed	0
<i>Wheat</i>		
	Wheat Except Durum	0
<i>Soybeans</i>		
	Soybeans	0
<i>Red Meats, Fresh/Chilled/Frozen</i>		
	Bovine Boneless Frozen	0
	Bovine Livers, Frozen	5
	Bovine Offal, Frozen	5
<i>Dairy Products</i>		
	Milk Powder< 1.5% Fat	0
	Butter	10
	Natural Milk Product	5
<i>Fresh Fruit</i>		
	Apple, Fresh	20
<i>Feeds & Fodders (Except Pet Food)</i>		
	Residues of Starch	2
	Brewing Waste	2
	Animal Feed Prep. Nes.	
<i>Vegetable Oils Excluding Soybeans Oil</i>		
	Maize Oil Crude	0
	Saf/Sun Oil, Crude	0
<i>Soybean Meal</i>		
	Soybean Residue	5
<i>Cotton</i>		
	Cotton, Not Carded	0
<i>Tree Nuts</i>		
	Almonds, No Shell	5
	Almonds, In Shell	5
<i>Cheese</i>		
	Cheese Except Fresh	
	Cheese Processed	10
	Fresh Cheese	10
<i>Other Oilseeds</i>		
	Sunflower Seeds	2

Source: Ministry of Finance, Egypt Tariff Book.

Import Requirements and Documentation

Please refer to FAS Cairo's [FAIRS Certificate Report](#) for certification requirements.

For an imported shipment to be accepted at customs in Egypt, the shipment must have the following documents:

- **Commercial Invoice:** Two copies plus the original document are required.
- **Certificate of Origin:** Two copies plus the original document are required. Raw materials are considered to originate in the country where the goods are extracted. The Certificate of Origin must bear a statement that the information given is true and correct to the best of the shipper's knowledge.
- **Packing List:** A packing list may be required by the consignee and is recommended in most cases.
- **Bill of Lading:** A bill of lading must show the name of the shipper, the address, and the number of bills of lading issued. There are no regulations specifying the form or number of bills of lading required for shipment. The number of bills of lading required depends upon the carrier.
- **Pro Forma Invoice:** This is an invoice required by the importer for submission along with the import license. It must show the country where the goods were manufactured.
- **Letter of Credit:** The Central Bank of Egypt in March 1999 advised all banks operating in Egypt that letters of credit must be covered 100 percent in cash by the importer, except when importing some food items. This replaced the previous procedure whereby banks and their clients reached their own agreements and usually covered 10-20 percent of the letter of credit's value. In general, the exporter may not ship the goods before the Egyptian bank has provided notification of the opening of a letter of credit. If the goods are shipped before the letter of credit is opened, the importer runs the risk of being fined up to a maximum of the value of the goods.
- **Content Analysis of the Commodity:** Required for those products that may be subject to standards testing.

Food Standards and Regulations

Refer to the 2014 FAS Cairo's [FAIRS Country Report](#) for further details on standards and regulations. This Report has been updated given the evolving nature of inspection and testing procedures in Egyptian import and regulatory systems.

Temporary Entry

In general, Egyptian customs allows for commercial samples and temporary imports for display purposes at officially recognized exhibitions, or for sales promotion activities, to enter the country duty free. Exceptions are goods cited below on the list of prohibited imports. Prohibited goods are:

- Second hand vehicles
- Bone-in-beef cuts
- Poultry parts
- Apparel

- Natural products, vitamins, and food supplements
- Used and refurbished medical equipment

Certain conditions do apply, however:

- Foodstuffs must comply with the relevant health regulations.
- In certain cases, goods imported on a temporary basis may be disposed of or sold in Egypt upon payment of the appropriate customs duty plus an extra tax of 10 percent per month after clearing customs.
- On re-exportation of goods imported under temporary import regulations, companies should ensure that correct documentation and return of the letter of guarantee is obtained from Egyptian customs in order to avoid claims against the company at a later stage.
- Printed advertising materials, such as catalogs, posters, or films, may also be imported duty free in small quantities.

Drawback System

Exporters may also take advantage of the drawback system. This procedure is different from the temporary admission system in that full customs duties are paid on the imported materials and the manufacturer does not fill out a special form with customs. However, products imported under this system must be re-exported within one year as part of a domestically produced final product. If these conditions are met, the importer has the right to reclaim the full amount of the duties paid as well as other taxes.

Labeling and Marking Requirements

Labels must be printed in indelible ink (i.e. production and expiration dates) and should not be easily erased or altered. Appropriate packaging must be provided for food products. These should be clean and odorless, so as preserve the product and prevent damage.

Weights and measures must be shown using the metric system. Dates are accepted in English, but the words "production" and "expiration" must be written in Arabic. The label must include:

- Name and address of manufacturer;
- Brand or trademark (if applicable);
- Country of origin;
- Type of product;
- Name and address of importer;
- Production and expiration dates;
- Ingredients;
- Storage instructions or storage temperature;
- Net weight;
- Gross weight and total number of packages per case or carton;

- If preservatives are being used, percentages of each preservative must be indicated;
- If meat or poultry, the statement that the meat "is slaughtered according to Islamic ritual" or "Halal," must be included; and
- For meat or poultry, all products must be in packaged and sealed bags. Labels must be inserted inside the package as well as on the outside. The label on the meat must include the following:
 - Country of origin
 - Producer's name and logo
 - Name of slaughterhouse
 - Slaughter date
 - Name and address of importer
 - Name of entity, which issued the "Islamic slaughter" definition.

Packaging requirements

Article 74 of the Egyptian Import and Export Regulation stipulates that the package should be fit for product preservation, and the product should occupy the space of the container in full. If a container is wooden, the container itself should be accompanied by an official certificate that states it is free from harmful pests and insects, in accordance to ISPM 15.

Multiple product samples

Sampling and inspection duties are mainly carried out by the General Organization for Export and Import Control (GOEIC); however, some products are subject to inspection by other concerned institutions. GOEIC has been authorized to assume inspection and certification functions without referral to any higher authority, but for the food industry, for example, there are other bodies involved that have the right to take samples from any imported shipment. They are:

- The Ministry of Health
- The Ministry of Agriculture

Each agency draws its own sample and tests it independently.

Shelf-life standards and product specifications

In 1994, the government issued a decree that all food products should have at least 50 percent of the established shelf life remaining at the time of importation into Egypt. Milk and dairy products, meat and meat products, fish and fish products, and poultry and poultry products, each have a shelf life determined by the Egyptian Office of Standards (EOS). Exporters to Egypt must be aware that import and custom procedures take a period of no less than 2 weeks; hence, expiration dates must be at least twice that length of time.

Prohibited and Restricted Imports

- Poultry

Since 2003, Egypt has maintained a *de facto* ban on imports of poultry parts and offal from all countries, restricting imports to whole frozen birds. To protect its domestic poultry industry, Egypt bans the import of U.S.-origin poultry parts, including chicken leg quarters, ostensibly based on halal slaughter concerns. The concern over the halal requirement is questioned by many in the industry. Egypt's General Organization for Veterinary Services (GOVS) has inspected and approved 22 U.S. poultry plants for export to Egypt, though product from approved firms is not currently permitted for import. Inspection teams from GOVS have certified that U.S. slaughtering processes and food safety measures are in accordance with Islamic halal practices.

