



**EMPOWERING WOMEN ENTREPRENEURS  
IN THE MENA REGION TOWARDS EQUAL ACCESS  
WITH MEN TO BUSINESS AND TRADE**

# **MARKET STATE OF ART & TRENDS EGYPT COUNTRY PROFILE**



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## LIST OF ABBREVIATIONS

<b>Abbreviation</b>	<b>Definition</b>
<b>BPO</b>	<i>Business Process Outsourcing</i>
<b>CAPMAS</b>	<i>Central Agency for Public Mobilization and Statistics</i>
<b>CAWTAR</b>	<i>Center of Arab Women for Training and Research</i>
<b>ECES</b>	<i>Egyptian Center for Economic Studies</i>
<b>EGP</b>	<i>Egyptian Pounds</i>
<b>EU</b>	<i>European Union</i>
<b>FTA</b>	<i>Free Trade Agreement</i>
<b>GDP</b>	<i>Gross Domestic Process</i>
<b>GI</b>	<i>Government Issued</i>
<b>GOEIC</b>	<i>General Organization For Export &amp; Import Control</i>
<b>ICT</b>	<i>Information Communication Technology</i>
<b>IT</b>	<i>Information Technology</i>
<b>ITO</b>	<i>Information Trade Organizations</i>
<b>MCIT</b>	<i>Ministry of Communications and Information</i>
<b>MENA</b>	<i>Middle East and North Africa</i>
<b>NFSA</b>	<i>Egyptian Food Safety Authority</i>
<b>PPE</b>	<i>Personal Protective Equipment</i>
<b>PPP</b>	<i>Public private partnership</i>
<b>SWOT</b>	<i>Strengths, Weaknesses, Opportunities, and Threats</i>
<b>USD</b>	<i>United States Dollar</i>
<b>VPN</b>	<i>Virtual Private Network</i>

## INTRODUCTION

Under developmental efforts by **The Center of Arab Women for Training and Research (CAWTAR)**, launching the project ‘**Empowering Women Entrepreneurs in the MENA Region towards Equal Access with Men to Business and Trade Markets**’, this report aims to analyze the sectors that were previously identified as sectors with high potential for women participation and for creating businesses in 6 MENA countries. The report at hand is amongst a series of 6 reports for each of the following countries namely **Algeria, Egypt, Jordan, Lebanon, Morocco, and Tunisia** in the prominent sectors of **agri-food, textile, and ICT**. The report presents a main economic overview of the country followed by a market trends analysis on each of these sectors. This report therefore represents Egypt and emphasizes on assessing potential business opportunities to be led by women in the country.

### Macroeconomic Overview

Egypt is regarded as a regional power in North Africa, the Middle East, and the Muslim world, as well as a global middle power. Egypt’s economy is disparate; it is the second largest in Africa, the 33rd-largest by nominal GDP, and the 20th-largest by PPP . Nonetheless, the country continues to face impediments, including political unrest, such as the recent 2011 revolution and its aftermath, as well as economic underdevelopment. The Egyptian Economy has been reliant on the service sector in employing the labour force. As of 2020, the services sector contribution to the labour force was the highest employing 48.55 percent, followed by the industrial sector employing 28.16 percent, while the agricultural sector was the lowest contributor employing 23.29 percent of Egypt’s labour force<sup>(2)</sup>.

On the sectoral front, manufacturing and trade have had the highest GDP contribution in 2019, while wholesale and retail distribution, manufacturing, and agriculture have proved to be the top sectors in terms of early-stage entrepreneurs’ concentration at 54.3 percent, 13.1 percent, and 7 percent, respectively<sup>(3)</sup>.

The table (table 1) below lists Egypt’s most relevant and most recent available demographics and macroeconomic indicators.

- 
1. Atomph, Egypt, Views
  2. Economic and political overview. Credit Agricole Group. 2021.
  3. British Council, Creative and Social Enterprise in Egypt, 2021-2011

**Table 1: Egyptian demographics and macroeconomic scenes**

Demographics & Macroeconomic scene	
Population & growth rate (2020) <sup>(4)</sup>	102 million people with an annual growth rate of 1.94 percent.
Age structure <sup>(5)</sup>	0-14 years: 33.92 percent 15-64 years: 66.84 percent 65 years and above: 8.87 percent
Population distribution by gender <sup>(6)</sup>	Males: 50.5%, Females: 49.5%
Labor force	15-29 years: 27 percent Under 40 years: 76 percent
Urbanization rate (2020) <sup>(7)</sup>	<b>43,781,728, a 2.07% increase</b> from 2019.
Illiteracy rate by gender <sup>(8)</sup>	Males: 29%, Females: 50%
Economic growth trend <sup>(9)</sup>	2016: 4.35%, 2017: 4.08%, 2018: 5.31%, 2019: 5.56%, 2020: 3.57%
GDP (2020) <sup>(10)</sup>	363.1 USD billion
GDP per capita (2020) <sup>(11)</sup>	4028 USD
GDP by sector (2019) <sup>(12)</sup>	Agriculture: 11%, Industry: 35.6%, Services: 50.5%
Inflation <sup>(13)</sup>	5.7% in Nov. 2020
Doing Business <sup>(14)</sup>	60.1 (Score) in 2020

## Covid-19 impact

In line with increased internet usage, online shopping expanded. A survey, however, indicated that consumers have switched their purchases from clothing, makeup, perfumes, and home décor into necessities such as household supplies, home appliances, and food and beverages<sup>(15)</sup>. Due to COVID-19, a 10 percent growth is anticipated in the food processing sub-sector<sup>(16)</sup>.

