

# EGYPT

## Leading Sectors for U.S. Export and Investment

### Commercial Sectors

- Telecommunications Equipment and Services (TEL) (TES)
- Medical Equipment & Supplies (MED)
- Electricity & Power Generation (ELP)
- Petrochemical Industry (ICH)
- Oil & Gas Field Machinery and Services (OGM)
- Food Processing Equipment (FPP)
- Educational Training
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## Telecommunications Equipment and Services (TEL) (TES)

### Overview

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	2008	2009	2010 (estimated)
*Total Market Size	5490	6250	7190
Total Local Production	3400	3570	3748
*Total Exports	750	850	1100
Total Imports	1340	1830	2342
Imports from the U.S.	536	732	937

(Exchange rate used: 1 USD = LE 5.5. Values are in millions of U.S. Dollars.

\*Source: Ministry of Communications and Information Technology,  
Figures listed are unofficial estimates in millions.)

The Egyptian telecommunications sector is one of the most developed in the Middle East/North Africa region, and expected to grow at over 15% annually in the coming three years. Major players are: one fixed line operator, Telecom Egypt (10.19 million subscribers); three GSM operators: Mobinil, Vodafone Egypt, and Etisalat (over 55.35 million subscribers).

The National Telecommunications Regulatory Authority (NTRA) announced on October 2, 2009, a bid inviting consortiums of local and international companies to submit their offers for two licenses to start and operate telecommunication networks to serve closed urban communities. Deadline to submit the bids were Tuesday, January 12, 2010.

IT and telecom are a major driving force for the development of many sectors such as healthcare services, media, education, and governmental services. With the assistance of the private sector 100 schools have been automated and developed, 100,000 school teachers received IT training, and 200 healthcare units have been upgraded. The focus is on cyber security, child online safety, and broadband development.

### Best Prospects/Services

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- Call Centers Equipment/Network Centers
- Fiber Optic Cables
- GSM Solutions and Applications/Voice Over Internet Protocol (VoIP)
- Media Convergence/ Triple Play
- Wi-Fi/Wi-Max /Wireless Networks and Solutions

### Opportunities

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Call center equipment, E-signature technologies, Wi-Max, GSM solutions and applications represent good business opportunities for U.S. firms.

### Resources

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Ministry of Communications and Information Technology: <http://www.mcit.gov.eg/>

Telecom Egypt: <http://www.telecomegypt.com.eg/home-en.asp>

National Telecommunication Regulatory Authority:

<https://www.tra.gov.eg/english/Main.asp>

Information Technology Industry Development Agency: <http://www.itida.gov.eg/>

MobiNil: <http://www.mobinil.com/>

Vodafone: <http://www.vodafone.com/>

Etisalat: <http://etisalat.com.eg/>

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## Medical Equipment & Supplies (MED)

### Overview

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	2008	2009	2010 (estimated)
Total Market Size	300	330	370
Total Local Production	33	34	34
Total Exports	18	19	14
Total Imports	285	315	315
Imports from the U.S.	37	42	42

(Exchange rate used: 1 USD = LE 5.50. Values are in millions of U.S. Dollars. Figures listed are unofficial estimates.)

The medical equipment and supplies market in Egypt is estimated at roughly \$330 million, with an expected annual growth rate of 10% for the next five years. With little local production, the market relies heavily on imports and is steadily receptive to American products. Despite the solid reputation, U.S. market share is estimated at only 13%. Import duty is 5% plus a sales tax of 10%.

The ongoing healthcare reform project and the increasing population of 80 million are generating major demand for high-tech medical and healthcare items. With the government health reforms' target of achieving universal access to healthcare by 2010, the public sector is expected to account for the majority of expenditure growth in the next few years.

The Ministry of Health is currently undertaking an ambitious plan of building new hospitals and investing in renovating and refurbishing existing medical facilities with new technologies and up-to-date equipment, especially in the rural, under-served areas. The private sector's demand for sophisticated medical equipment continues to grow.