Opposition from domestic poultry producers blocks the import of low-cost, high quality U.S. poultry. As a result of the high cost of beef and beef products, lower- and middle-income Egyptians turn to poultry as an alternative protein source. Demand for poultry products outpaces supply, driving prices upwards beyond the reach of many lower-income consumers. The Foreign Agricultural Service (FAS) Cairo estimates the impact of the poultry ban on trade at approximately USD 100 million.

- Feather Meal

Ministry of Agriculture and Land Reclamation's Decree 448 (March 19, 2012) banned the import of heat-treated feather meal. Egypt cites contamination and nutritional value concerns as a justification for the ban. Although Egypt has notified the World Trade Organization (WTO), its notification omits references to it having similar concerns with its own domestic feather meal production. The OIE provides recommendations for feather and poultry meal imports based on heat treatment. The OIE Terrestrial Animal Health Code (Chapter 10.4 on Avian Influenza, Article 24) recognizes that feather meal treated at sufficiently high temperatures ensures the elimination of the avian influenza virus and other potential contaminants.

- Seed Potatoes

At present, Egypt imports seed potatoes exclusively from the European Union, primarily the Netherlands and the UK. For four years, Egyptian and U.S. quarantine officials have worked on a bilateral market access package: Egyptian oranges and tangerines to the U.S. in exchange for U.S. seed potatoes to Egypt. The U.S. has finalized its risk assessment for Egyptian citrus, but the Egyptian side has only approved imports of U.S. potato seed from California.

- Nutritional and Dietary Claims

The Nutrition Institute and the Drug Planning and Policy Center of the Ministry of Health require product registration and approval for any product making nutritional or dietary claims. The approval process takes from four months to one year. Importers must apply for a license for dietary products. The validity period of the license varies from 1 to 5 years depending on the product. After the expiration date of the license, the importer must submit a new request for license renewal. License renewal costs about \$500. However, if a similar local dietary product is available in the market, registration for an imported product will not be approved.

SECTION III: MARKET SECTOR STRUCTURE AND TRENDS

Competitive Environment

U.S. consumer oriented products face stiff competition from countries with which Egypt has signed trade arrangements (Table 4 below). Products from these countries enjoy a favorable tariff environment. Also, the decreased availability of U.S. dollars in Egypt has prompted importers to conduct business with countries that accept alternative currencies.

Table 4: Trade Arrangements between Egypt and other countries

Agreement	Countries	Tariff Exemption
EMUA	Egypt and West Africa Countries	100%
COMESA	Egypt and East and South African Countries	up to 100%
EU-Egypt Partnership	Egypt and the EU	100%
Free Trade Agreement	Egypt and Turkey	15%-100%
MERCOSUR Agreement	Egypt, Argentina, Brazil, Paraguay, Uruguay	up to 90%
D8 Agreement	Egypt, Bangladesh, Indonesia, Iran, Malaysia, Nigeria, Pakistan, Turkey	10%-25%
Great Arabian Free Trade Agreement	Egypt and 18 Arab Countries	100%

Consequently, FAS Cairo estimates that U.S. exports to Egypt will likely fall to \$1.0 billion in 2015 from \$1.7 billion in 2014. It is expected that Egypt will export \$105 million to the United States in 2015, an increase of 2 percent from the previous year.

Besides the United States, the other top food and agricultural product exporters to Egypt in 2014 include Russia, Argentina, the Ukraine, and Brazil.

Table 5: Egypt's total agricultural imports in 2014 and U.S. share

S/N	HS	Description	Major Exporters	Total World Import	U.S. Origin	U.S. Share
1	12	Oil Seeds And Oleaginous Fruits; Miscellaneous Grains, Seeds And Fruits; Industrial Or Medicinal Plants; Straw And Fodder	United States, Uruguay, Argentina, Brazil, Ukraine, China	\$1,299,733,341	\$402,131,838	30.94%
2	23	Residues And Waste From The Food Industries; Prepared Animal Feed	Argentina, United States, Tunisia, Ukraine, Belgium, France	\$1,045,105,172	\$291,482,707	27.89%
3	45	Cork And Articles Of Cork	Portugal, United States, China, Japan, Germany	\$832,652	\$157,056	18.86%
4	10	Cereals	Ukraine, Russia, United States, Romania, Argentina, France, Brazil	\$4,921,473,544	\$809,968,011	16.46%
5	02	Meat And Edible Meat Offal	Brazil, India, United States, Australia, New Zealand	\$1,606,080,754	\$260,152,895	16.20%
6	04	Dairy Produce; Birds' Eggs; Natural Honey; Edible Products Of Animal Origin, Nesoi	New Zealand, United States, Germany, France, Netherlands	\$868,340,620	\$128,223,516	14.77%
7	15	Animal Or Vegetable Fats And Oils And Their Cleavage Products; Prepared Edible Fats; Animal Or Vegetable Waxes	Russia, Ukraine, United States, Malaysia, Argentina, Indonesia	\$612,801,953	\$42,227,171	6.89%

8	13	Lac; Gums; Resins And Other Vegetable Saps And Extracts	Germany, India, France, China, Czech Republic, United States	\$21,818,849	\$1,326,662	6.08%
9	22	Beverages, Spirits And Vinegar	United Kingdom, France, Germany, Austria, United Arab Emirates, United States	\$55,671,093	\$3,377,733	6.07%
10	08	Edible Fruit And Nuts; Peel Of Citrus Fruit Or Melons	Italy, Greece, Syria, Lebanon, Turkey, United States	\$492,528,827	\$25,747,714	5.23%
11	21	Miscellaneous Edible Preparations	Ireland, Germany, United Kingdom, Netherlands, Thailand, Spain, United States	\$246,131,170	\$11,274,580	4.58%
12	20	Preparations Of Vegetables, Fruit, Nuts, Or Other Parts Of Plants	United Arab Emirates, Saudi Arabia, Spain, Turkey, China, Greece	\$137,837,972	\$3,672,283	2.66%
13	06	Live Trees And Other Plants; Bulbs, Roots And The Like; Cut Flowers And Ornamental Foliage	Netherlands, Spain, China, Germany, France	\$1,687,415	\$28,452	1.69%
14	44	Wood And Articles Of Wood; Wood Charcoal	Russia, Sweden, Finland, China, Romania	\$1,856,001,717	\$30,597,041	1.65%
15	03	Fish And Crustaceans, Molluscs And Other Aquatic Invertebrates	Netherlands, Vietnam, Norway, Japan, China	\$559,111,137	\$8,329,055	1.49%
16	11	Milling Industry Products; Malt; Starches; Inulin; Wheat Gluten	Italy, Turkey, Netherlands, Germany, India, France	\$42,645,470	\$568,689	1.33%
17	18	Cocoa And Cocoa Preparations	United Arab Emirates, Netherlands, Malaysia, Ghana, Singapore	\$121,860,945	\$1,358,658	1.11%
18	05	Products Of Animal Origin, Nesoi	New Zealand, Brazil, Spain, Argentina, Australia	\$38,257,100	\$273,617	0.72%
19	19	Preparations Of Cereals, Flour, Starch Or Milk; Bakers' Wares	Netherlands, France, Belgium, Switzerland, United Arab Emirates, Ireland, Jordan	\$197,387,998	\$1,348,722	0.68%
20	07	Edible Vegetables And Certain Roots And Tubers	United Kingdom, Australia, Canada, France, Netherlands	\$550,391,252	\$3,393,859	0.62%
21	17	Sugars And Sugar Confectionary	Brazil, United Kingdom, China, Germany, Turkey, France	\$519,408,780	\$2,436,085	0.47%
22	09	Coffee, Tea, Mate And Spices	Kenya, Vietnam, India, Indonesia, Syria	\$519,323,898	\$535,928	0.10%
23	14	Vegetable Plaiting Materials And Vegetable Products, Nesoi	Singapore, Malaysia, Brazil, Indonesia, Vietnam	\$3,825,871	\$246	0.01%
24	16	Edible Preparations Of Meat, Fish, Crustaceans, Molluscs Or Other Aquatic Invertebrates	Thailand, Brazil, Morocco, Indonesia, Vietnam, Jordan*	\$188,036,951	\$2,378	0.00%
25	01	Live Animals	Ethiopia, Australia, Uruguay, Brazil, Netherlands	\$133,195,421	\$0	0.00%
Totals				\$16,039,489,902	\$2,028,614,896	12.65%