- 
4. Egypt Population. Worldometer.
  5. Egypt: Age structure from 2010 to 2020. Statista. 2021.
  6. Egypt: Total population from 2010 to 2020, by gender. Statista. 2021.
  7. Egypt Urban Population 1960-2021. Macro Trends.
  8. Abdelwahab, Noura, and Moataz Abuzeid. "Gender and Trade Country Profile: Egypt". 2019.
  9. Egypt GDP 1965-2021. Macro Trends.
  10. Egypt GDP. Trading Economics.
  11. Ibid.
  12. Economic and political overview. Credit Agricole Group. 2021.
  13. O'Neill, Aaron. Egypt: Inflation rate from 1986 to 2026. Statista. 2021.
  14. Doing Business 2020. World Bank. 2020.
  15. Wahish, Niveen. "Egypt: Consumer trends in lockdown". Ahram Online. 2020.
  16. Breisinger, Clemens, Mariam Raouf, Manfred Wiebelt, Ahmed Kamaly, and Mouchera Karara. "Impact of COVID-19 on the Egyptian economy: Economic sectors, jobs, and households". Middle East and North Africa, and Ministry of Planning and Economic Development.

## Selected sectors

### I. Agri-food

Egypt's agri-food system contributes to Egypt's GDP by 24.5 percent, employs 21.3 percent of the workforce and contributes to 23.2% percent of Egypt's labour value-added, where in 2019, reported sales of packaged food alone totalled \$12 billion<sup>(17)</sup>. According to the latest economic census report published by CAPMAS in 2018, there are over 90,000 registered food and beverage companies, with total production of 364,816 million Pounds<sup>(18)</sup>. Although the key players can be foreign multinationals in some agri-food subsectors—notably the confectionary, sugar, and chocolate; and drinks, juice, and water sectors—national companies have majority market shares in most sub-sectors and significant shares in sub-sectors dominated by multinationals.

Figure (1) below shows Egypt's total market share distribution<sup>(19)</sup>. It is observable that it grew from \$10,977.20 in 2017 to \$11,686.40 in 2019 indicating an approximately **6.46 percent increase**<sup>(20)</sup>. The following chart illustrates the market shares of the main food subsectors in Egypt highlighting dairy and rice, pasta and noodles as the biggest markets in the sector.

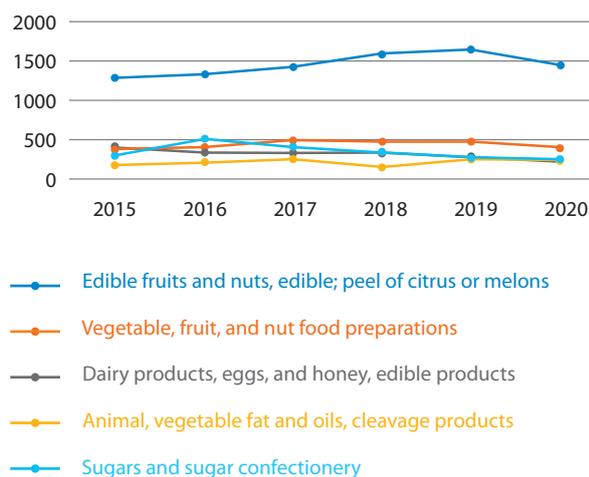
**Figure 1: Market share per subsector**



17. J. Beillard, Mariano, and Ibrahim Al-Habbal. "Food Processing Ingredients: Egypt's Growing Food Manufacturing and Processing Sector Offers Opportunities for U.S. Food Ingredients". USDA and GAIN. 2020.  
 18. CAPMAS. 2018.  
 19. Ibid.  
 20. Ibid.  
 21. "Creating Markets in Egypt". World Bank. 2020.

## Exports and Imports

**Figure 2: Egypt's top agri-food exports, in USD millions.** *Source: OEC*



**Figure 3: Egypt's top agri-food imports, in USD millions.** *Source: OEC*

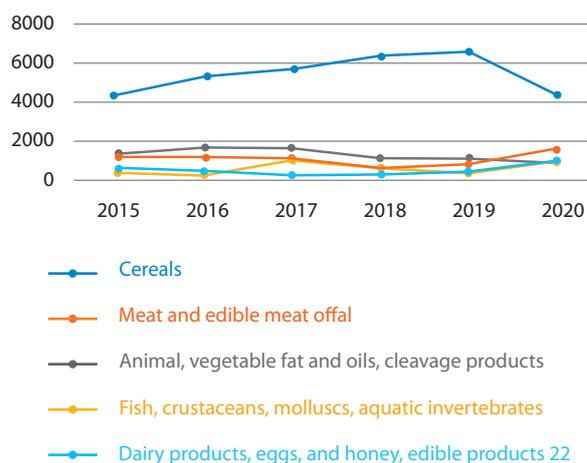


Figure (2) below illustrates agri-food subsector's export flow. Egypt's food exports make up around 15 percent of the total goods' exports<sup>(21)</sup>, and exports of edible fruits, nuts, peel of citrus fruit or melons has been steadily increasing as demonstrated by figure (2). Along with vegetable, fruit, and nut food preparations, they make up the majority of Egypt's exports.

