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GAIN Report

Global Agricultural Information Network

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Egypt

Food Service - Hotel Restaurant Institutional

Recovering Tourism Industry Bodes Well for HRI Suppliers

Approved By:

Ali Abdi, Agricultural Minister Counselor

Prepared By:

Ibrahim El-Habbal, Marketing Assistant, and Bret Tate, Agricultural Attaché

Report Highlights:

The Egyptian hotel, restaurant, and institutional (HRI) sector shows signs of recovery and growth following a number of slow years. Sales in hotels and resorts are growing as tourism recovers, following a dip in tourism through 2016. The food service sector is expanding, with the fastest growth being amongst chain restaurants. With a young, quickly-growing population and a hastily recovering economy Egypt's HRI sector is positioning itself to be a prime market for U.S. food and agricultural products.

SECTION I. MARKET SUMMARY

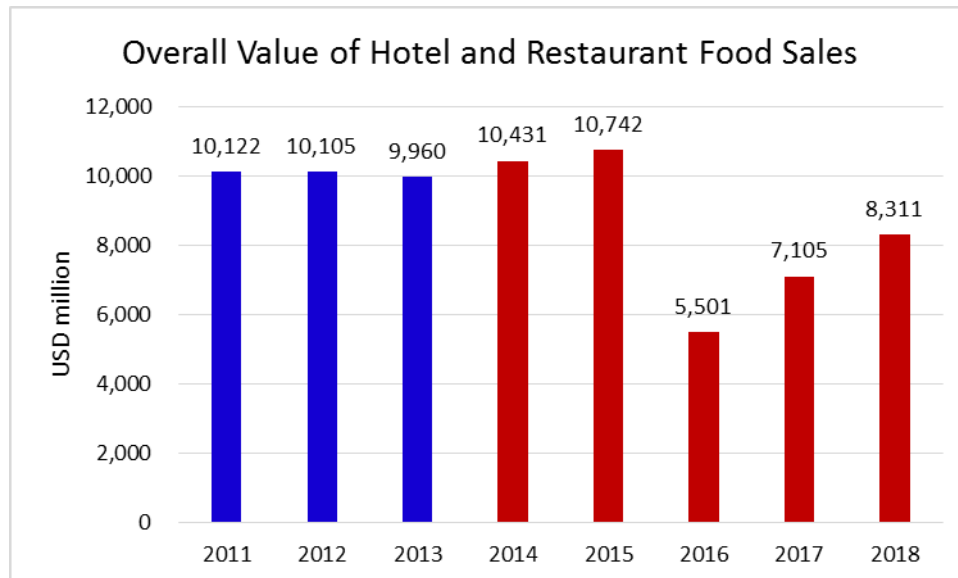
Egypt is the most populous country in the Arab world, with 97 million inhabitants. Ninety five percent of the population resides on the narrow strip of land along the Nile River and its delta; a region representing around five percent of total land area. The country's population is growing at 2.45 percent per annum, adding roughly 2.4 million individuals annually. Estimates show that the population will surpass 100 million by 2021 and reach 117 million by 2030, making Egypt the 15th most populous country in the world. These demographic trends make Egypt one of the world's fastest growing markets for food and agricultural products. In spite of the growing population, Egypt remains a price sensitive market. The economy is limited by recent austerity measures, high unemployment, and double-digit inflation.

Egypt's gross domestic product (GDP) in 2017 is estimated at \$345 billion and is forecast to reach \$361 billion in 2018. Estimates for 2017 expect Egypt's real GDP growth to reach 4.1 percent, which is down 0.2 percent from the 2016 growth rate. Egypt's GDP growth is expected to reach 4.46 percent in 2018 and possibly higher into 2019, as the construction and the energy sectors expand. Growth in 2018 is expected to be spurred on by growth in the gas sector as the Zohr natural gas field comes online.

On November 3, 2016, the Central Bank of Egypt allowed the value of the Egyptian pound (EGP) to float as part of a broader macroeconomic reform effort. The pound initially shed close to 55 percent of its value against the U.S. dollar, dropping from EGP 8.88 per U.S. dollar to EGP 13.75 per dollar. In the weeks following the devaluation, the pound's value decreased to around EGP 18.00 per dollar where it remained throughout 2017. With the devaluation, Egyptian consumers have seen high inflation rates, and Egyptian importers are facing increasing costs.

Egypt's Food Service – Hotels, Restaurant, and Institutional

Figure 1: Overall Value of HRI Food Service Sales



Source: CAPMAS, Euromonitor, FAS Analysis

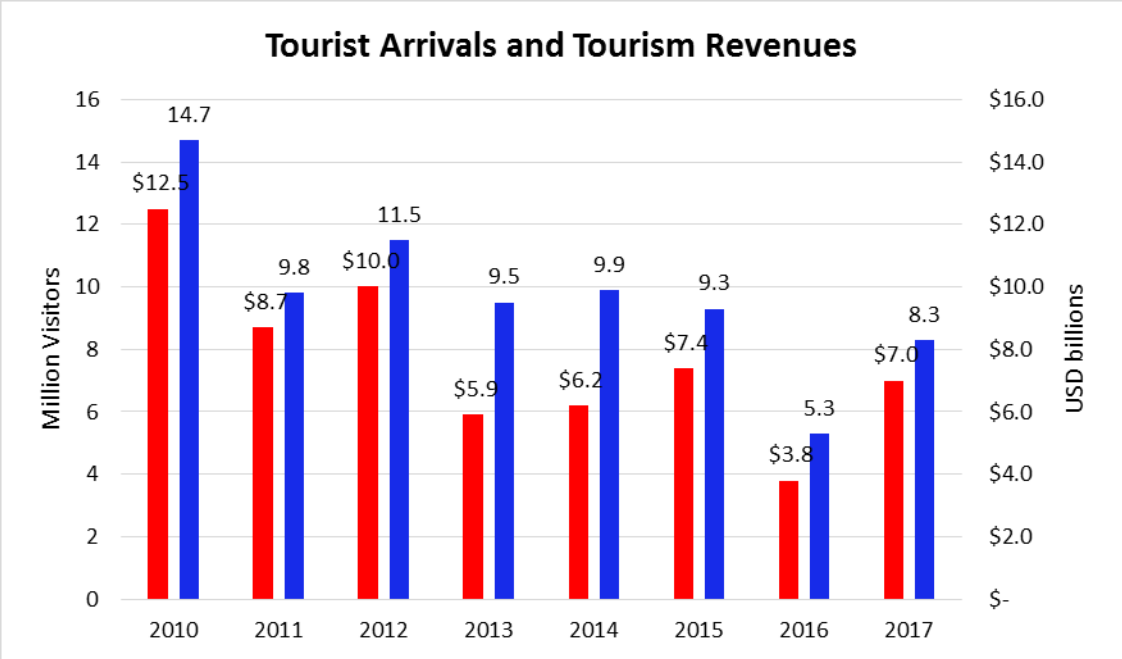
* FAS estimates denoted by red (2014-2018)