Source: GTA (CAPMAS)

*Jordan is a trans-shipment point to Egypt.

The Retail Market, Current Status

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.

Multi-national branded products have made inroads in the larger, centralized shopping centers with attached supermarkets or hypermarkets. Sources indicate that imported and domestically produced multi-national branded products have taken off since the implementation of liberal economic reforms and Egypt’s ascension to the WTO. This sector is popular with upper middle class consumers (monthly incomes of \$2,000 to \$3,000).

The Retail Market, Characteristics

Egypt remains the largest consumer market and most diversified economy in the Arab world. According to the Economist Intelligence Unit, retail food 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. Please refer to FAS Cairo [“2014 Retail Sector Report”](#) for more information.

Table 6: 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).

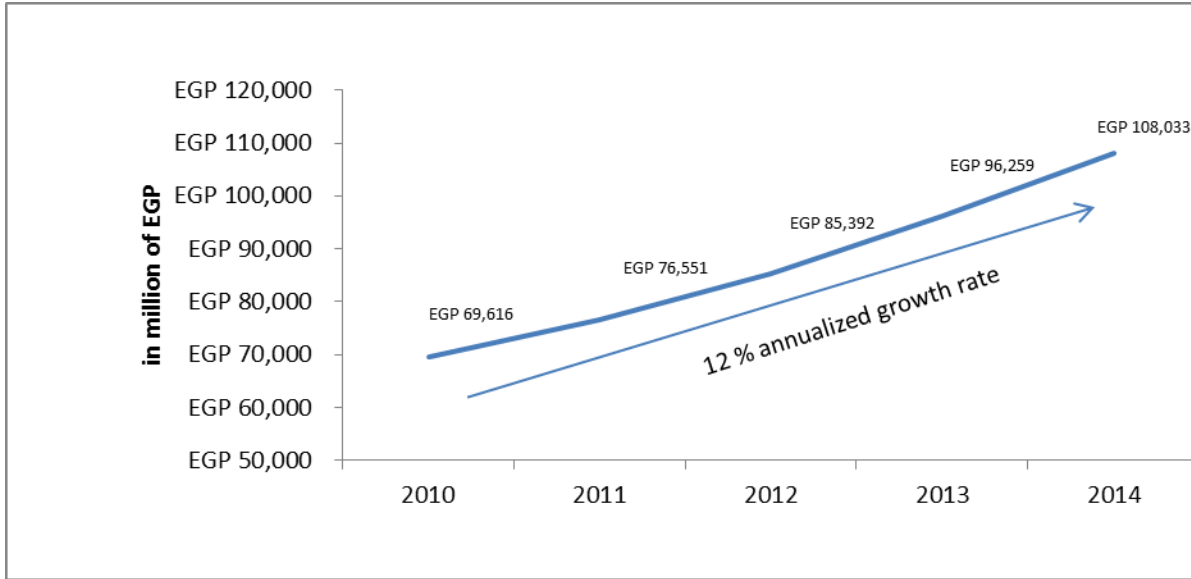
(2) Foreign Agricultural Service GATS UNTrade Database (HS 6-digit), “All Agricultural, Fish and Forest.”

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

Ingredient Opportunities in the Egyptian Food Processing Sector

Egypt’s food processing is a very dynamic sector, accounting for five percent of the country’s GDP, or LE 108 billion (\$15 billion) in 2014 (Figure 11). The sector averaged an annual growth rate of 12 percent in the last five years, consisting of 77,285 establishments, and employing 612,500 individuals.

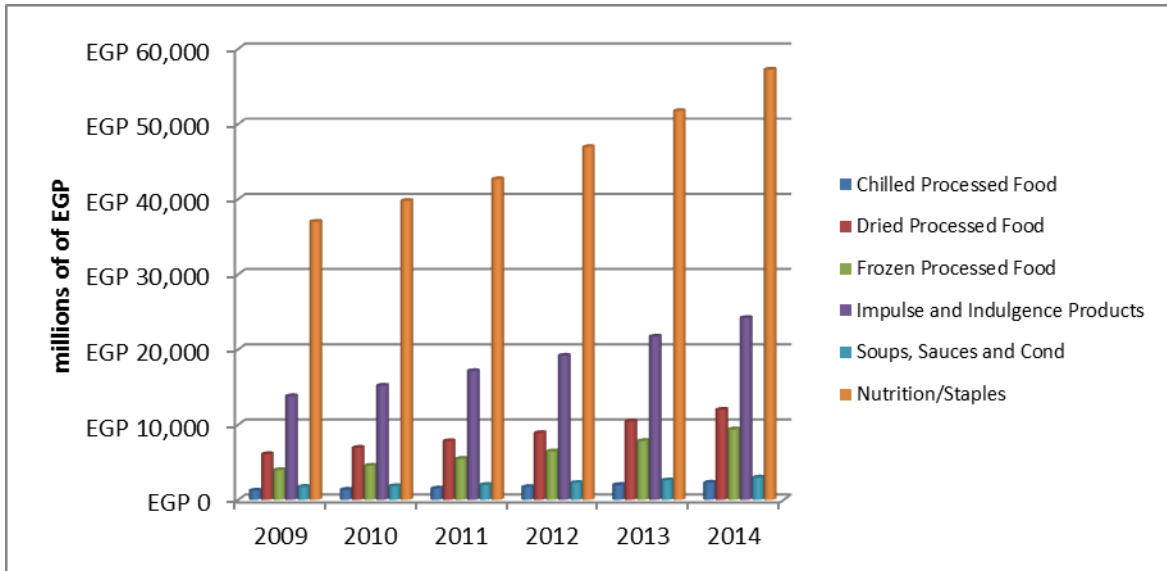
Figure 11: Value of Egypt's Food Processing Sector



Source: CAPMAS

The food processing sub-sectors have all increased sales at a rapid pace, with the nutrition/staple sector dominating all other sectors. In 2014, this sector attained sales of close to LE 57 billion (\$7.3 billion), followed by the impulse and indulgence product sector at LE 24 billion (\$3.07 billion), and dried processed food at LE 11.9 billion (\$1.62 billion).