Figure (3) on the other hand shows the import flow of these subsectors<sup>(22)</sup>. The imports of cereals, Egypt's top imported product witnessed a 30 percent import decline, while its exports witnessed a 90 percent decline between 2015 and 2019<sup>(23)</sup>.

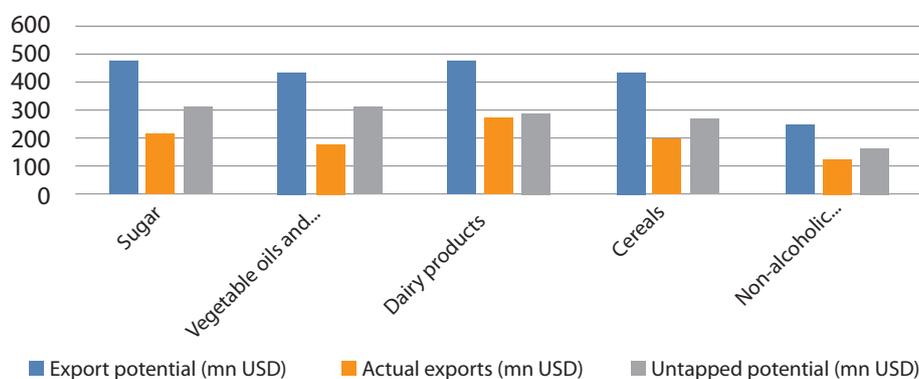
Other products conversely witnessed an increase in their import levels particularly meat and edible meat offal, which saw an increase in imports by 59% between 2019 and 2020<sup>(24)</sup>. Other products which have also witnessed a decrease in imports are animal and vegetable fat and oils- where its imports have been in decline since 2019 to reach its lowest level in 2020 with a 21 percent decline recording imports at USD 978 million<sup>(25)</sup>.

22. OEC.  
23. Ibid.  
24. Ibid.  
25. Ibid.

## Export Potential

**Figure 4: Untapped export potential across commodities in Egypt**

Source: Trade Map.



Egypt only realizes 30-40 percent of its export potential in major agri-commodities, valued at USD 10 billion<sup>(26)</sup>. As illustrated in figure (4), the top five food products with untapped export potential are sugar, vegetable oils and fats, dairy products, cereals, and non-alcoholic beverages.

## Main Sectoral opportunities and challenges

Table (2) summarizes the strengths, weaknesses, opportunities, and threats of and faced by the agri-food industry in Egypt, gathered from the aforementioned outline of the sector, as well as *The Food and Beverage Market Entry Handbook: Egypt: A Practical Guide to the Market in Egypt for European Agri-food Products and Products with Geographical Indications* document published by the European Commission. This table shows the SWOT analysis to be considered by policy makers and support organizations<sup>(27)</sup>:

**Table 2: SWOT analysis in the agri-food sector in Egypt.**

Strengths	Weaknesses
<ul style="list-style-type: none"> <li>Structural shortage of several agri-food products</li> <li>Huge market with growing demand for most agricultural products</li> <li>High volume of Egyptian imports of F&amp;B come from EU countries</li> <li>Trade in most EU agri-food products if fully liberalized, under the EU-Egypt Association Agreement</li> <li>Easy market access procedures for products that do not require registration with the GOEIC</li> </ul>	<ul style="list-style-type: none"> <li>Recent political and social instability</li> <li>Egypt is believed to be a difficult place to do business, due to administrative burdens</li> <li>Fairly low average income and consumer price-sensitiveness derived from lower purchasing power</li> <li>Enter into force of modern FTA, such as the African Union FTA, may pose the EU with considerable competition in agri-food</li> <li>Highly fragmented distribution system with many small players</li> </ul>

26. Ibid.

27. "The Food and Beverage Market Entry Handbook: Egypt: A Practical Guide to the Market in Egypt for European Agri-food Products and Products with Geographical Indications". European Commission.

Opportunities	Threats
<ul style="list-style-type: none"> <li>• EU-Egypt Associate Agreement facilitates the export of some agricultural products</li> <li>• Increasing demand for convenience food</li> <li>• Great potential for EU exports of fresh F&amp;V, dairy, fresh meat, chocolate &amp; confectionary</li> <li>• Rising health awareness among Egyptian consumers</li> <li>• Positive image of EU products</li> <li>• Creation of the NFSA may lead to a harmonized Food Law</li> </ul>	<ul style="list-style-type: none"> <li>• Strict labelling packaging requirements for agri-food products</li> <li>• Currently unharmonized food safety legislation</li> <li>• High duties imposed on some EU products</li> <li>• Exporting certain products presupposes the registration with the GOEIC, which often is length and untransparent</li> <li>• No EU GI is registered in Egypt</li> </ul>

### COVID'S impact on the sector

Even though, food producers' production capacity was allegedly reduced by 30-40 percent, as high as 70 percent, the impact on Egypt's agri-food system was less severe than in other sectors of the economy<sup>(28)</sup>.

Food products saw an increase in demand, and local processing has increased to compensate for the decline in processed food imports<sup>(29)</sup>.

### COVID'S impact on Consumer Behavior

Considering the pandemic, consumers' habits and attitudes have started to prohibit a healthier lifestyle all around. With the consumption of fresh foods and beverages on the rise, demand for packaged and frozen food declined. 58 percent of the consumers have become more health conscious; of which 57 percent are males and 58 are females, and 46 percent have started eating more balanced meals, with males and females constituting 48 percent and 44 percent respectively<sup>(30)</sup>.