Hotels, Resorts, and Tourism

The political and economic instability following the 2011 Egyptian regime change negatively impacted growth of Egypt’s Hotel, Restaurant and Institutional (HRI) sectors. Hotel and restaurant sales contracted with a compound annual growth rate (CAGR) of negative 11 percent in the 2011-2016 period. Post attributes the slowed growth to the political turmoil of 2011 and 2013, and the subsequent economic slowdown.

Prior to 2011, Egypt was one of the world’s largest tourist destinations, with some 14 million tourists visiting annually. In 2010, tourism generated revenues in excess of \$12.5 billion; which contributed around 11 percent to the country’s gross domestic product. Political instability put downward pressure on tourist arrivals first in 2011 and again in 2013. The sector’s recovery was again stymied with the intentional downing of a Russian passenger jet leaving the Sinai resort city of Sharm El-Sheikh in December 2015. The culmination of these events damaged Egypt’s tourism sector, as well as the associated hotels, restaurants and related services.

Figure 2: Tourist Arrivals and Tourism Revenues, 2010-2017



Source: CAPMAS, FAS Analysis

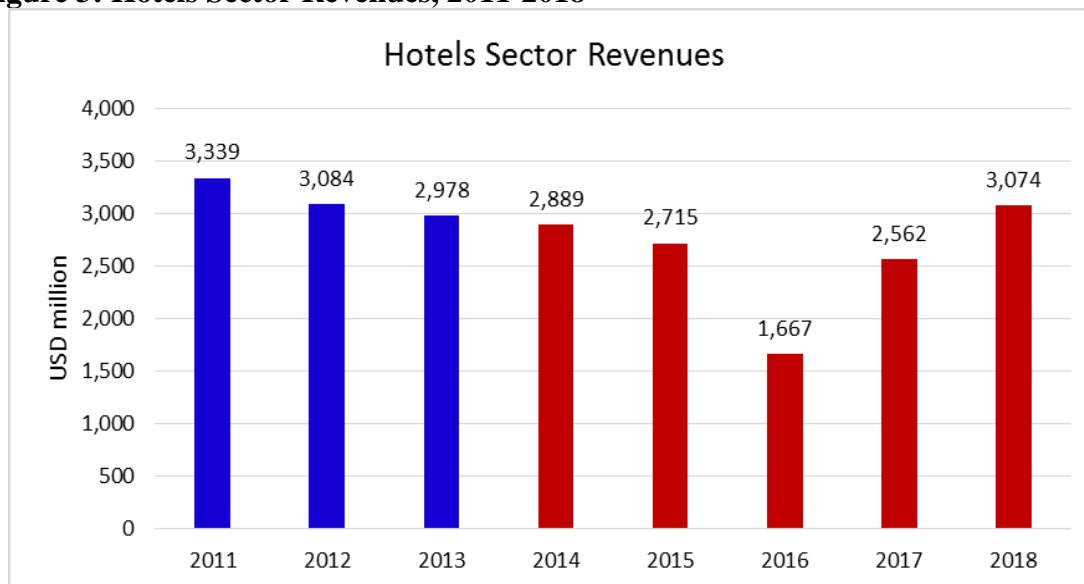
Tourism began again to recover at the end 2016 following the devaluation of the Egyptian pound. The devaluation made Egypt a more affordable tourist destination. Concomitantly, the security situation is steadily improving drawing greater numbers of tourists to the area.

The Egyptian Chamber of Hotels reported in 2017 that Egypt counts with 1,171 hotels, resorts, and floating hotels, containing a total of 195,000 rooms. This is up from 1,057 hotels in 2015. The coastal city of Sharm El Sheikh has the largest number of hotels, with 180 individual establishments and 51,500 rooms. The capital of Cairo has 157 hotels and around 27,000 rooms. The Red Sea resort area of Hurghada has a total of 147 hotels with approximately 47,100 rooms.

Similar to the tourism sector writ large, hotel revenues suffered mild decreases beginning in 2011 with a more notable decrease in 2016 as Russian and European air carriers suspended flights to Red Sea resort

areas. Hotel revenues are estimated to have dropped nearly 39 percent in 2016, before beginning to recover in 2017. The security situation is improving and flight restrictions are being relaxed; as such, hotel revenues are expected to continue increasing to reach around \$3 billion in 2018.

Figure 3: Hotels Sector Revenues, 2011-2018

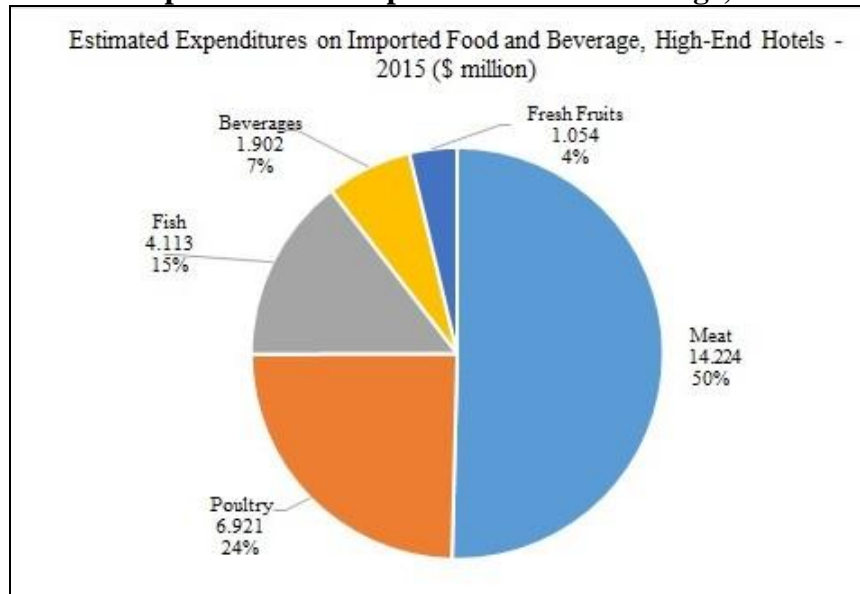


Source: CAPMAS, FAS Analysis

*FAS estimates denoted by red (2014-2018)

