



# Egypt: The Food Processing Industry of Alexandria

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**Summary:** Egypt's food and drink manufacturing industry is continuing to enjoy high levels of investment and development. The processed food sector is one of the key economic sectors in Egypt, contributing significantly to employment and exports. The 2006 Egyptian market for food processing and packaging equipment was valued at nearly \$760 million and is expected to grow at an annual rate of 25% over the next three years. Figures from the Ministry of Trade & Industry indicate that the food and beverage industries make up 20% of the total manufacturing facilities estimated at 27,000 enterprises in Egypt. Egyptian producers of food products plan to more than double their sales to the European market reaching \$2.7 billion by 2012 from \$1.2 billion last year. Alexandria's market share of the food processing and packaging industry is estimated at 35% and includes: confectionary, dairy products, juices, drinks, vegetable oil, frozen vegetables and fruits, poultry, pickles, meat processing, tea, tomato paste, condiments and pasta. The largest food processing and packaging company in Alexandria is expanding and they succeeded in purchasing equipment worth \$19 million including glass bottling lines, bakeries, frozen vegetable processing lines, juice processing lines, tomato paste processing and packaging lines.

Although for years there have been restrictive tariffs in place for many imported items which have acted as a barrier to entry for many international food and drink brands, the government has been working to lift these as it acts to attract greater foreign investment. For example, in early 2007 the government decided to lower tariffs for dairy imports from New Zealand, allowing products to enter the country at a tariff rate between 0% and 2%. This new legislation will mean that European dairy firms such as Danone and Arla will face greater competition in what is a thriving dairy sector. Although around 80% of Egyptians consume milk that has not been packaged or pasteurized, this number is quickly shrinking (it was as high as 90% just a couple of years ago) indicating the growth opportunities for dairy producers. Free trade agreements (FTAs) with neighboring Middle Eastern countries has led a thriving export industry for Egyptian cheese, with approximately 75,000-85,000 tons of processed cheese produced in the country targeted for export. A free trade zone between all littoral Mediterranean states and the EU, which is expected to be in place by 2010, will help further bolster these food exports.

It is expected that there will be a reasonably strong growth in food consumption in the country to 2011. In U.S. dollar terms, we expect overall food consumption to increase by 29.2% over the next five years to 2011 to reach \$42.42bn, while per-capita food consumption will grow to \$463.

One specific area U.S. firms can target is the supply of agro-industry processing equipment which includes sugar crushing and refining plants, edible oil crushing and refining equipment, meat processing equipment, cake and biscuit lines, snacks, silos, slaughterhouses, and packaging equipment.

For more information concerning the Food Processing industry, please contact:

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