### Best Prospects/Services

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- Oncology and radiological equipment
- Laboratory and testing equipment
- Surgical and medical devices and supplies
- Software for hospital management/network
- Intensive care equipment

### Opportunities

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Opportunities for U.S. exports to Egypt's medical equipment and services market are substantial and cut across the entire spectrum of medical-related activities and needs. In line with the country's reform efforts to upgrade and overall healthcare system, there are several opportunities for U.S. firms with business plans that can offer the following services:

- Construction, management, and rehabilitation of hospitals and rural healthcare facilities
- Emergency care (ambulatory) services

- Training programs for nurses and physicians
- Establishing quality control biological and laboratory centers
- Providing plans for regulator and accreditation body of quality standards for hospitals, laboratories, and healthcare institutions
- Providing training courses in FDA-drug classification for MOH officials

## Resources

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Commercial Service in Egypt: <http://www.buyusa.gov/egypt/en/>

U.S. Embassy: <http://cairo.usembassy.gov/>

USAID: <http://www.usaid-eg.org/>

World Bank: <http://www.worldbank.org/>

American Chamber of Commerce in Egypt: <http://www.amcham.org.eg>

Egyptian Government Web Portal: <http://www.egypt.gov.eg/english/>

Ministry of Health & Population: <http://www.mohp.gov.eg/>

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## Electricity & Power Generation (ELP)

### Overview

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	2008	2009	2010 (estimate)
Total Market Size	1,500	1,750	2,000
Total Local Production	300	350	400
Total Exports	58	62	70
Total Imports	1,200	1,400	1650
Imports from the U.S.	340	400	460

(Exchange rate used: 1 USD = LE 5.5. Values are in millions of U.S. Dollars. Figures listed are unofficial estimates.)

Egypt is the largest energy producing country in the Middle East. With its high population growth and growing economy, electricity consumption tripled over the last 20 years. Overall demand for electricity is growing at an annual rate of 7%, making it a highly lucrative sector for foreign and local investments. The Ministry's current maximum load consumption of over 12,000 megawatts is met by the over 15,000 megawatts of existing installed capacity. However, the government has plans for an additional 14,000 megawatts of electrical power capacity by 2012. This represents a doubling of the existing electricity capacity and entails additional investments of \$7.9 billion, of which \$5 billion is expected to be provided by the Build, Own, Operate, Transfer (BOOT) model with the private sector.

Egypt's power sector is currently comprised of seven regional state-owned power production and distribution companies that are held by the Egyptian Electricity Authority (EEA). In July 2000, the EEA was converted into a holding company, though still owned by the state. Egypt has several privately-owned power plants currently under construction which are financed under Build, Own, Operate, and Transfer (BOOT) financing schemes.

The first BOOT project was a gas-fired steam power plant with two 325-megawatt (MW) generating units, located at Sidi Krir on the Gulf of Suez. The plant cost \$450 million, and began commercial operation in late 2001. U.S.-based InterGen (a joint venture of Bechtel Enterprises and Shell Generating Ltd.), along with local partners Kato Investment and First Arabian Development and Investment, have the 20-year BOOT contract for Sidi Krir. The second BOOT power project award went to Electricite de France (EDF), for two natural gas-fired plants located near the cities of Suez and Port Said. The two plants, which came online in 2003, have a total capacity of 1,366 MW. In February 2006, the World Bank agreed to fund a 700-MW plant expected to cost roughly \$260 million, which will contain two 350-MW steam turbines.

### Best Prospects/Services

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- Circuit Breakers for more than 66kv
- Nuclear related consultation and generation equipment and peripherals
- Power transformers more than 25MVA-66kva
- Power transmission lines

- Turbine generator units with associated equipment
- Vibration dampers

## Opportunities

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The Ministry of Electricity is enacting for the first time a plan to partially privatize domestic electrical production. The government, through the Electricity Holding Company, which is currently Egypt's sole producer of electricity, a service for which it incurs an annual deficit of LE 7 billion. Now, in an effort to reduce debt, the government will begin selling contracts to private firms, who will co-own plants with the government.