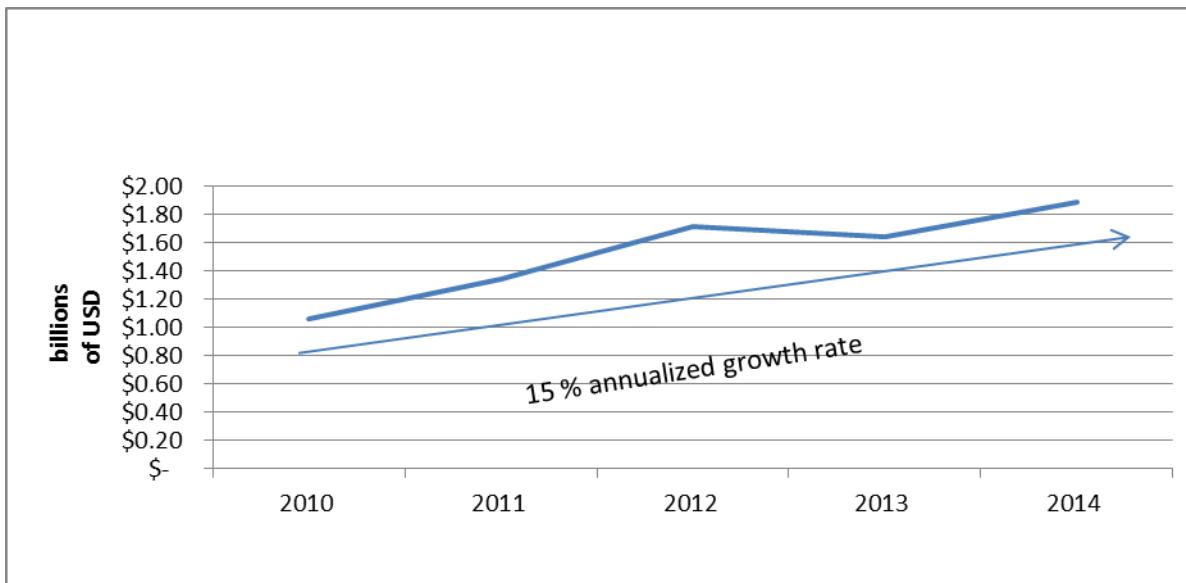
Figure 12: Egypt's Food Processing Sub-sectors' Sales



Source: CAPMAS

The food processing sector imported \$ 1.89 billion of food ingredients in 2014, excluding meat and bulk commodities, an increase of 15 percent over 2013. In the last 5 years, imports have grown by an annual rate of 15 percent (Figure 13).

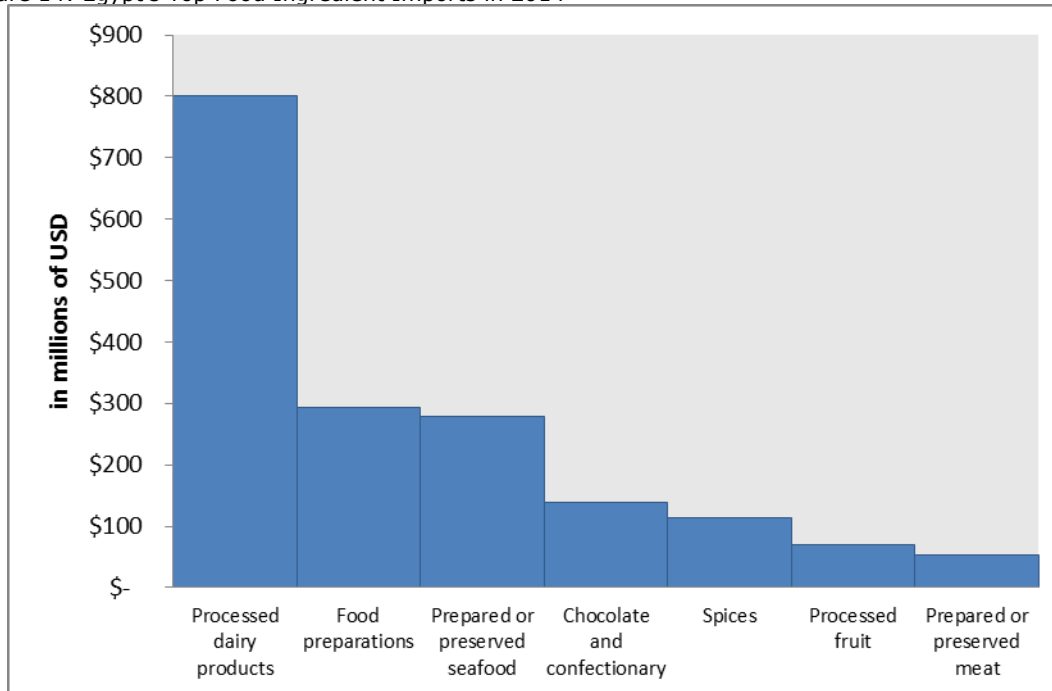
Figure 13: Egypt's Imports of Food Ingredients 2010-14 (excluding bulk commodities and Meat)



Source: CAPMAS

In 2014, Egypt's top food ingredient import was processed dairy products valued at \$802 million, which includes powdered milk, butter, whey, and cheese. This was followed by food preparations at \$293 million, including malt extract, protein concentrates, yeasts, pectates, and starch. The third top import was prepared or preserved seafood at \$278 million (Figure 14).

Figure 14: Egypt's Top Food Ingredient Imports in 2014



Source: CAPMAS

Please refer to FAS Cairo “[2015 Food Processing Ingredients](#)” report for more information.

Trade Promotion/ Marketing Strategies

Newspaper and magazine advertisements are good marketing tools, as newspapers alone have a daily circulation of over 4.3 million. Television is watched by all Egyptians, resulting in TV advertising to increase its sophistication and prominence. Pop radio stations have also proliferated, capturing a large segment of the youth market. Other forms of advertisement in Egypt consist of roadside billboards, flashing neon signs on building roofs, building walls completely painted with advertising signs, bulk mailer advertisements, faxed advertisements, and messenger/courier-delivered direct mail campaigns.

Trade promotion is becoming more sophisticated. Trade shows are frequent, aimed either at targeted business audiences or the general public; several take place each month at one or more of the downtown hotels or the Cairo International Conference Center (CICC). The annual Cairo International Trade Fair, held in the spring of every year, is the historical centerpiece of Egyptian trade promotion events. It is highly advisable that companies wanting to do business in Egypt attend trade shows. Egyptian companies flock in significant numbers to [Gulfood](#), [ANUGA](#), as well as the locally held [Food Africa](#) trade show.