Post estimates that 37-40 percent of hotel revenues are associated with food and beverage sales. The bulk of food sales at hotels, an estimated 78 percent, are made in Egypt's higher-end hotels. Animal proteins dominate hotel spending on imported foods, with beef being the largest single product category at 50 percent. Poultry and fish make up 24 and 15 percent respectively of imported animal products sourced by Egyptian hotels.

Figure 4: High-End Hotel Expenditure on Imported Food & Beverage, 2015

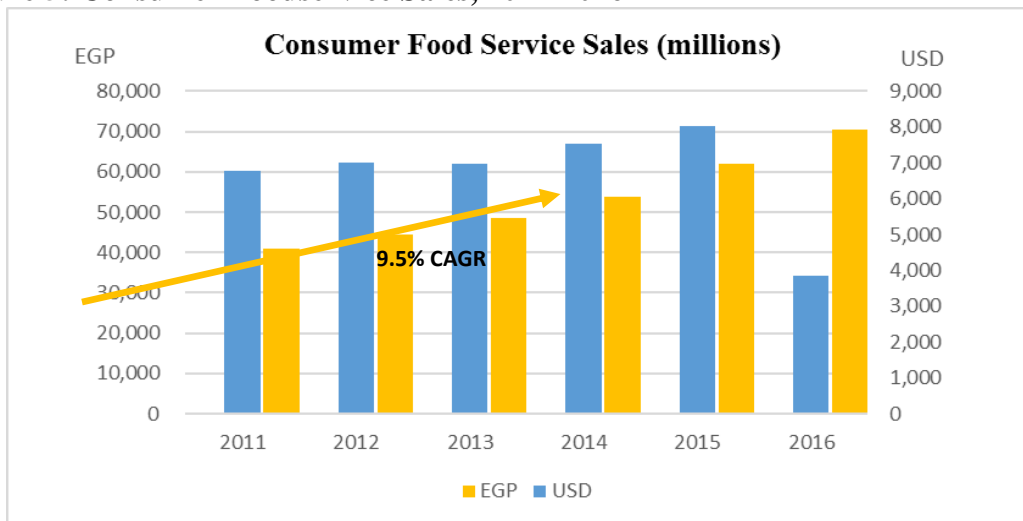


Source: CAPMAS, FAS Analysis

Restaurants

In spite of the decreases in tourism, the Egyptian foodservice sector has been growing over the past five years. The growth is driven by social and technological shifts, as well as changes in consumer behavior. Egyptians are spending more time outside of the home and a larger percentage of women are joining the workforce. These two factors encourage Egyptian consumers to rely more heavily on ready-to-eat meals or online ordering. Additionally, internet penetration in Egypt has now reached almost 33 percent of the population and online foodservice is growing quickly. Otlob.com, an online ordering and delivery platform for restaurants, is growing in popularity and other online retailers, such as Souq.com and Jumia.com, now sell groceries and food products. The foodservice sector's sales in 2016 reached \$3.8 billion with a five-year CAGR of 9.5 percent.

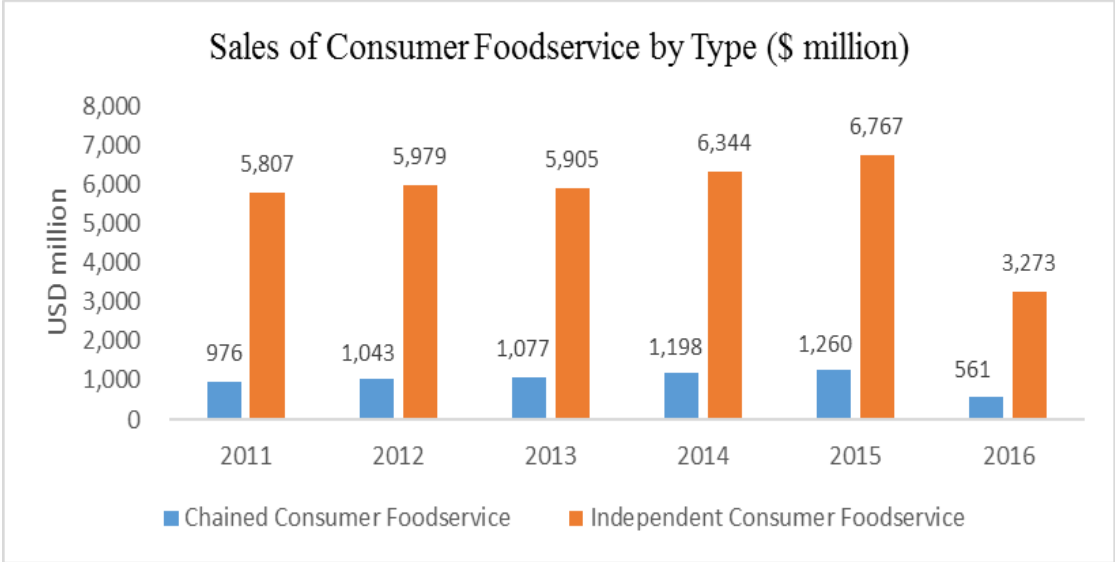
Figure 5: Consumer Foodservice Sales, 2011-2016



Source: Euromonitor, FAS Analysis, 2017 estimate

Independent restaurants still account for the lion’s share of food service establishments and sales in 2016 represented 85 percent of total consumer foodservice sales. Though independently owned restaurants dominate the sector, chain restaurants are growing at a notably higher rate. Chain restaurants grew their sales 29 percent from 2011 to 2015, while independent restaurant sales increased only 17 percent. Both sectors saw a precipitous drop in sales in 2016 following the economic reforms and currency devaluation.