The government plans to liberalize the energy sector gradually to reduce its debt and subsidy burden, and restructure the sector to allow more private sector participation. Over the next 5 years, Egypt plans to expand electricity capacity to 32,000 megawatts (MW). The additional capacity will come principally from 11 new thermal plants and expansions: Kureimat 2 and 3, Talkha, Tabbin, Nuberiya 3, Cairo West, Sidi Krir, el-Atf, Abu Qir, Ain Sokhna and Sharm el-Sheikh.

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- Commercial Service in Egypt: <http://www.buyusa.gov/egypt/en/>
- U.S. Embassy: <http://cairo.usembassy.gov/>
- USAID: <http://www.usaid-eg.org/>
- World Bank: <http://www.worldbank.org/>
- American Chamber of Commerce in Egypt: <http://www.amcham.org.eg>
- Egyptian Government Web Portal: <http://www.egypt.gov.eg/english/>
- Ministry of Electricity and Energy: <http://www.moee.gov.eg/>
- Egyptian Electricity Holding Company (EEHC)  
Email: [necc@link.net](mailto:necc@link.net)
- New and Renewable Energy Authority  
Email: [nre@idsc.net.eg](mailto:nre@idsc.net.eg), Tel.: +20 (2) 227-13176, Fax: +20 (2) 2271-7173
- Power Generation Engineering and Services Company (PGESCO)  
Tel: +20 (2) 2417-5863, Fax: +20 (2) 2417-5862.  
<http://www.pgesco.com/>

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## Petrochemical Industry (ICH)

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	2008	2009	2010 (estimate)
Total Market Size	4,000	4,788	6568
Total Local Production	0	0	768
Total Exports	0	0	373
Total Imports	4,000	4,788	5800
Imports from the U.S.	621	782	800

(Exchange rate used: 1 USD = LE 5.50. Values are in millions of U.S. Dollars. Figures listed are unofficial estimates.)

Egypt's petrochemical industry is growing at a ten-fold pace, having increased from \$328 million in 2004 to approximately \$3 billion in 2007. Currently, four projects are in progress and are expected to produce 2.6 billion tons of petrochemicals in 2008 and 2009. The two projects to produce polypropylene and polystyrene are now under construction and are expected to cost \$800 million. This is part of the Government's 20-year ambitious master plan to produce petrochemicals for export, in addition to covering the demands of the local market. The master plan will be executed in three phases, at an estimated overall cost of \$10 billion. The first phase will cost \$3.8 billion and was completed in 2008, with phase two running from 2009-2015, and phase three from 2016-2022. U.S. technology is in great demand, the majority of the existing petrochemical plants are producing under-license from U.S. companies. The U.S. market share is approximately 26%. Market demand for petrochemicals in Egypt is estimated at 6% annually.

In 2009/2010 Egypt has produced 1.8 million tpa of petrochemical products worth US \$768 million; 836,000 tpa of which were exported worth US \$373 million.

### Best Prospects/Services

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The petrochemical industry is in an excellent position to accept feasibility studies, technology transfers, project and equity participation, and investment opportunities. Equipment for petrochemical factories have historically been imported primarily from the UK, US, Italy, and the Far East, often depending highly upon feasibility study requirements and/or recommendations.

### Opportunities

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Egypt's Ministry of Investment has several major projects it is currently seeking financing for, including the following:

- Methanol: Production of 1.3 million tpa of methanol for use as automotive fuel, together with the production of essential petrochemicals and chemicals products. Cost: \$650 million.
- PVC: Raising output by 60,000 tpa for ECHEM. Cost: \$250 million.
- Polystyrene: Production of 200,000 tpa for use in plastics industry. Cost: \$150 million.

- Benzene/Toluene/Xylene: Production of 450,000 tpa, 450,000 tpa and 530,000 tpa respectively. Cost: \$1billion.

