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Report Name: Food Service - Hotel Restaurant Institutional

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Report Highlights:

Despite a myriad of economic hardships, Egypt hosted 14.9 million tourists in 2023 (exceeding its previous record of 14.7 million tourists in 2010). Egypt continues to target 30 million tourists by 2028, adding half a million hotel rooms by 2030. If this increase in tourism is to be realized, it will require continued growth by Egypt's HRI sector. U.S.-origin food products benefit from a strong reputation in the Egyptian market, but face competition from competitively priced European Union, Middle Eastern, and African consumer-oriented food product exporters.

Market Fact Sheet: Egypt

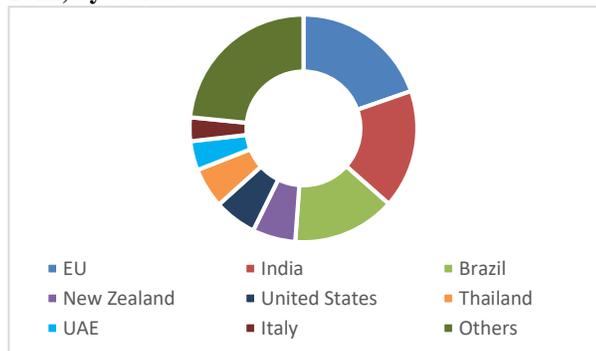
Executive Summary

Egypt is facing significant balance of payment pressures as a blend of elevated external financing needs and a sharp slowdown in capital inflows have depleted domestic liquidity. Currency depreciation pressures remain, and shortages of foreign currency have disrupted business operations. Despite more than 50 percent depreciation in the value of the Egyptian Pound over the past year, foreign currency demand continues to outstrip supply. Hard currency remains scarce, with importers unable to source their U.S. dollar needs, resulting in a slowdown in imported food and feed raw materials (such as soybeans). Egypt's imported agricultural commodities fell by 17.8 percent in the first nine months of 2023 when compared to the same period in 2022.

Despite the economic hardships, Egypt reportedly hosted 14.9 million tourists in 2023 (exceeding the previous record of 14.7 million tourists in 2010). Even with the outbreak of the Israel-Hamas conflict in October 2023, the government reported a surge in tourism activity in the fourth quarter of 2023. During the final quarter of the year, Egypt hosted 3.6 million tourists, an 8 percent increase compared to the same period in 2022. Egypt aspires to bring in 20 million tourists in 2024 and 30 million tourists by 2028.

Egypt imported roughly \$4.12 billion of consumer-oriented products in 2022 (most recent full year data available). The United States was the fifth largest exporter to Egypt (by value) with approximately \$250 million in exports. However, U.S.-origin food exports to Egypt face stiff competition from European, Middle Eastern, and increasingly African-origin exports.

Egyptian Imports of Consumer Oriented Products in 2022, by Value



Food Service- Hotel Restaurant Institutional

The Egyptian hotel sector totaled approximately 220,000 rooms, and roughly 1,400 tourist restaurants at the end of 2023. The country aims to add another 270,000 hotel rooms and 4,600 tourist restaurants in the coming years to meet its tourism target. Additionally, there are approximately 400,000 restaurant/café establishments in Egypt (140,000 in Cairo), according to the Chairman of Foodics (which specializes in restaurant management solutions) in Egypt.

Quick Facts

Top Food Service Trends:

- Demand for affordable dishes
- Demand for convenient dishes
- Demand for healthy food products
- Continued demand for takeaway and delivery

Some of Egypt's Top Consumer Foodservice Chains

KFC, McDonald's, Bonjour, Pizza Hut, Cook Door, Starbucks, Papa John's, Cost Coffee, Hardees, and Dunkin'

Some of Egypt's Top Hotel Chains

Marriott, Accor, Steigenberger, Hilton, Radisson, Melia, IHG Hotels & Resorts

GDP/Population 2022

Population: 109,546,720 (2023 est.)

GDP: \$1.264 trillion (2021 est.)

GDP per capita (USD): \$11,600 (2021 est.)