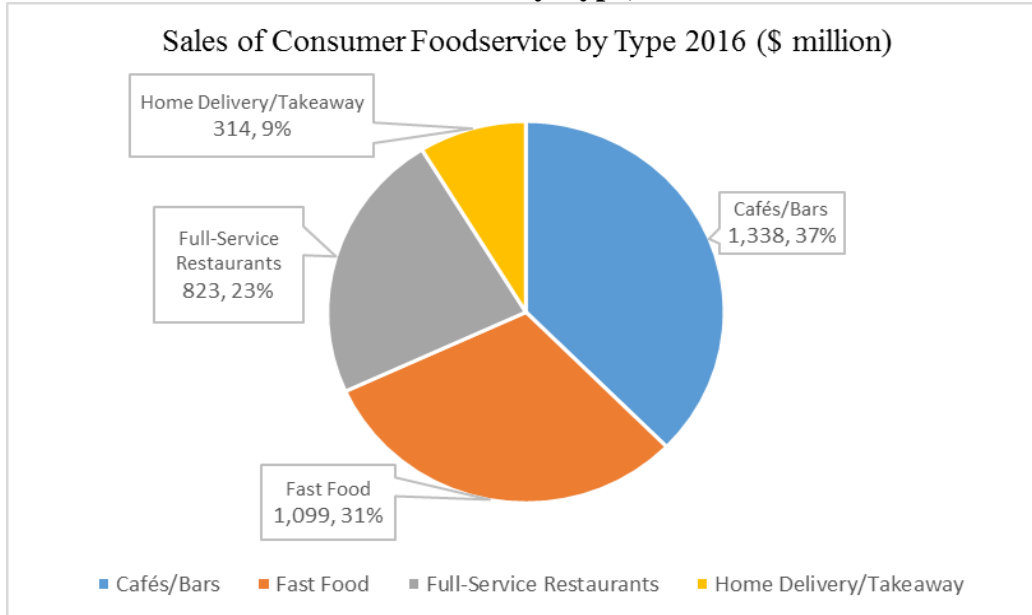
Figure 6: Sales of Consumer Foodservice by Type, 2011-2016



Source: Euromonitor, FAS Analysis

The total value of the Egyptian consumer foodservice sector sales is estimated at \$3.8 billion. Cafes make up the majority of sales at \$1.34 billion, or 37 percent of the total. This is likely due to cultural preferences for cafes and lower capital requirements to open these establishments. Café sales are followed by fast food, full-service restaurants, and home delivery at \$1.10 billion, \$823 million, and \$314 million respectively. Self-service cafeterias and street vendors comprise an additional \$261 million in sales.

Figure 7: Sales of Consumer Foodservice by Type, 2016



Source: Euromonitor, FAS Analysis

Institutions

Egyptian institutional sales channels are varied and information is limited. Certain institutions, such as hospitals, correctional and military facilities, have centralized kitchens to provide meals for their patients, inmates, or soldiers. In many cases, these institutions issue government tenders for private firms to run the kitchens. In other instances, civil servants may staff centralized kitchens.

From antidotal and publically-available information, FAS Cairo understands that the Egyptian Ministry of Health and Population will spend \$28 million in fiscal year 2017/2018 on hospital feeding programs. Additionally, the Egyptian Ministry of Social Solidarity, Ministry of Education, and Ministry of Agriculture invest an estimated \$56.5 million annually in school feeding programs. These programs provide food to over 10.5 million primary school students in 31 public schools. Some school feeding programs are supported through international donors and multilateral organizations.

Exporters interested in accessing Egyptian institutional markets are strongly advised to research opportunities and constraints thoroughly. General information on potential technical or sanitary barriers is available in the [FAIRS Egypt Country Report](#). To participate in government tenders interested firms may create an account on the [Egyptian Government Procurement Portal](#), allowing them to set up a profile and apply to open tenders.

HRI Opportunities

Following the 2016 economic reforms, the Egyptian economy is showing improvement. The Central Bank of Egypt (CBE) reported in November 2017 that the trade balance deficit fell by 8.1 percent in nominal terms in fiscal year 2016/2017 from the previous fiscal year. The Central Bank also reported that foreign currency reserves exceeded 2010 levels, reaching \$36.7 billion in October 2017. Official reports indicate that net foreign direct investment increased by 14 percent from \$6.9 billion in fiscal year 2015/2016 to \$7.9 billion in fiscal year 2016/2017. Tourist arrivals are up an estimated 57 percent on improved security and a weak Egyptian pound. Post expects improving economic performance in the coming years. With an improving economy and a recovering tourism sector, demand for HRI products is expected to grow in the near term.

Table 1: Egypt, Value of HRI Food Service Sales (2011-2016) (\$ million)

Subsector	2011	2012	2013	2014	2015	2016	2017	2018
Hotels & Resorts *	3,339	3,084	2,978	2,889	2,715	1,667	2,562	3,074
Restaurants **	6,783	7,022	6,982	7,542	8,027	3,834	4,543	5,237

* Source: CAPMAS, FAS Analysis (2016-2018 FAS Cairo estimates)

** Source: Euromonitor, FAS Analysis (2018 FAS Cairo estimate)

Table 2: Advantages and Challenges Facing U.S. Food Products and ingredients in Egypt

Advantages	Challenges
<ul style="list-style-type: none"> - U.S. origin food products and ingredients have a good reputation and image. - Food importers and processing companies are on the lookout for new products. - There is growing demand for high-value U.S. products in the hotel and restaurant sectors. - The Egyptian HRI food service sector is growing; it requires more imported food products and ingredients. U.S. producers offer a broad range of food products and ingredients and are able to meet demand of the Egyptian HRI food service sector. - Egyptian population is growing by 2.2 million every year creating more demand for food and ingredients. 	<ul style="list-style-type: none"> - U.S. exporters face competition from the EU member states. Egypt has a free trade agreement with the European Union, which in a number of cases severely disadvantages U.S. origin products. - Egypt often reverts to EU standards, which do not align with U.S. or Codex standards. - Higher import tariffs levied on U.S. origin goods than on similar products originating in Europe. - Importers indicate a lack of U.S. supplier interest in Egypt. - Import regulations are complex, non-transparent. - Lack of adequate cold storage facilities outside of Alexandria and Cairo. - Proximity to EU and Arab markets.