### Demand trends and needs

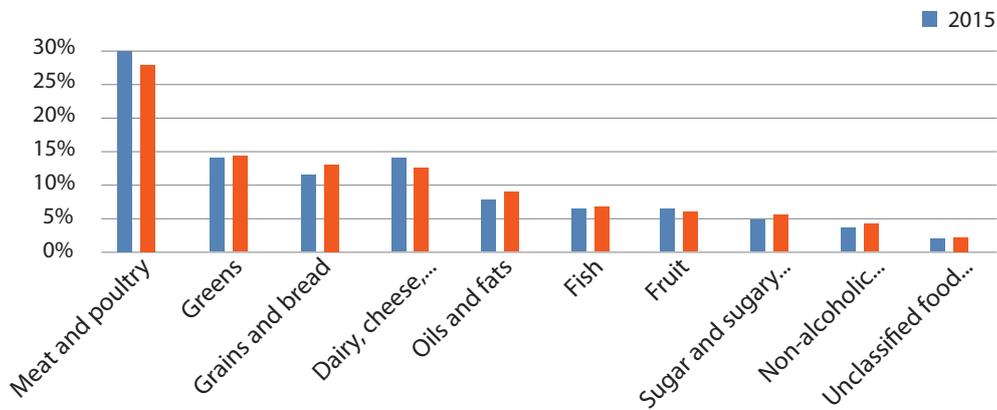
Processors have cited an increase in people's consumption of onions and garlic after the pandemic, aligning with people's rising interest in food items high in nutritional value to increase immunity. This goes in line with the spike in demand on homemade and healthy food after COVID-19, which is considered the ultimate business opportunity for women in terms of convenience, as it could be done at home. This is in addition to the home-made food small businesses that started to boom lately in the Egyptian society, particularly as a large percentage of the working force is comprised by women, whose time is often constrained as they juggle their personal and professional lives, as well as their household obligations. Many youths who are no longer interested in governmental jobs or working in the private sector have discovered their entrepreneurial spirits and turned to home-based food businesses.

28. "Agri-food and COVID-19 in Egypt: Adaptation, Recovery, and Transformation (Rapid Qualitative Assessment)". 2020.

29. Breisinger, Clemens, Mariam Raouf, Manfred Wiebelt, Ahmed Kamaly, and Mouchera Karara. "Impact of COVID-19 on the Egyptian economy: Economic sectors, jobs, and households". Middle East and North Africa, and Ministry of Planning and Economic Development.

30. "Food Trends 2020: The Changing Food Habits & Attitudes of Egyptian Consumers During the Pandemic". IPSOS. 2020.

**Figure 5: Consumption of agri-food products.** *Source: ECES*



As depicted by figure (5), people's consumption of meat and poultry decreased by 2 percent, as well as consumption of dairy, cheese, and eggs which dropped by 1.2 percent<sup>(31)</sup>. On the other hand, people consumed 0.3 percent more greens<sup>(32)</sup>.

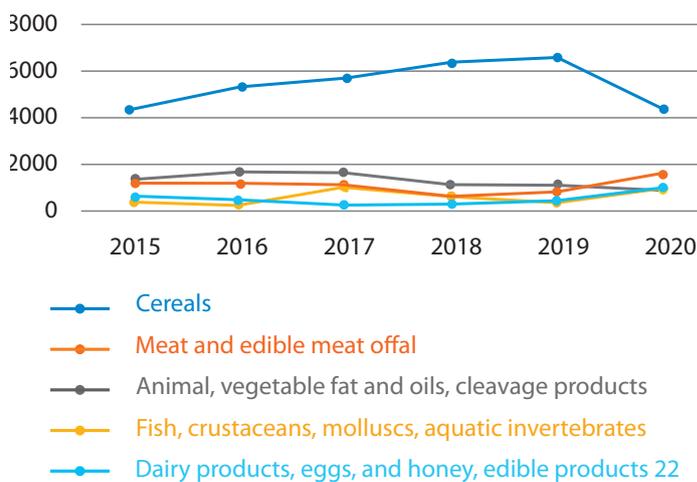
Furthermore, 75 percent have shown grown interest in eating at more home-cooked meals as opposed to dining out and 70 percent have claimed their intentions of continuing the habit post pandemic<sup>(33)</sup>.

### High demand products

#### Domestic demand

Domestic demand trends relevant to the agri-food industry can be extrapolated from the most imported agri-food products, demonstrated in figure (6).

**Figure 6: Egypt's top agri-food imports, in USD millions.** *Source: ECES*



As shown, cereals and animal, vegetable fat and oils are the highest imported product to fill the gap in demand, as the country exports lower quantities in comparison which could translate to low levels of production. The local agri-food industry can likely tap into the local market by tuning production and prices to suit local consumers.

31. "Views on The Crisis: Grocery Retail Trade", ECES, 2020.

32. Ibid.

33. "Food Trends 2020: The Changing Food Habits & Attitudes of Egyptian Consumers During the Pandemic". IPSOS. 2020.