Advantages	Challenges
-Large consumer market	-Complex import requirements
-U.S. agriculture has good reputation	-Tariffs/freight costs can challenge market competitiveness
-Demand for high-quality consumer-oriented products	-Significant regional competition, including from Europe
-Increasing tourism	-Some competitors benefit from Free Trade Agreements

Data Sources: [Euromonitor International](#)®, [Trade Data Monitor](#), [Egypt Today](#), [Arab News](#), [National News](#), [Foodics](#), [ICT Business](#), [Al Arabiya](#), [El Watan News](#), [Asharq Business](#), [CIA World Factbook](#)

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SECTION I. MARKET SUMMARY

Global events such as the coronavirus pandemic, the Russian invasion of Ukraine, and the Israeli-Hamas conflict have collectively affected Egypt’s economy - resulting in the devaluation of the Egyptian pound, high inflation, and, most importantly for trade, a lack of foreign currency for imports. The World Bank forecasts “Egypt’s overall macroeconomic environment during FY2023/24 {July to June} is expected to be undermined by the concurrent global shocks and domestic macroeconomic imbalances, before starting to improve over the medium-term as the country continues to push ahead with stabilization and structural reforms.”¹ For more information on the economic situation, see, e.g., [EG2023-0029 – Economic Challenges Continue to Effect Egypt](#).

The International Monetary Fund (IMF) recently visited Egypt in January-February 2024, and noted:

“{t}he IMF team and the Egyptian authorities made excellent progress on the discussions of a comprehensive policy package needed to reach a Staff Level Agreement for the combined first and second reviews of Egypt’s economic reform program,” adding that the IMF aims to “finalize {a} Memorandum of Economic and Financial Policies (MEFP), and identify the magnitude of additional support from the IMF and other bilateral and multilateral development partners needed to help close Egypt’s increased financing gaps in the context of recent shock.”²

The Central Agency for Public Mobilization and Statistics (CAPMAS) reports Egyptian imports decreased by 21 percent in the first nine months of 2023, totaling \$58.5 billion compared to \$74 billion during the same period in 2022.³ This decline in imports is due, in part, to the difficulty importers have had in accessing foreign currency. The Egyptian market is hoping for additional loans to increase the availability of foreign currency and stabilize the economy.⁴

Despite the economic challenges in Egypt, 14.9 million tourists visited in calendar year 2023, marking a 33 percent growth in the country’s share of global tourism (compared to 2019) and a new record for the country, according to Egypt’s Minister of Tourism.⁵ The government added that 3.6 million tourists visited Egypt in the fourth quarter of calendar year 2023, marking an 8 percent increase when compared to the same period in 2022.⁶ Egypt continues to aim to reach 30 million tourists by 2028, adding half a million hotel rooms by 2030. The Minister of Tourism informed Reuters he believes Egypt can grow its tourism industry by 25-to-30 percent per year over the coming decade.⁷

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

Advantages	Challenges
- U.S.-origin food products and ingredients have a good reputation and image in Egypt.	- U.S. exporters face competition from European Union (EU) Member States as they have a free

¹ See <https://www.worldbank.org/en/country/egypt/overview>

² See <https://www.imf.org/en/News/Articles/2024/02/01/pr-2434-egypt-statement>

³ See <https://www.egypttoday.com/Article/1/129781/Egyptian-MP-demands-ban-of-Ramadan-imports-in-2024-due>

⁴ See, e.g., <https://www.ft.com/content/a80efad8-ce4d-473d-b656-7538e7389312> and <https://www.bloomberg.com/news/articles/2024-02-01/egypt-talks-on-imf-led-deal-prolonged-with-10-billion-on-table>

⁵ See <https://www.arabnews.com/node/2446001/business-economy>

⁶ See <https://www.egypttoday.com/Article/3/129862/14-9M-tourists-visit-Egypt-in-2023-Tourism-Minister>

⁷ See <https://www.reuters.com/world/africa/egypt-taps-private-firms-long-delayed-museum-revitalise-tourism-2023-02-27/>

	trade agreement with Egypt which sometimes disadvantages U.S.-origin products.
- Strong demand for high-value U.S. products in the hotel and restaurants sector.	<ul style="list-style-type: none"> - Some importers indicate a lack of U.S. supplier interest in Egypt. - Geographic proximity favors competing suppliers due to higher shipping costs from the United States. - Egyptian import regulations are sometimes not transparent. - Foreign currency has been difficult for Egyptian importers to access.

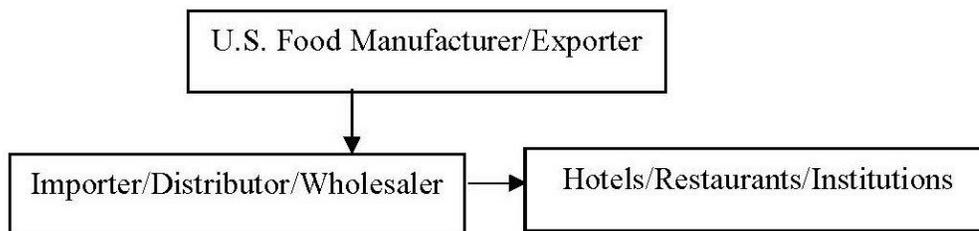
SECTION II. ROADMAP FOR MARKET ENTRY

Entry Strategy

Firms interested in exporting to Egypt should identify an Egyptian importer or distributor, with whom they can build a relationship. These Egyptian firms are best suited to navigate local regulations, understand distribution chains, and have relationships with hotels, restaurants, and institutions.