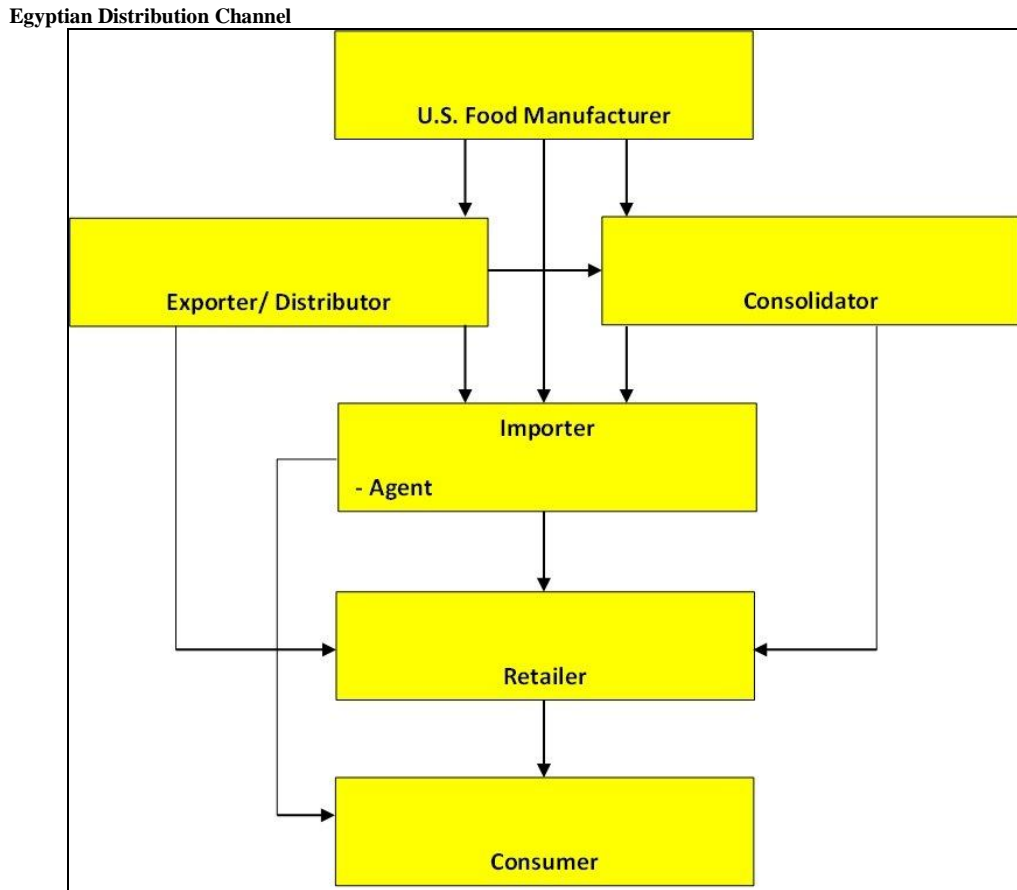
Sales Negotiation Strategies

Sales negotiations are bound by unspoken Egyptian cultural norms. A key norm is that there is no final price, as these can be further reduced by driving a hard-bargain. A corollary is that only a neophyte would offer one's best price, or anything close to it, early in negotiations. Government sources report

that their employees are judged on the ability to squeeze the final piaster (penny) from the lowest bidder. This happens repeatedly, at every level of decision-making, and is called *momarsa* in Arabic.

Distribution Channels for Processed Food Products in Egypt

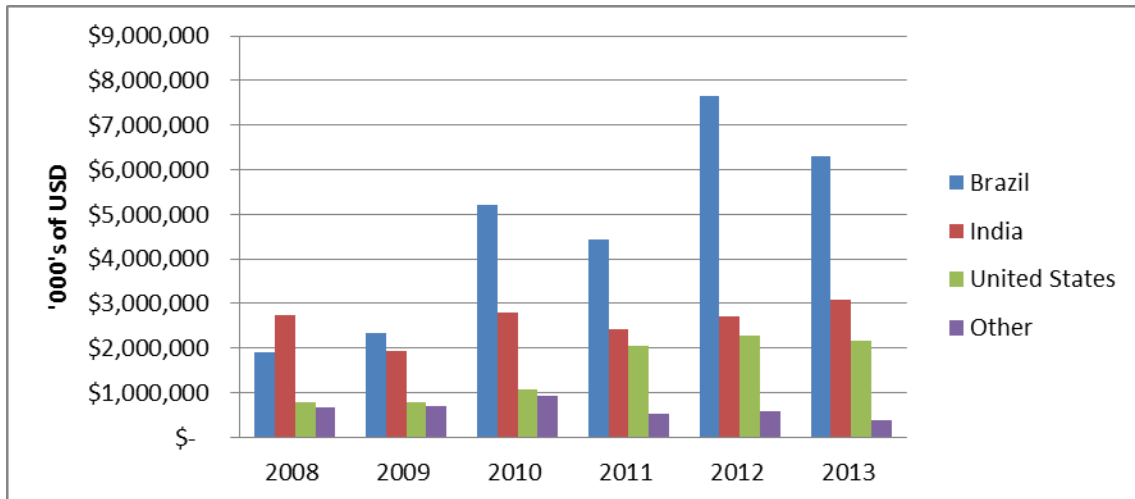
In Egypt, only a few importers specialize in one product. Most importers are generalists who import a wide range of food products. It is important for U.S. exporters to work with someone locally who knows the market well for a specific product. Agents who represent just one foreign supplier are also relatively rare.



SECTION IV: BEST CONSUMER-ORIENTED PRODUCTS PROSPECTS

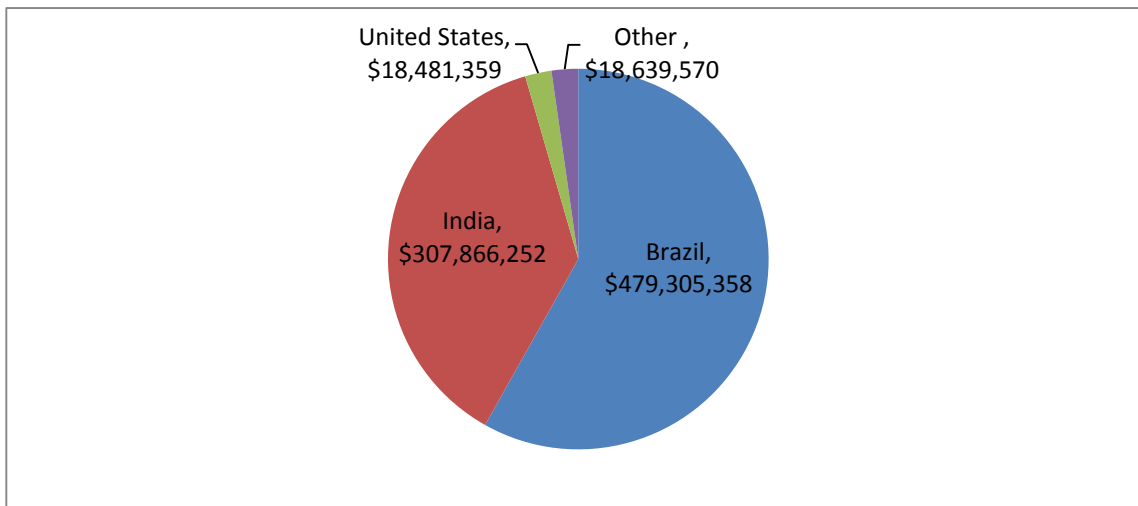
Red Meat and Bovine Offal - Import growth of beef and bovine offal has been remarkable in the last five years, from \$ 570 million in 2009 to \$1.2 billion in 2013, an increase of 128 percent (Figure 15). In that period, U.S. market share increased from 14 percent to 18 percent. Although beef is part of the traditional cuisine, its consumption is constrained by consumer income level and reflected by the types of meat imported. Most imported beef is made up of frozen cuts from Brazil and India (Figure 16), followed by beef offal from the United States (Figure 17), situating Egypt as the world’s largest importer of beef livers.