Additionally, the Egyptian General Authority for Investment and Free Zones (GAFI) invited foreign investment in four petrochemical projects worth about \$500 million:

- 120,000 tpa of PVC, costing \$200 million and located in the Nahda district in Alexandria;
- 200,000 tpa of PS, costing \$150 million and located in Alexandria;
- \$100 million project to increase naphtha and solar oil at a delayed coking unit at Suez Company for Oil Manufacturing;
- \$50 million on Amria Petroleum Refining Co in Alexandria.

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World Bank: <http://www.worldbank.org/>

American Chamber of Commerce in Egypt: <http://www.amcham.org.eg>

Egyptian Government Web Portal: <http://www.egypt.gov.eg/english/>

Echem: <http://www.echem-eg.com/>

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## Oil & Gas Field Machinery and Services (OGM)

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	2008	2009	2010 (estimated)
Total Market Size	2,000	2,200	2,400
Total Local Production	175	200	225
Total Exports	8	8	8
Total Imports	1,825	2,000	2,175
Imports from the U.S.	435	475	515

(Exchange rate used: 1 USD = LE 5.5. Values are in millions of U.S. Dollars. Figures listed are unofficial estimates)

The oil and gas sector is believed to be the largest foreign currency generator in Egypt. The sector has created a sizable market for oil and gas field machinery and services, estimated at over \$1.5 billion. The Egyptian authorities have actively sought international joint ventures with oil and gas exploration and production companies. During the last five years, Egypt identified more than 150 oil and gas discoveries, both on and off shore, and attracted major international oil and gas companies to the local market. With steadily rising domestic consumption, numerous opportunities exist in the local market for exploration, production, and services.

### Best Prospects/Services

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- Compressed Natural Gas (CNG) Technology and Peripherals
- Drilling Rigs and Related Equipment and Accessories
- Hi-tech Test and Measuring Equipment
- Liquefied National Gas (LNG) Related Technology
- Natural Gas Vehicles (NGV) Technology and Peripherals
- Tubes and Tubing Accessories

### Opportunities

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- Delayed Cocker projects
- Gas to Liquid (GTL) projects
- Liquefying and Exportation of Natural Gas (LNG) projects
- Natural Gas Liquefied (NGL) projects

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World Bank: <http://www.worldbank.org/>

American Chamber of Commerce in Egypt: <http://www.amcham.org.eg>

Egyptian Government Web Portal: <http://www.egypt.gov.eg/english/>

The Egyptian Ministry of Petroleum: <http://www.petroleum.gov.eg/>

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## Food Processing Equipment (FPP)

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	2008	2009	2010 (estimated)
Total Market Size	1,187	1,457	1,602
Total Local Production	95	95	95
Total Exports	0	0	0
Total Imports	109	119	131
Imports from the U.S.	84	105	115

(Exchange rate used: 1 USD = LE 5.50. Values are in millions of U.S. Dollars. Figures listed are unofficial estimates.)

The 2010 food and drink market continues to provide new opportunities for foreign investors, due to its large size and currently remaining unsaturated. Demand for packaged and convenience foods will continue to grow due to higher levels of rising disposable incomes among some consumer groups and continued health and hygiene scares. A reduction in tariffs has enabled manufacturers to create good quality food and drink products at reasonable prices. With a population of 80 million, Egypt is the largest market in the Arab world. Additionally, a free trade zone between all Mediterranean states and the EU is expected to be in place by 2010. Egypt's dairy sector offers strong opportunities, with low per capita dairy consumption in the region presently, but rising along with increased exposure. The government is also selling a number of its state-owned companies, many of which are good opportunities for foreign investors.

The tourism sector continues to grow; the restaurants and hotels sector grew by 13.3% in FY 06/07 and the number of visitors rose by 18.4% from last year to date. Egyptian exports increased by 23.3% and food consumption is expected to increase by 29.7% over the next five years to reach \$44.58 billion in 2012, while per capita food consumption will grow to \$527.9 billion. Growth will be driven by the spread of mass grocery retail outlets and exposure to western products and consumption methods. This should drive up average consumer spending at the supermarket among middle and upper income bracket consumers

The 2009 Egyptian market for food processing and packaging equipment was valued at nearly \$1,484 billion and is expected to grow at an annual rate of 25% over the next three years.