SECTION II. ROAD MAP FOR MARKET ENTRY

Entry Strategy

Egypt requires product registration for special dietary food products and other specific retail products outlined in Decree 43/2016. Special dietary foods are those that make health or nutritional claims such as calorie-modified foods, baby and infant foods, energy foods, diabetic and weight control foods, vitamin and mineral supplements, medicinal herbs, and bottled water. More details are available in the [FAIRS Egypt Country Report](#).

Despite low entry barriers, U.S. food and beverage products face a tariff disadvantage from countries that have trade arrangements with Egypt such as the EU, COMESA and the Greater Arab Free Trade Area. However, U.S. food products are widely recognized as being innovative and high quality.

For new-to-market exporters, the most successful strategy for entering the market is working through a USDA cooperator group. The cooperator groups have an extensive list of contacts in the different sectors and are actively marketing and promoting U.S. agricultural products. The following cooperator groups are active in Egypt: the [U.S. Wheat Associates](#), [U.S. Dairy Export Council](#), [U.S. Soybean Export Council](#), [Washington Apple Commission](#), and the [U.S. Grains Council](#). If an exporter's sector is not represented by a cooperator group, FAS Cairo can provide a list of importers or food processors by sector, but it is highly recommended that all exporters do their own due diligence.

In addition to contacting their respective commodity cooperator group, U.S. exporters can also contact their respective U.S. State Regional Trade Groups (SRTG) or their State Department of Agriculture to obtain additional market entry support. The cooperators regularly organize trade and reverse trade missions which are arranged around trade shows or other events. These missions have proven to be an excellent platform for U.S. suppliers of food ingredients to meet and to do business with Egyptian and other foreign buyers. It is highly advisable that companies wanting to do business in Egypt attend trade shows. Egyptian companies flock in significant numbers to international events like [Gulfood](#) and [ANUGA](#), as well as the locally held [Food Africa](#) trade show.

Once a relationship has been established, it is of utmost importance to visit and keep in continuous and close contact with Egyptian partners. Additionally, exporters should assure good quality and a reasonable price given the Egyptian market's price sensitivity. FAS Cairo recommends that U.S. exporters consider the following steps:

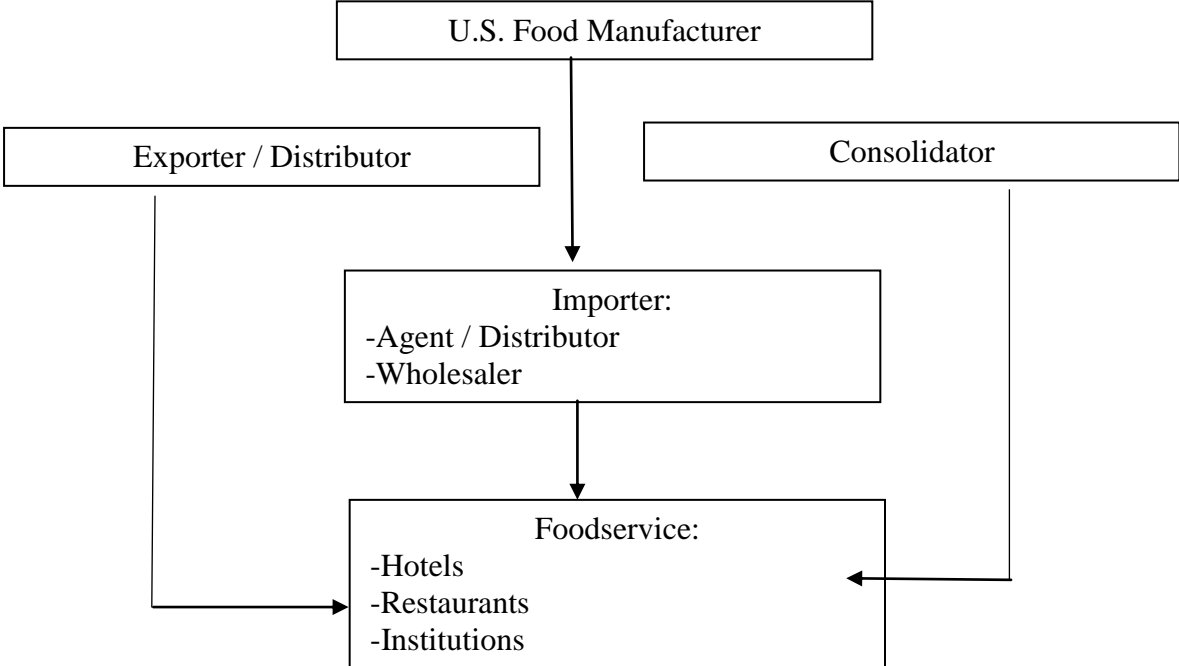
- Identify the distribution channel that will best fit the export company's market strategy
- Depending of the channel chosen, identify a strategic import partner
- Review sanitary and phytosanitary requirements
- Request import permits as required
- Forward to the importer copies of customs clearance documentation prior to shipment
- Provide ongoing support to the importer to help build consumer demand

Market Structure

Egypt's market structure is fairly straight forward. Importers who supply hotels, restaurants and institutions can be food processors, manufacturers, or agents and distributors. Large companies prefer to

source their food ingredients or products directly from abroad. They do this in order to obtain reasonable pricing, guarantee continuous product flow, and maintain quality. However, agents and distributors play a critical role in the market structure, especially for small and medium sized enterprises. Egyptian agents and distributors can provide smaller quantities to buyers, reduce risk to manufacturers, and manage finances and logistics.