Figure 15: Imports of Beef by Origin*



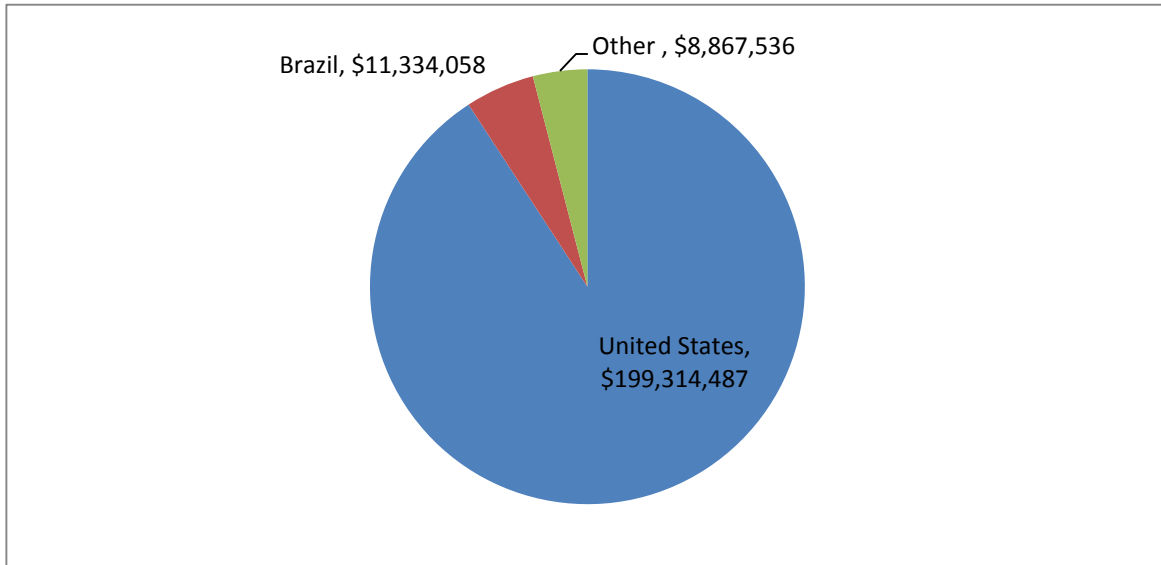
Source: CAPMAS

Figure 16: Imports of Frozen Beef by Origin in 2013



Source: CAPMAS

Figure 17: Imports of Beef Livers and Offal by Origin



Source: CAPMAS

Table 7: Egypt, Supermarket Prices, Domestic Beef Compared to Imported Beef

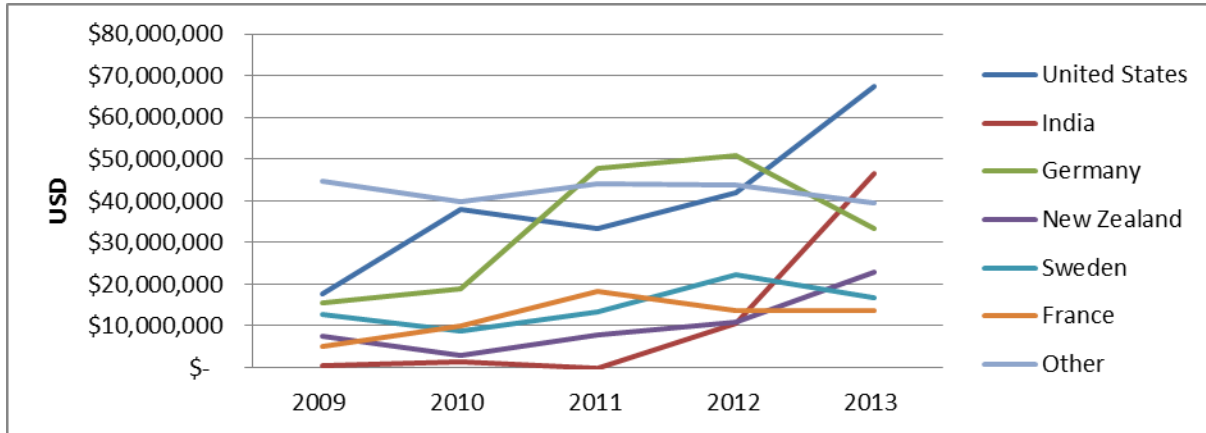
Origin	Domestic	Brazil	India	Sudan
Price per Kilogram	LE 95 (\$13.00)	LE 31-35 (\$4.00 -\$5.00)	LE 30 (\$4.00)	LE 30 (\$4.00)

\$US 1 = Egyptian Pound (LE) 7.83.

Despite imported beef's lower price, many Egyptian consumers still favor higher priced domestic beef. Beef sourced locally is assumed to be fresher, 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.

Skimmed Powdered Milk - Egypt's need for skimmed powdered milk is significant as its domestic production is unable to meet the country's growing demand and as consumer preference is changing from fresh to processed bottled milk. Most imported milk powders are reconstituted, re-blended, and sold widely as fluid milk. 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, U.S. origin powdered milk was the leading supplier valued at \$67 million; however, it remains a very competitive and price sensitive market, with a shifting change in market share (Figure 18).

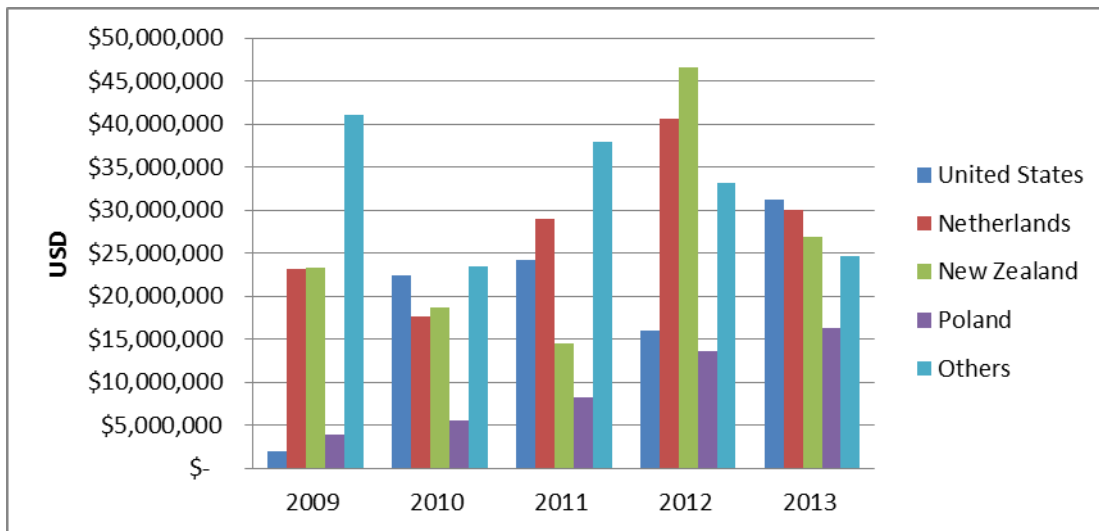
Figure 18: Imports of Skimmed Milk by Origin