Further, emphasis was placed on the need for proper packaging of food items to guarantee a certain hygiene level and to become more appealing for a larger base of consumers. High-potential opportunities reflected in the sector includes:

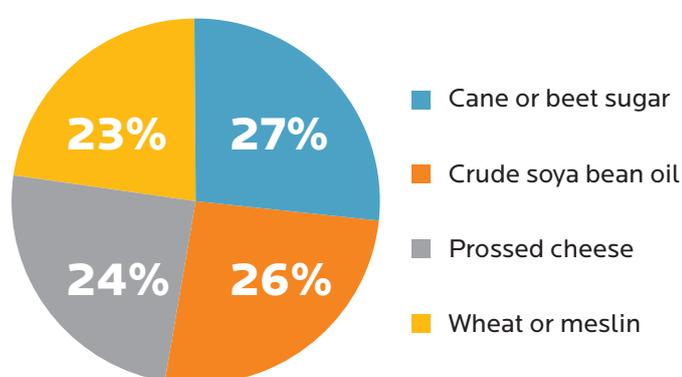
- Healthy snacks alternatives, such as oat-based snacks and dried fruit snacks
- Quick ready-made-meals such as packaged Koshary which was able to locate itself well in both the local and global markets
- Fruit extracts such as using pomegranate extracts for medicinal purposes

### International demand

International demand trends can be inferred through actual exports, but even they're even more clearly demonstrated through the sector's untapped export potential, which figure 7 illustrates..

As shown, cane or beet sugar occupies the largest share of export potential at 27 percent, followed by crude soya bean oil at 26 percent, processed cheese at 24 percent, and wheat or meslin at 23 percent

**Figure 7: Top commodities with untapped export potential.** *Source: Trade Map*



## II. Textile

The textile industry is Egypt's second largest industrial sector, accounting for around 3.5 percent of Egypt's GDP, 34 percent of industrial production, and 14 percent of total exports<sup>(34)</sup>. Textile production accounts for 25 percent of the whole production, with home textiles accounting for 13 percent, cotton yarn accounting for 8 percent, and other textiles accounting for 5 percent<sup>(35)</sup>. It is estimated that the sector employs up to one million individuals, the vast majority of whom work in the informal sector<sup>(36)</sup>.

### Exports and Imports

Egypt's textile export market is dominated by China with a 48 percent market share, while the import market is dominated by Italy with a 30 percent market share. Figures 8 and 9 below show the export and import flows for the textile subsectors<sup>(37)</sup>.

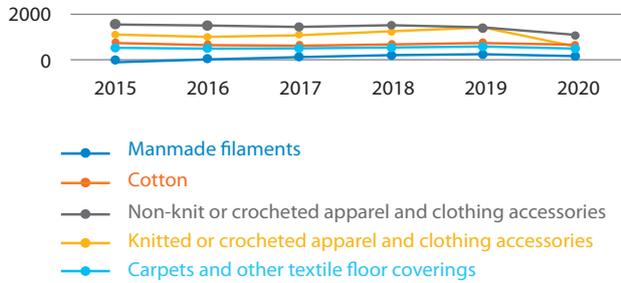
34. "Egypt: Improving the international competitiveness of the textile and clothing sector (GTEx)". ITC.

35. Textile Industry in Egypt. Textile Infomedia.

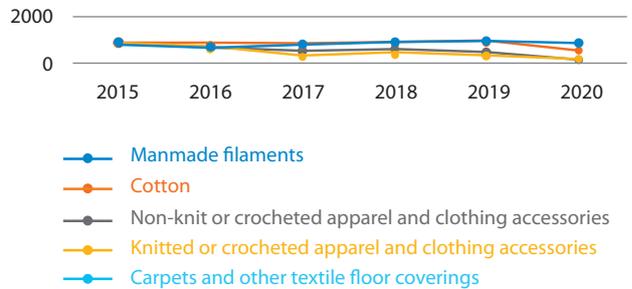
36. "Egypt: Improving the international competitiveness of the textile and clothing sector (GTEx)". ITC.

37. OEC.

**Figure 8: Egypt’s top textile exports, in USD millions.** *Source: OEC.*



**Figure 9: Egypt’s top textile imports, in USD millions.** *Source: OEC.*



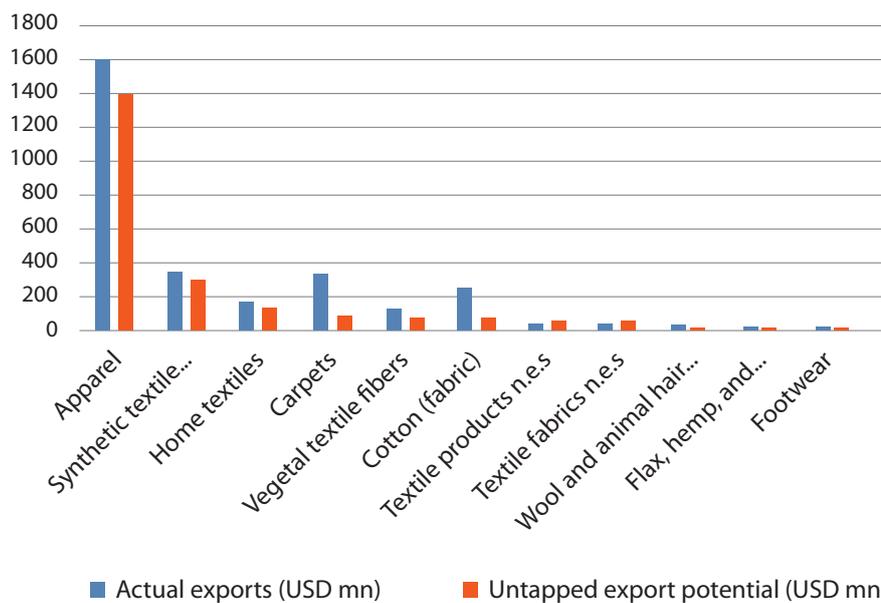
Egypt mainly exports non knitted or crocheted apparel as illustrated in figure (8). This is followed by knitted or crocheted apparel and manmade filaments. It is also observable that there are declining trends of the depicted subsectors across the years<sup>(38)</sup>.