Figure 8: Egypt Distribution Channel for Imported Food Products and Ingredients



Sub-sector Profiles

Table 3: Egypt, Hotel Chains (2016)

Name of Chain	Purchasing Agent	Number of Hotels	Number of Rooms	Location
Accor International Hotels	Direct/Importer	14	3368	Nationwide
Azur Hotels & Resorts	Direct/Importer	10	3380	Nationwide
Four Seasons Hotels & Resorts	Direct/Importer	4	991	Alexandria/Cairo/Sharm El Sheik
Helnan International Hotels	Direct/Importer	6	1062	Nationwide
Hilton International	Direct/Importer	18	6187	Nationwide
Iberotel Hotels & Resorts	Direct/Importer	12	4123	Nationwide
Le Meridien S.A.	Direct/Importer	4	1455	Cairo/Dahab
Marriott International	Direct/Importer	8	4104	Nationwide
Movenpick Hotels & Resorts	Direct/Importer	10	3203	Nationwide
Radisson Blu Hotels & Resorts	Direct/Importer	4	1249	Nationwide
Starwood Hotels & Resorts	Direct/Importer	5	2118	Nationwide
Steigenberger Hotels & Resorts	Direct/Importer	5	1292	Nationwide

Source: Egyptian Hotel Association, FAS Research

Table 4: Egypt, Restaurant Company Profiles (2016)

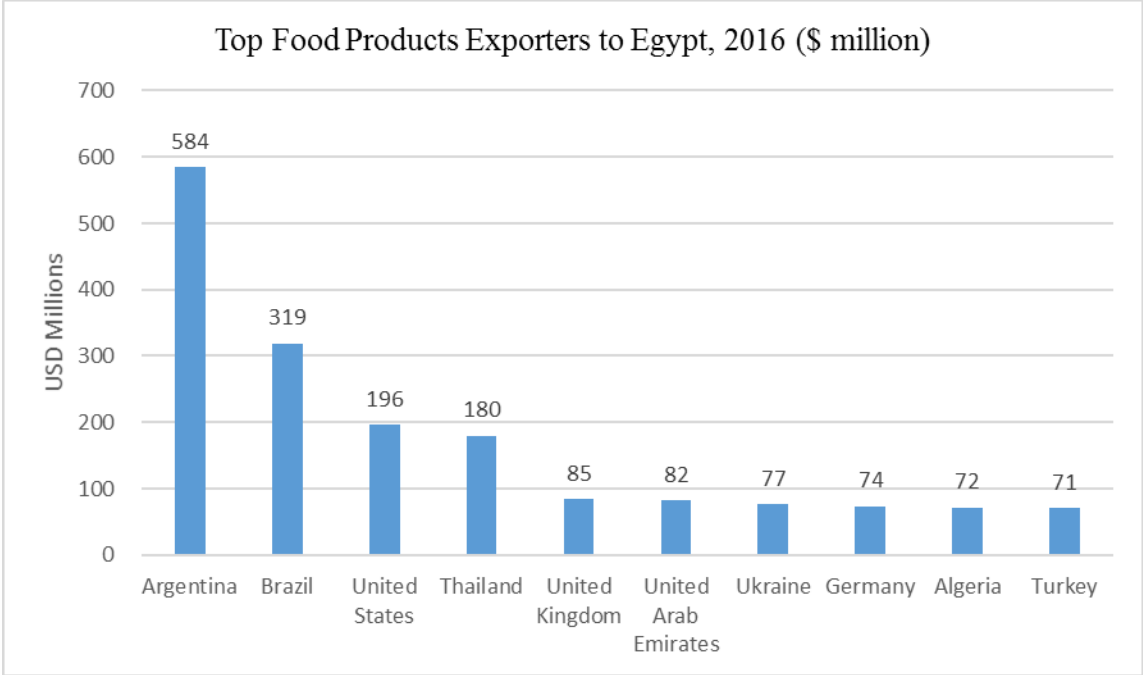
Name of Company	Sales (\$ million)	Outlet Name, Type	Location	Purchasing Agent(s)
Yum! Brands Inc	154	KFC, Pizza Hut, Fast Food, 135 outlets, 64 outlets	Nationwide	Direct/Import
Manfoods	77	McDonald's Fast Food, 91 outlets	Nationwide	Direct/Import
Mo'men Group	54	Mo'men Fast Food, 40 outlets	Nationwide	Direct/Import
Brinker International Inc	33	Chili's Grill & Bar Casual Dining, 22 outlets	Nationwide	Direct/Import
Delicious Inc	28	Cilantro, Abou El Seid, Café, Casual Dining, 60 outlets, 8 outlets	Nationwide	Direct/Import
Gad Restaurant	25	Gad, Fast Food, 30+ outlets	Nationwide	Direct/Import
Spectra Restaurant & Cafe	25	Spectra Restaurant & Café, Casual Dining, 34+ outlets	Nationwide	Direct/Import
Al Sobai'ya Group	24	Abou Shakra, Casual Dining, Fast Food, 12 outlets	Nationwide	Direct/Import
Restaurant Brands International Inc	21	Burger King, Fast Food, 22 outlets	Nationwide	Direct/Import
International Co for Food Industries	21	Cook Door, Fast Food, 66 outlets	Nationwide	Direct/Import
Americana Group	19	Chicken Tikka, Fish Market, Grand Café, Dar El Amar, Casual Dining, Café, 21 outlets, 7 outlets, 13 outlets	Nationwide	Direct/Import

Source: Euromonitor, FAS Cairo Research

SECTION III. COMPETITION

In calendar year 2016, the United States was Egypt’s third largest supplier of consumer-oriented food products. Some \$195.7 million worth of food product were imported by Egypt, representing six percent of the import market share. The top suppliers to Egypt were Argentina (\$584.4 million), Brazil (\$318.9 million), and Thailand (\$180 million).

Figure 8: Top Food Products Exporters to Egypt, 2016



Source: World Integrated Trade Solution (WITS), FAS Analysis

Despite being the third largest supplier to Egypt, U.S.-origin food products face a tough competitive environment from European, Middle Eastern, and African exporters. These maintain preferential trade arrangements with Egypt, which provide favorable tariff treatment. Shipping proximity to Egypt also provides exporters in these countries an additional comparative advantage against U.S. products.