Source: CAPMAS

Cheese - Egyptian consumer preference for imported cheese remains strong, as consumers expand their traditional consumption of soft cheese to specialty cheeses. In 2013, U.S. cheese led imports with a value of \$31 million, followed by the Netherlands with \$29 million, and New Zealand with \$26 million (Figure 19). 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 19: Cheese Imports by Origin

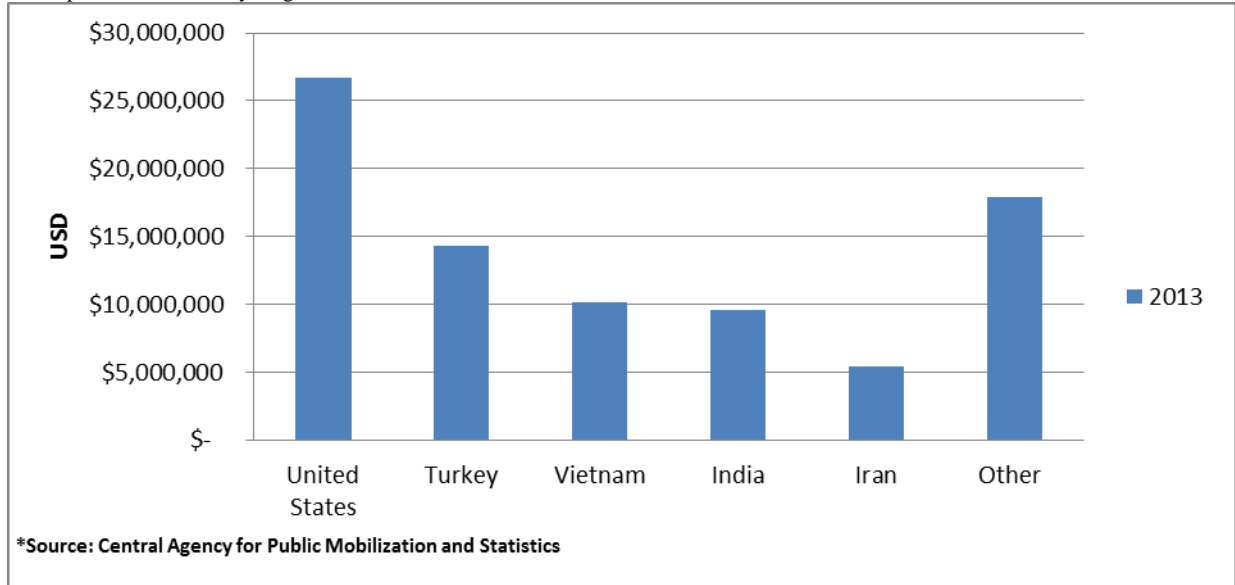


Source: CAPMAS

Tree Nuts - Demand for tree nuts has maintained a solid growth averaging between four-five percent per year. In the past five years, 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 20). Main U.S. exports are almonds, pistachios and chestnuts (Figure 21).

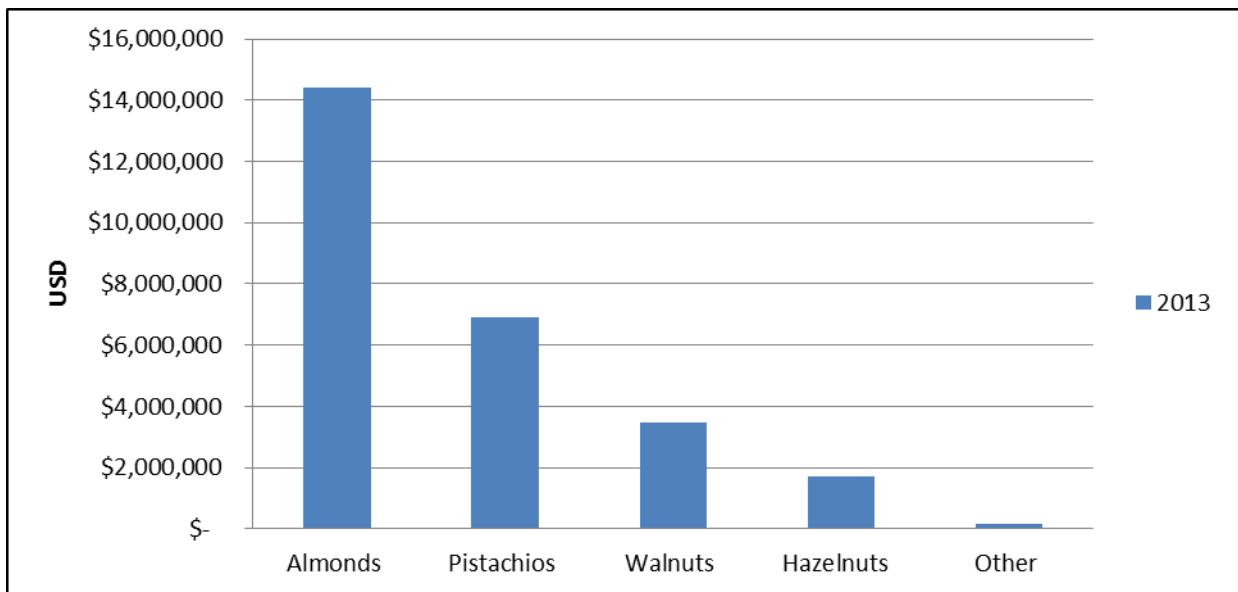
Egyptian consumer perception of tree nuts are similar to those in the West; a healthy and nutritious snack. Additionally, it's a mainstay in their confectionary products such as *kunafa*, *umm ali*, and *basbousa*, and are widely consumed during Ramadan festivities.

Figure 20: Imports of Tree Nuts by Origin*



Source: CAPMAS

Figure 21: 2013 Imports of U.S. Tree Nuts by Type*



Source: CAPMAS

SECTION V: KEY CONTACTS AND FURTHER INFORMATION

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

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

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

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Website: <http://www.agr-egypt.gov.eg/En> ● Tel: (20-2) 3337-3388/2677 ● Fax: (20-2) 3749-8128

Address: 71 Wezaret El Zeraa Street, Dokki, Cairo, Egypt

CENTRAL LAB OF RESIDUE ANALYSIS OF PESTICIDES & HEAVY METALS IN FOOD

Website: www.qcap-egypt.com ● Tel: (20-2) 3761-1282 ● Fax: (20-2) 3761-1216

Address: 7 Nadi El Seid Street, Dokki, Cairo, Egypt

AGRICULTURAL RESEARCH CENTER

Website: <http://www.arc.sci.eg/> ● Tel: (2-02) 3572-2069/3906 ● Fax: (2-02) 3572-2609

Address: 9 Gamaa Street, Orman, Giza, Egypt

MINISTRY OF HEALTH (MOH)

Website: www.mohp.gov.eg ● Tel: (2-02) 2795-7689 ● Fax: (2-02) 2795-3966

Address: 3 Maglis El Shaab Street, Cairo, Egypt

CENTRAL LABORATORY (MOH)

Website: <http://www.healthlabs.net/> ● Tel: (2-02) 2794-7271 ● Fax: (2-02) 2796-2248

Address: 3 Maglis El-Shaab Street, Cairo, Egypt

NATIONAL INSTITUTE FOR NUTRITION (MOH)

Website: <http://www.nni.org.eg/> ● Tel: (2-02) 2364-6413/3522 ● Fax: (2-02) 2364-7476

Address: 16 Kasr El Aini Street, Cairo, Egypt

MINISTRY OF TRADE AND INDUSTRY

Website: <http://www.mfti.gov.eg/english> ● Tel: (2-02) 2792-1190 ● Fax: (2-02) 2795-5025

Address: 2 Latin America Street, Garden city, Cairo, Egypt

EGYPTIAN ORGANIZATION FOR STANDARDIZATION AND QUALITY CONTROL

Website: <http://www.eos.org.eg/Public/en-us/Default> ● Tel: (2-02) 2603-1348 ● Fax: (2-02) 2603-1351

Address: 16 Tadreeb el Motadarebeen Street, Ameriya, Cairo, Egypt.