Egypt's food processing and packaging equipment market is comprised of 95% imports and 5% domestic goods. The food processing and packaging equipment sector covers the following: flourmills and silos, sugar milling equipment; slaughterhouses, edible oil crushing and refineries; agro-industries (vegetable and fruit processing, dairy processing, beverages and meat processing), confectionery and snacks. The local market is very receptive to U.S. equipment because of its excellent reputation and perceived value.

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.

The majority of the vegetable and food processing equipment are imports, mainly from Italy, Germany, Spain, U.K., USA, and Far East. The U.S. has a market share of 7%; however, it can further increase its share by appointing local agents, offering improved after-sales service, and pricing more competitively. Egypt manufactures 5% of the market's vegetable and food processing equipment, mainly spare parts for the sugar milling industry, bakeries, packaging and filling machinery.

### Best Products/Services

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- Sugar Mills
- Slaughter Houses
- Edible Oil
- Fruit and Vegetables processing
- Meat Processing
- Dairy Processing
- Confectionery
- Breweries
- Snacks
- Packaging Equipment
- Silos & Storage Facilities

### Opportunities

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Egypt's food processing and packaging industry is expected to see substantial growth during the next three years. The increase is due to Egypt's rapidly growing population reaching 85 million and its growth of 1.2 million annually. Other factors spurring this industry growth are the privatization of the remaining public sector entities specifically the edible oil processing companies and the government's continued focus on increasing exports. These changes will require the acquisition of world-class food processing and packaging equipment.

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World Bank: <http://www.worldbank.org/>

American Chamber of Commerce in Egypt: <http://www.amcham.org.eg>

Egyptian Government Web Portal: <http://www.egypt.gov.eg/english/>

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## Educational Training

### Overview

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	2008	2009	2010 (estimated)
Total Market Size	269	328	356
Total Local Production	0	0	0
Total Exports	0	0	0
Total Imports	269	328	356
Imports from the U.S.	117	133	149

Exchange rate used: 1 USD = LE 5.49. Values are in millions of U.S. Dollars. Figures listed are unofficial estimates.)

As the Egyptian Government continues with privatization plans of public sector entities, the private sector equally strives to upgrade its workforce efficiency through training. Consequently, the development of a highly skilled and competitive workforce is becoming imperative to meet the needs of both employers and employees. The educational training and equipment market in Egypt is estimated at \$260 million a year, with an annual growth rate of 15%. A leading source in the educational field estimates the number of potential clients at 10,000 companies of varying sizes in both the public and private sectors.

### Best Products/Services

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- English language instruction
- E-based programs to enhance teacher performance
- Computer software
- Management/Business training covering such topics as banking, finance, marketing, customer service, general management, and presentation skills either using multimedia software or through video training.
- Vocational training with materials adaptable to cover the textile, engineering, metal, and health technology industries.
- Workshop training equipment, including training simulators and computers, audio visual and video equipment and supplies, educational training aids, including overhead and slide projectors, LCD multimedia projectors, panels, and data shows, all types of screens including electric screens, projection equipment and easels.
- Videoconference equipment
- Educational laboratory equipment for schools covering items required for medicine, physics, chemistry, and biology labs.
- Electronic dictionaries

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Commercial Service in Egypt: <http://www.buyusa.gov/egypt/en/>

U.S. Embassy: <http://cairo.usembassy.gov/>

USAID: <http://www.usaid-eg.org/>

World Bank: <http://www.worldbank.org/>

American Chamber of Commerce in Egypt: <http://www.amcham.org.eg>

Egyptian Government Web Portal: <http://www.egypt.gov.eg/english/>

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## **Agricultural Sectors**

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Please see the Department of Agriculture Foreign Agricultural Service website:

<http://www.fas.usda.gov/country/Egypt/Egypt.asp>