TABLE 5: Egypt, Competitive Situation (2016)

Product Category	Major Supply Sources	Strengths of Key Supply Countries	Advantages and Disadvantages of Local Suppliers
Snack Foods Imports: 23,899 MT \$33.5 million	1. UAE – 26.6% 2. Turkey – 15.8% 3. Italy – 9.14 7. USA – 5.5% (82.54% increase from 2015)	Duty free access Proximity	Lower quality More price competitive
Breakfast Cereals Imports: 2,275 MT \$3.7 million	1. Poland – 20.43% (123% increase from 2015) 2. Turkey – 16.4% 3. France – 12.5% 4. USA – 11.9% (45% increase from 2015)	EU duty free access	Imports perceived to be better quality
Beef and Offal Imports: 129,716 MT \$1,459.0 million	1. Brazil – 50.36% 2. India – 32.22% 3. USA – 13.42%	Low cost of production (India/Brazil)	Limited domestic stock
Cheese Imports: 30,678 MT \$124 million	1. Netherlands – 33.32% 2. New Zealand – 17.21% 3. Poland – 14.73% 11. USA – 0.77%	Low cost of production (NZ) EU duty free access	Domestic production does not meet demand
Fresh Apples Imports: 10,320 MT \$350.3 million	1. Italy – 36.82% 2. Greece – 19.53% 3. Poland – 13.03% 18. USA 0.02%	EU duty free access Proximity	No domestic production
Processed F&V Imports: 55,934 MT \$85.2 million	1. Turkey – 16.64% 2. China – 9.8% 3. Greece – 6.44% 6. USA – 5.3%	Duty free access Low costs of production	Large domestic industry Distribution/quality issues
Fish & Seafood Products Imports: 359,503 MT \$648.8 million	1. Thailand – 27.13% 2. Netherlands – 13.2% 3. Vietnam – 6.6% 23. USA – 0.42%	Duty free access	Large domestic tilapia production Limited production of marine varieties
Tree Nuts Imports: 2,509 MT \$88.7 million	1. USA – 36.2% 2. Turkey – 16.8% 3. Sri Lanka – 11.4%	Three major importers supply different products	Limited domestic production
Beverages (non-alcoholic) Imports: Quantity N/A \$141.4 million	1. UAE – 40.96% 2. Spain – 11.93% 3. Saudi Arabia – 6.46% 20. USA – 0.47%	Duty free access (Arab Union)	Limited domestic production

Source: Global Trade Atlas, Egypt CAPMAS, FAS Cairo office research.

SECTION IV. BEST PRODUCT PROSPECTS

Category A: Products Present in the Market with Good Sales Potential

TABLE 6: Products Present in the Market That Have Good Sales Potential

Product / Product Category	2016 Market Size \$ Million	2016 Imports \$ Million	2012-2016 Average Annual Import Growth	Import Tariff Rate	Key Constraints Over Market Development	Market Attractiveness for USA
0202.30 Bovine Boneless Frozen	\$1,001.0	\$1,001.0 (220,100 MT)	2%	0%	Competitors: Brazil (59%), India (38%), and New Zealand (0.5%). Devaluation of the Egyptian pound in 2016 increased import costs, as well as reduced the purchasing power of Egyptian consumers.	With \$4.9 million in export sales, the United States is the 4 th largest supplier. With tourism returning, demand will grow for U.S. beef in the high hotel and restaurant sector. Economic recovery/growth in 2018/19 should help increase demand for U.S. product. Egypt's domestic production of bovine boneless is sold fresh.
0206.22 Bovine Livers, Frozen	\$206	\$206 (152,011 MT)	4%	5%	Competitors: Brazil (18%) and India (13%). Devaluation of the Egyptian pound in 2016 increased import costs, as well as reduced the purchasing power of Egyptian consumers.	With \$127 million export sales, the United States is the main supplier (62% market share). U.S.-origin bovine livers will continue to face little competition; the majority of Egyptian consumers regard livers as main source of affordable animal protein. Economic recovery/growth in 2018/19 should help increase demand for U.S. product. Egypt's domestic production of livers is sold fresh.
0206.29 Bovine Offal Frozen	\$69	\$69 (36,882 MT)	17%	5%	Competitors: Brazil (45%) and India (10%). Devaluation of the Egyptian pound in 2016 increased import costs, as well as reduced the purchasing power of Egyptian consumers.	With \$26 million in export sales, the United States is the 2 nd largest supplier (38%). Economic growth in 2018/19 will increase demand for U.S. product. Egypt's domestic production of offal is sold fresh.

TABLE 6: Products Present in the Market That Have Good Sales Potential (Continued)

Product / Product Category	2016 Market Size \$ Million	2016 Imports \$ Million	2012-2016 Average Annual Import Growth	Import Tariff Rate	Key Constraints Over Market Development	Market Attractiveness for USA
0406.90 Cheese Except Fresh	\$498	\$95 (17,879 MT)	-4%	HS 0406-9010 = 0% HS 0406-9090 =10%	Competitors: Netherlands (45%), New Zealand (21%), and Ireland (17%). Devaluation of the Egyptian pound in 2016 increased import costs. Egypt grants its EU FTA partners preferable tariff treatment. U.S. shipping costs are higher compared to European ones.	U.S. exports grew 32% in 2016 to \$1 million. Post anticipates increased demand due to the expansion of the Egyptian dairy processing sector industry.
1901.20 Food preparations; mixes and doughs for the preparation of bread, pastry, cakes, biscuits and other bakers' wares	N/A	\$3 (1,214 MT)	-1%	20%	Competitors: Germany (33%), Belgium (33%), France (13%), and UAE (12%). Devaluation of the Egyptian pound in 2016 increased import costs. Egypt grants its EU FTA partners preferable tariff treatment. U.S. shipping costs are higher compared to European ones.	With \$197 thousand in export sales, the United States is the 5 th largest supplier. Post anticipates increased demand due to the expansion of the Egyptian bakery industry.
0802.12 Almonds, No Shell	\$18	\$18 (1,688 MT)	2%	20%		With \$15.5 million in export sales, the United States is the largest supplier (88% market share). Post anticipates increased demand due to the expansion of the Egyptian food processing industry. Egypt does not produce Almonds.