MINISTRY OF SOCIAL SOLIDARITY (MOSS)

Website: <http://www.mss.gov.eg/mss/> ● Tel: (2-02) 2794-6165/ 2794-6777 ● Fax: (2-02) 2795-6835
Address: 99 Kasr El Aini Street, Cairo, Egypt

GENERAL ORGANIZATION FOR EXPORT AND IMPORT CONTROL (GOEIC)

Website: <http://www.goEIC.gov.eg/en/> ● Tel: (2-02) 2266-9609 ● Fax: (2-02) 2266-9364
Address: Cargo Village, Cairo International Airport, Cairo, Egypt

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

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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 (2012)

Post acknowledges the following Sources: 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, Global Trade Atlas (GTA), the World Bank, retail trade websites, trade press, and trade interviews.

City	Governorate	Population
Cairo	Cairo	8,105,071
Alexandria	Alexandria	4,388,219
Giza	Giza	3,348,401
Shubra El Kheima	Qalyubia	1,072,951
Port Said	Port Said	607,353
Suez	Suez	547,352
Luxor	Luxor	487,896
Mansoura	Dakahlia	480,494
El Mahalla El Kubra	Gharbia	458,297
Tanta	Gharbia	437,793
Asyut	Asyut	403,202
Ismailia	Ismailia	352,411
Faiyum	Faiyum	338,959
Zagazig	Al Sharqia	314,331
Damietta	Damietta	299,296
Aswan	Aswan	281,891
Minya	Minya	253,767
Damanhour	Beheira	252,017
Beni Suef	Beni Suef	223,789
Hurghada	Red Sea	223,124

Appendix: Statistics

Table A: Key Trade & Demographic Information:

Agricultural Imports From All Countries (\$Mil) / U.S. Market Share (%) ^{1/}	14,508 / 14%
Consumer Food Imports From All Countries (\$Mil) / U.S. Market Share (%) ^{1/}	4,435 / 10%
Edible Fishery Imports From All Countries (\$Mil) / U.S. Market Share (%) ^{1/}	737 / 1%
Total Population (Millions) / Annual Growth Rate (%) ^{2/}	89744 / 1.79%
Urban Population (Millions) / Annual Growth Rate (%) ^{2/}	38680 / 1.68%
Number of Major Metropolitan Areas ^{2/}	3
Size of the Middle Class (Millions) / Growth Rate (%) ^{3/}	39487 / -0.7%
Per Capita Gross Domestic Product (U.S. Dollars) ^{4/}	10900
Unemployment Rate (%) ^{2/}	13.40%
Per Capita Food Expenditures (U.S. Dollars) ^{5/}	841.9
Percent of Female Population Employed ^{2/}	18.76%
Exchange Rate (US\$1 = X.X local currency) ^{6/}	EGP7.93

1- UNTrade (FAS)

2- CAPMAS

3- 2014 ESCWA Study: Middle Class in the Arab World (page 32) - Numbers in 2011

4- World Factbook (Egypt)

5- http://www.indexmundi.com/egypt/economy_profile.html

6- Central Bank of Egypt

Table B: CONSUMER FOOD & EDIBLE FISHERY PRODUCT IMPORTS (World & the United States) (\$million)

Reporter	Partner	Product	2012 Value	2013 Value	2014 Value	Period/Period % Change (Value)
Egypt	World Total	Consumer Oriented Agricultural Total	3,826	3,646	4,435	22
Egypt	World Total	Fish Products	769	331	737	122
Egypt	United States	Consumer Oriented Agricultural Total	394	421	434	3
Egypt	United States	Fish Products	4	1	8	848
Grand Total			4,994	4,400	5,614	28

UnTrade (FAS)

Table C: TOP 15 SUPPLIERS OF CONSUMER FOODS & EDIBLE FISHERY PRODUCTS (\$million)

			2012	2013	2014	
Reporter	Partner	Product	Value	Value	Value	Period/Period % Change (Value)
Egypt	World Total	Consumer Oriented Agricultural Total	3,826	3,646	4,435	22
Egypt	Brazil	Consumer Oriented Agricultural Total	790	659	775	18
Egypt	India	Consumer Oriented Agricultural Total	375	411	606	47
Egypt	United States	Consumer Oriented Agricultural Total	394	421	434	3
Egypt	New Zealand	Consumer Oriented Agricultural Total	313	305	347	14
Egypt	Kenya	Consumer Oriented Agricultural Total	279	260	310	19
Egypt	Netherlands	Consumer Oriented Agricultural Total	152	169	192	14
Egypt	Italy	Consumer Oriented Agricultural Total	110	51	173	238
Egypt	France	Consumer Oriented Agricultural Total	68	99	141	44
Egypt	Germany	Consumer Oriented Agricultural Total	107	91	114	25
Egypt	United Arab Emirates	Consumer Oriented Agricultural Total	92	86	111	29
Egypt	Greece	Consumer Oriented Agricultural Total	52	59	88	49
Egypt	United Kingdom	Consumer Oriented Agricultural Total	51	66	87	32
Egypt	Turkey	Consumer Oriented Agricultural Total	82	78	79	1
Egypt	Ireland	Consumer Oriented Agricultural Total	30	35	78	124
Egypt	Syria	Consumer Oriented Agricultural Total	108	104	64	-38
Egypt	World Total	Fish Products	769	331	737	122
Egypt	Netherlands	Fish Products	121	60	194	224
Egypt	Thailand	Fish Products	217	141	157	11
Egypt	Vietnam	Fish Products	73	18	63	243
Egypt	Norway	Fish Products	40	23	42	84
Egypt	Japan	Fish Products	6	5	30	568
Egypt	China	Fish Products	27	10	29	197
Egypt	Spain	Fish Products	26	2	24	1,208
Egypt	United Arab Emirates	Fish Products	12	2	23	1,036
Egypt	Ireland	Fish Products	17	5	21	323
Egypt	Yemen	Fish Products	23	15	20	37
Egypt	India	Fish Products	22	2	18	973
Egypt	United Kingdom	Fish Products	10	3	13	437
Egypt	Taiwan	Fish Products	31	5	13	186
Egypt	Pakistan	Fish Products	16	3	12	296
Egypt	Ecuador	Fish Products	22	-	9	1,965
Grand Total			4,596	3,978	5,172	30

UNTrade (FAS)