As for the imports and as depicted, cotton and manmade filaments are the main imported products. Carpets are the lowest in this regard on the other hand.

### Export Potential

The following figure shows the textile export potentials<sup>(39)</sup>: As depicted in figure (10), there is a very high untapped potential for apparel (\$1400 million) with minimal potentials across synthetic textile fabric, home textiles, carpets, vegetal textile fibres, cotton, and the other subsectors.

**Figure 10 Export potential.** *Source: Trade Map.*



38. Ibid.

39. Trade Map.

## Main Sectoral opportunities and challenges

Table (3) summarizes the strengths, weaknesses, opportunities, and threats of and faced by the textile industry in Egypt, gathered from the aforementioned outline of the sector, as well as Revitalizing Egypt's Economic Zones: A Local Economic Development Model document published by the University of Waterloo. This table shows the SWOT analysis to be considered by policy makers and support organizations<sup>(40)</sup>:

**Table 3: SWOT Analysis for the Egyptian textile sector**

Strengths	Weaknesses
<ul style="list-style-type: none"> <li>• Fast paced economic reforms</li> <li>• Organic growth through crowdfunding</li> <li>• Geographical location</li> <li>• Cheap factor endowment</li> <li>• Infrastructure</li> <li>• Huge market size &amp; local demand</li> <li>• Young and abundant workforce</li> <li>• Existing textile clusters</li> <li>• Industry competitive advantage</li> <li>• Organic cotton</li> </ul>	<ul style="list-style-type: none"> <li>• Political and economic instability</li> <li>• Budget deficit and lack of government financial resources</li> <li>• Skills upgrade</li> </ul>
Opportunities	Threats
<ul style="list-style-type: none"> <li>• Accessibility to considerable market sizes</li> <li>• Trade hub</li> <li>• Provision-free preferential trade agreements</li> <li>• Eco-brands' production</li> <li>• High quality and specificity of cotton</li> <li>• Capitalizing on new development projects: The Suez Canal Axis development project</li> <li>• Tourism</li> <li>• Existing local and international events</li> <li>• Room for growth in various industries</li> <li>• Gaining international confidence, support, and funds</li> </ul>	<ul style="list-style-type: none"> <li>• Maintaining security measures</li> <li>• Technology gap</li> <li>• Future competition with FTA countries in MENA</li> <li>• Competing with high quality international brands</li> </ul>

40. Mohamed, Sherine, and Adel Farid Said. "Revitalizing Egypt's Economic Zones: A Local Economic Development Model". University of Waterloo, 2015.

## COVID's Impact on the Sector

Many factories have reduced production because of the huge decline in local and global demand; others are operating at 50 percent capacity. Apparel exports, which account for 44 percent of the subsector's output, are anticipated to fall owing to a drop in worldwide orders (ECES 2020). Since the industry relies heavily on imported raw materials from China—providing 50 percent of textile and yarn imports—and India, the sector is projected to suffer from interruptions in global supply chains. Accordingly, the sector's productive capacity is expected to fall by 30 percent<sup>(41)</sup>.

## COVID's Impact on Consumer Behavior

Based on a survey conducted by Mastercard, 72 percent of Egyptian consumers since the beginning of the pandemic have been purchasing more online. More than 62 percent of Egyptian customers claimed they had shopped more online for apparel<sup>(42)</sup>.

## Demand trends and needs

Consumers are becoming more conscious of their consumption patterns not just price and quality. Consumers have shown a growing willingness to dampen the effect of their carbon footprint. As people become more conscious of their spending, impulse purchases begin to decline<sup>(43)</sup>. In terms of womenswear, fast fashion continues to dominate the market both globally and in Egypt, which explains why this market category is characterized by fierce price rivalry among stores. To put in into perspective, statistics have shown that in 2018, internet commerce accounted for 17 percent of womenswear sales<sup>(44)</sup>. However, even though consumer awareness of the environmental effect of fast fashion is growing, and customers claim to be prepared to pay more for sustainable fashion, on-trend buying of low-priced apparel continues to dominate this market category; similar observations apply to other market segments<sup>(45)</sup>. When it comes to Egypt, with Covid-19, there was a noticeable general increase in demand on comfort clothing, sportswear, and lounge wear.

## High demand products

### *Domestic demand*

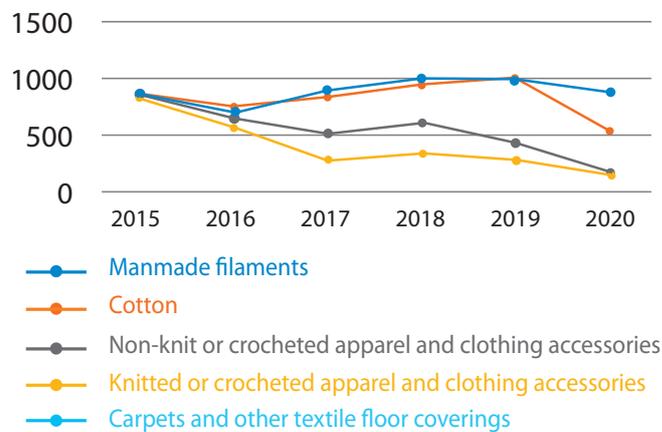
Domestic demand trends relevant to the textile industry can be extrapolated from the most imported textile products, demonstrated in figure (11). As it shows, cotton and manmade filaments are the main imported products, as the country exports lower quantities in comparison which could translate to low levels of production.