Market Structure/Distribution

Egypt’s hotels, restaurants, and institutions do not normally import food and beverages directly, nor ingredients and supplies. Instead, they purchase these goods from Egyptian importers who have established relationships with foreign exporters and who are more familiar with the country’s importing and government regulations.



Sub-Sector Profiles

Hotels: Egypt reported the total number of hotels rooms stood at 220,044 at the end of 2023.⁸ According to the [2023 African Hotel Chain Development Pipeline Report](#), Egypt had 24,944 rooms at 103 hotels in the 2023 development pipeline. The report noted the

“signing spree in Egypt was led... by Accor (eight deals with 3,796 rooms), Marriott International (six deals, 1,250 rooms), IHG (four deals, 977 rooms), and Hilton (four deals, 815 rooms). Four

⁸ See <https://www.egyptindependent.com/egyptian-tourism-achieves-highest-growth-rate-in-the-last-15-years/>

Seasons, Radisson Hotel Group, TUI BLUE, and TIME signed one each. In addition, there were one or two deals that were both signed and opened in 2022, which didn't feature in the pipeline.”

The government aims to continue to develop the Egyptian hotel sector to ensure the country can support the targeted 30 million tourists by 2028. Hotels in Alexandria and the cities along the Red Sea coast (e.g., Taba, Nuweibea, Doha, Sharm El Esheikh, Hurghada, and Ain El Sokhna), as well as Luxor and Aswan mainly serve leisure visitors. Hotels usually do not import directly, due to bureaucracy and high tariffs. Instead, they purchase from local importers, who are better suited to navigate complex local regulations and have established relationships with retailers and food processors (see, e.g., [EG2022-0018: Retail Foods](#), and [EG2021-0009: Food Processing Ingredients](#)).

Restaurants: In 2022 (most recent data available), the foodservice sector benefitted from a recovery from the global pandemic and an increase in tourism numbers. According to Euromonitor International[©], the number of full-service restaurants in Egypt in 2022 grew by 24 percent to 3,836 outlets, limited-service restaurants grew by 4 percent to 22,831 outlets, cafes and bars grew by 6 percent to 16,369 outlets, and the number of street stalls and kiosks grew by 8 percent to 1,321 outlets.

TABLE 2: EGYPT, Selection of Major Restaurant Chains in 2022

Chain	Ownership	Number of Outlets
KFC	Yum! Brand's Inc.	169
McDonald's	McDonald's Corp	155
Bonjour	Total SA	132
Pizza Hut	Yum! Brands Inc.	94
Cook Door	International Co for Food Industries	79
Starbucks	Starbucks Corp	64
Papa John's	Papa John's International Inc.	57
Costa Coffee	Coca-Cola Co.	54
Hardee's	CKE Restaurant Holdings Inc.	47

Source: Euromonitor International[©]

Institutional: Egyptian institutional sales channels vary and information about these is limited. Certain institutions, such as hospitals, correctional and military facilities, have centralized kitchens to provide meals for their patients, inmates, and soldiers. In many cases, these institutions issue government tenders for private firms to run kitchens. Others have civil-service managed centralized kitchens.