TABLE 6: Products Present in the Market That Have Good Sales Potential (Continued)

Product / Product Category	2016 Market Size \$ Million	2016 Imports \$ Million	2012-2016 Average Annual Import Growth	Import Tariff Rate	Key Constraints Over Market Development	Market Attractiveness for USA
0802.32 Walnuts, No Shell	\$5	\$5 548 MT	3%	20%	Competitors: India (7%) and Vietnam (5%). Devaluation of the Egyptian pound in 2016 increased import costs. Egyptian monetary measures drive up costs; banks require 100% collateral for Letters of Credit.	With \$4 million in export sales, the United States is the largest supplier (88% market share). Post anticipates increased demand due to the expansion of the Egyptian food processing industry. Egypt does not produce Walnuts.
2103.90 Sauces and preparations therefor; mixed condiments and mixed seasonings	\$375	\$10 2,578 MT	-10%	20%	Competitors: Saudi Arabia (37.5%) and India (12.5%). Devaluation of the Egyptian pound in 2016 increased import costs. Egypt grants its EU FTA partners preferable tariff treatment. U.S. shipping costs are higher compared to European ones.	With \$1.8 million in export sales, the United States is 2 nd largest supplier (12.5% market share). Economic recovery/growth in 2018/19 should help increase demand for U.S. product. Post anticipates increased demand due to the expansion of the Egyptian food processing industry.

Note: Percentages have been rounded.

Sources: FAS-UNTrade, Euromonitor International, FAS Cairo office research.

Category B: Products Not Present in Significant Quantities but Which Have Good Sale Potential

Products that are currently not available in the market or are in low quantities, but have good potential include raisins, refined sugar flavor, cocoa powder sweetener, dried prunes, shelled pistachios, and chocolates in over 2kg packaging. Import tariff range between 20-40 percent.

TABLE 7: Egypt, Agricultural Tariff Increases Limiting U.S. Product Access

HS Code	Product	Old Tariff	New Tariff (2016)	2015	2016	Jan-Oct 2017
				Volumes in MT		
080800	Apples Fresh	20	40	1088.8	87.5	47.3
080212	Almonds, No Shell	5	20	1126.1	2155.7	351.3
080211	Almonds, In Shell	5	20	246.6	566.7	41
080231	Walnuts, In Shell	5	20	839.3	646.4	160.4
080221	Hazelnuts In Shell	5	20	410.5	344.5	105.6
0802251	Pistachios, In Shell	5	20	375.9	405.4	99.8
080232	Walnuts, No Shell	5	20	639.2	788.9	174.9
190531	Cookies (Sweet Biscuits)	30	60	34.1	0	0
080620	Grapes, Dried	20	40	0	18	0
170490	Sugar Confectionary	30	60	138.5	78.8	81.4
170191	Refined Sugar, Flavor	10	20	0	0	0
200880	Strawberries, Prep	20	60	2.6	2.2	0
180610	Cocoa Powder, Sweet	10	20	0	5.4	5.5
081320	Prunes, Dried	10	30	38.9	37	0
180690	Chocolate, Nesoi	20	40	92.4	45.4	10.3
200819	Nuts, Seeds Prep	20	60	247.4	210.7	51.6
170410	Chewing Gum	30	60	0	0	0
080252	Pistachios, Shelled	5	20	42.8	0	0
200931	Citrus Juice, Brix <=20	20	60	27.1	8.5	5.6
200979	Apple Juice, Nesoi	20	60	0	9.3	0
180620	Chocolate >2kg	10	20	7.2	9.2	2.7
200989	Single, Fruit Juice, Other	20	60	0	0	0
180631	Chocolate Filled	20	40	24.9	0	0
200919	Orange Juice	20	60	0	0	0
200899	Fruit Other, prep	20	60	21.4	16	8
190532	Waffles And Wafers	30	60	1.6	0	0
180632	Chocolate Not Filled	20	40	3.2	0	0
080830	Pears, Fresh	20	40	0	0	0

Category C: Products Not Present Because They Face Significant Barriers

Egyptian authorities continue to ban issuance of import licenses for U.S. chicken leg quarters despite being price competitive. Egyptian authorities note concerns with U.S. Halal slaughter practices, as well as avian influenza. Egypt's powerful domestic poultry industry further opposes imports due to the competitiveness of U.S. chicken leg quarters.

Importation of alcohol is impeded by a high import tariff of up to 250 percent on beers, 1,800 percent on wines, and 3,000 percent on spirits excluding a 14 percent sales tax.

SECTION V. POST CONTACT AND FURTHER INFORMATION

U.S. Embassy Cairo, Foreign Agricultural Service (FAS) Office of Agricultural Affairs
Mailing Address: FAS OAA Cairo, Unit 22, APO, AE 09839-4900
Phone: +20-2-2797-2388 • Fax: +20-2-2796-3989 • Agcairo@fas.usda.gov

For additional information, see www.fas.usda.gov. See also to our Food and Agricultural Import Regulations and Standards (FAIRS) reports, FAIRS Export Certificate, Food Processing Ingredients Sector, and HRI Food Service Sector GAIN reports.

Egyptian Hotel Association

Mailing Address: 8, El Sad El Aly St. Dokki- Giza- Egypt
Phone: +20-2-3748-8468 • Fax: +20-2-3748-5083
Email: eha@egyptianhotels.org
Website: <http://www.egyptianhotels.org/Default.aspx>

Egyptian Chefs Association

Mailing Address: 20 Salem 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/>

Egyptian Tourism Federation

Mailing Address: 8, El Sad El Aly St. Dokki- Giza- Egypt
Phone: +2 02 33378473 • Fax: +2 02 37490223 - +2 02 33378450
Email: etaa@etaa-Egypt.org
Website: <http://www.etf.org.eg/>

Egyptian Tourist Authority

Mailing Address: 11 Abassiya Square, Cairo, Egypt.
Phone: +20-2-2484-9399
Email: info@egypt.travel
Website: <http://www.egypt.travel/>

Egyptian General Co. for Tourism & Hotels

Mailing Address: 4 Latin America St, Garden City, Cairo, Egypt
Phone: +2 02-2794-2914 +2 02 2794-5258
Email: info@egoth.com.eg
Website: <http://egoth.com.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>