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41. Breisinger, Clemens, Mariam Raouf, Manfred Wiebelt, Ahmed Kamaly, and Mouchera Karara. "Impact of COVID-19 on the Egyptian economy: Economic sectors, jobs, and households". Middle East and North Africa, and Ministry of Planning and Economic Development.
  42. "72% of Egyptian Consumers are Shopping More Online since the Start of Pandemic, Reveals Mastercard Study". Mastercard.
  43. Emmert, Amy. "The Rise of the Eco-friendly Consumer". Response Marketing Association. 2021.
  44. Raza, Werner, Jan Grumiller, Hannes Grohs, and Rachel Alexander. Value Chain Analysis for Apparel from Egypt. AUSTRIAN FOUNDATION FOR DEVELOPMENT RESEARCH. 2020.
  45. Ibid.

The local textile industry can likely tap into the local market by tuning production and prices to suit local consumers. High-potential opportunities reflected in the sector includes:

- High-quality clothes in the athletic leisure domain
- Children’s fast-fashion
- Heavy clothing insulating fibre
- Export of towels and bed linens
- Woven fibres to produce Personal Protective Equipment (PPE)
- Production of clothing form recycled fashion waste

**Figure 11: Egypt’s top textile exports, in USD millions.** *Source: OEC.*

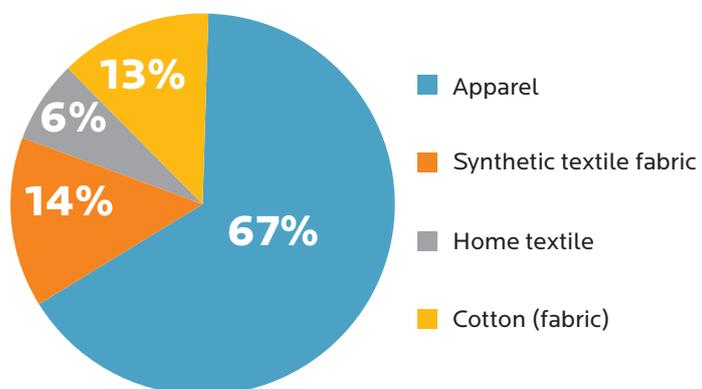


### International demand

International demand trends can be inferred through actual exports, but even they’re even more clearly demonstrated through the sector’s untapped export potential, which figure 12 illustrates.

As illustrated, the potential opportunities for growth are t-shirts, underwear, shirts (especially polo shirts), men suits and women dresses, sportswear; woven garments: denim products and trousers, men shirts; children’s wear: knitted and woven articles, particularly high-end branded babywear made of Egyptian cotton; and home textiles: bed linen, terry towels, carpets.

**Figure 12: Top commodities with untapped export potential.** *Source: Trade Map.*



### III. ICT

Being the 11<sup>th</sup> largest sector in the country, ICT is an undeniably crucial cog in the industrial sector<sup>(46)</sup>.

In the ICT industry, telecommunications contribute largely to the sector as it accounts for 44 percent of value added, followed by information technology and other services at 30 percent, while ICT manufacturing accounts for the remaining 26 percent which is remarkable given that most developing countries outside of East Asia generate minimal ICT equipment<sup>(47)</sup>.

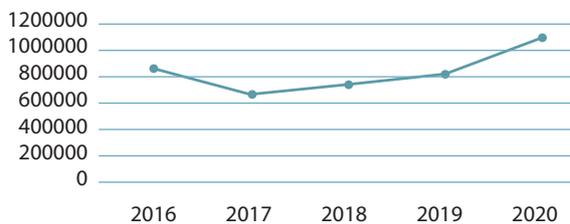
The Ministry of Communications and Information Technology (MCIT) indicated that the industry employed around 209 thousand people in 2018. Every year, 500 thousand students graduate colleges, with over 200 thousand going into outsourcing-related industries and approximately 50 thousand going into IT-related fields<sup>(48)</sup>.

In 2020, Egypt was ranked the top MEA country for outsourcing, and was the only Middle Eastern and African country in the top 20<sup>(49)</sup>.

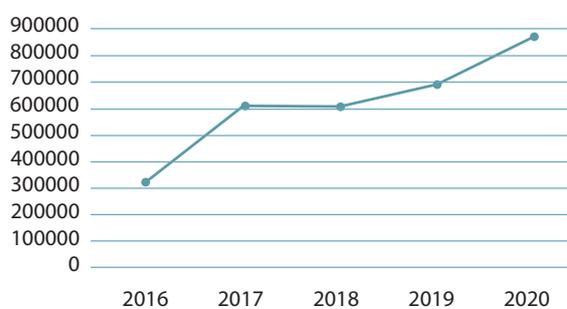
### Exports and Imports

Figures (13) and (14) below illustrate the changes in the export and import levels from the year 2016 to 2020<sup>(50)</sup>.