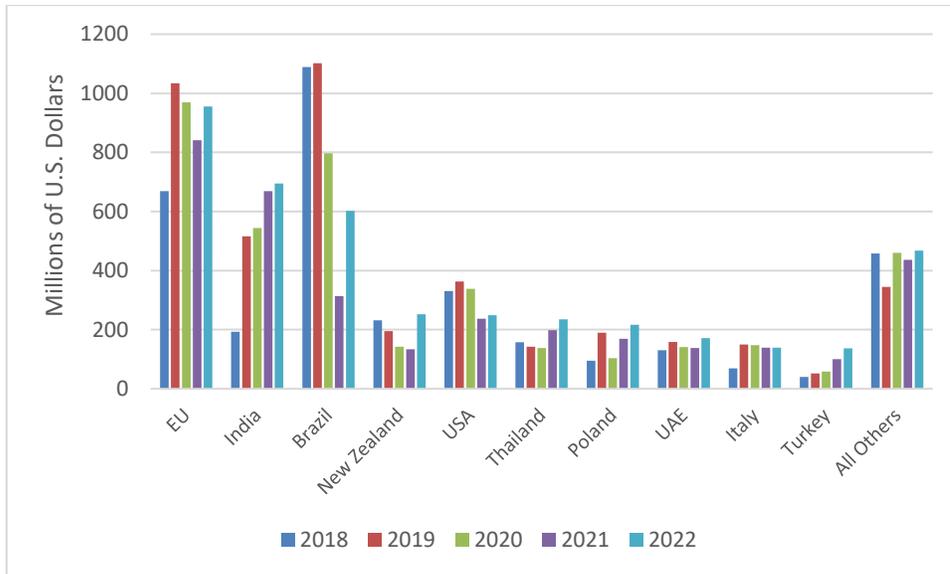
SECTION III. COMPETITION

Egypt imported roughly \$4.12 billion in consumer-oriented food products in 2022. Its main suppliers of consumer-oriented food products in 2022 include the European Union (\$954 million), followed by India (\$695 million), Brazil (\$603 million), and New Zealand (\$252 million). The United States was the fifth largest supplier, accounting for \$249 million of Egyptian consumer-oriented food product imports, or six percent of the total. This was a small increase of 5 percent from the 2021 value of \$237 million.

U.S.-origin food products face stiff competition from EU, Middle Eastern, and African consumer-oriented food product exporters. Many of these countries maintain preferential trade arrangements with

Egypt, benefitting from favorable tariff treatment. Shipping proximity to Egypt also provides these export origins additional advantages.

Egyptian Imports of Consumer Oriented Products 2018-2022, Millions of USD



Source: Trade Data Monitor

SECTION IV. BEST PRODUCT PROSPECTS CATEGORIES

U.S.-origin products currently available in the market with good sales potential, include frozen high-end beef cuts (prime), beef livers, natural milk products, almonds, tree nuts, cheese, butter, whey protein concentrates, mixes and doughs, and food preparations. Egypt imported nearly \$250 of consumer-oriented products from the United States in 2022. The top imported products were beef and beef products (\$94 million), dairy products (\$74 million), tree nuts (\$26 million), processed vegetables (\$4.2 million), food preparations (\$3.7 million), chocolate and cocoa products (\$3.2 million), and condiments and sauces (\$1.7 million). Hotel and restaurant managers indicate that US-origin products, only some of which are present in significant quantities in the market, which have good sales potential include affordable (choice and select) frozen beef cuts, wine, tree nuts, peanuts, bread flour, and sauces and condiments.

Alcoholic beverages (i.e., wines, beers, and spirits) are served in Egyptian hotels and in a small number of high-end restaurants in Cairo, Alexandria, and tourism locales along the Red Sea coast. Some hotels serve only local/regional wines due to costs. While imported wines and spirits are popular among wealthier tourists and Egyptians, strict importation laws, customs duties, and high import taxes make it difficult for imported products to compete. Wine is subject to a customs duty of 1,800 percent, while beer is subject to a 1,200 percent duty and spirits face a 3,000 percent duty – all face an additional 14 percent sales tax. Only a limited number of Egyptian companies are permitted to directly import alcoholic beverage for re-sale to hotels and to duty-free shops.

SECTION V. POST CONTACT AND FURTHER INFORMATION

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NOTE: For additional FAS reporting on the Egyptian market, see the website for USDA's Global Agricultural Information Network at: <https://gain.fas.usda.gov/>. Here you can access reports on Egypt as well as other markets.

Egyptian Hotel Association

Mailing Address: 8 El Saad El Aly Street, Dokki, Giza, Egypt

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Email: eha@egyptianhotels.org • Website: <http://www.egyptianhotels.org>

Egyptian Chefs Association

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Phone/Fax: +(20) (2) 3762-2116/ 2117/ 2118

Email: eca@egyptchefs.com • Website: <http://www.egyptchefs.com/>

Egyptian Tourism Federation

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Phone: +(20) (2) 3337-8473 • Fax: +(20) (2) 3749-0223 and +(20) (2) 3337-8450

Email: etaa@etaa-Egypt.org • Website: <http://www.etf.org.eg/>

Egyptian Tourist Authority

Mailing Address: 11 Abassiya Square, Cairo, Egypt.

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Email: info@egypt.travel • Website: <https://www.experienceegypt.eg/>

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Attachments:

No Attachments