**Figure 13: Egyptian exports of ICT services.** *Source: Trade Map.*



**Figure 14: Egyptian imports of ICT services.** *Source: Trade Map.*



A notable rise could be observed in both imported and exported ICT services over the years. Imports of telecommunications, computer, and information services totalled 851,500 USD in 2020 while exports totalled 1,073,100 USD<sup>(51)</sup>. Between 2019 and 2020, exports and imports have shown a growth of 25 percent and 28 percent, respectively.

46. "Creating Markets in Egypt". World Bank. 2020.  
 47. Ibid.  
 48. Ibid.  
 49. "Top MEA country for outsourcing: Egypt 15 in Kearney's Global Services Location Index". Business Today Egypt. 2021.  
 50. International Trade Center.  
 51. International Trade Center.

## Main Sectoral opportunities and challenges

Table (4) summarizes the strengths, weaknesses, opportunities, and threats of and faced by the ICT industry in Egypt, gathered from the aforementioned outline of the sector, as well as a SWOT analysis of the ICT sector in Egypt published by Baltmodus. This table shows the SWOT analysis to be considered by policy makers and support organizations<sup>(52)</sup>:

**Table 4 SWOT Analysis for Egyptian ICT sector**

Strengths	Weaknesses
<ul style="list-style-type: none"> <li>• ICT sector resilience to Egypt economic crisis</li> <li>• Increasing digital activity in the public sector</li> <li>• Relatively low employee turnover (labor laws)</li> <li>• Infrastructure development and low ICT infrastructure cost (dropping prices of the infrastructure access)</li> <li>• Energy resources</li> <li>• Increasing start-up activities</li> <li>• Low cost on starting/doing business</li> <li>• Foreign investments</li> <li>• Skilled, qualified and multilingual graduates</li> <li>• Strategic geographic location (well-located from African and European and some Asian cities)</li> <li>• Same time zone with Europe</li> <li>• Encouragement of the government by facilitating ICT sector</li> </ul>	<ul style="list-style-type: none"> <li>• The basics of national internet infrastructure</li> <li>• Technical skills are too broad and thin</li> <li>• Lack of sufficient expertise, project management, marketing and start-ups management</li> <li>• Limited local demand for software</li> <li>• Lack of management recognition of using IT tools for business</li> <li>• Infrastructure level and cost is high compared to the capacities of manufacturers and beneficiaries</li> <li>• Bureaucracy</li> </ul>
Opportunities	Threats
<ul style="list-style-type: none"> <li>• Penetration of internet in households and business is increasing</li> <li>• Chinese investments</li> <li>• Human Capital (qualified graduates)</li> <li>• Growing technical skills in ICT</li> <li>• Technical Parks</li> <li>• Government support</li> <li>• Changes in taxes</li> <li>• Introduction to new intellectual property laws</li> </ul>	<ul style="list-style-type: none"> <li>• Intellectual rights violations</li> <li>• Piracy rates are relatively high</li> <li>• Lack of financial support to the ICT sector</li> <li>• Political instability</li> <li>• Slow recovery of economics after Egypt's crisis</li> </ul>

52. SWOT analysis of the ICT sector in Egypt. Baltmodus – kuriama.

53. MCIT YEARBOOK 2020. Ministry of Communications and Information Technology.

## COVID's Impact on the Sector

Despite the spread of COVID-19, the ICT industry had a notable performance during the fiscal year 2019/2020. The ICT industry generated a total value-added of EGP 108 billion in 2020, up from EGP 94 billion in 2019, with a 15.2 percent growth rate, ranking first among the various social and economic sectors. This is in conjunction to the ICT sector's contribution to the GDP, which increased to around 4.4 percent from 3.8 percent the previous year<sup>(53)</sup>.

## COVID's Impact on Consumer Behavior

In a survey conducted by Mastercard, around 56 percent of the surveyed Egyptian customers claimed they shopped more for computer equipment<sup>(54)</sup>. Additionally, statistics from Egypt's National Telecommunications Regulatory Authority have revealed a huge growth in internet usage in the past few months, with 87 percent and 18 percent increases in home and mobile internet consumption, respectively<sup>(55)</sup>. Additionally, a 131 percent increase in online surfing, a 376 percent increase in access to educational portals and website, and a significant increase in the usage of mobile applications were witnessed<sup>(56)</sup>.

## Demand trends and needs

Heightened demand in Egypt for ICT services at the beginning of the health crisis highlighted the need to further expand both infrastructure and capacity<sup>(57)</sup>. With millions of people working from home, the country experienced a surge in demand for internet services, reinforcing the importance of digital literacy. Indeed, the ICT sector continued to grow at 15 percent even during the pandemic<sup>(58)</sup>. In general, the ICT sector in Egypt is skill-dependent. Market access is thus not gender biased, where the hiring mostly depends on the know-how.

ICT enterprises are divided into small and medium enterprises, which can constitute start-ups, and the larger enterprises. As for services, they can be divided into financial, non-financial, and a mix of both. With Covid-19 and in line with the global direction at large to go digital, Egypt's reliance on digitization also grew. Digitization here can be divided into cloning existing business models, or innovation which entails coming up with brand new ideas. Covid-19 led most to work from home for long periods of time. With increase in remote working, came an increase in demand on VPN solutions and on connectivity applications such as Zoom, google teams, etc.. This also led to an increase in the number of hosting services and consequently the need for software engineers and developers with different skills and specializations- that which created a lot of opportunities in freelance work particularly in software development. It can be said that Covid-19 came in favor of the digitization boom, which saw the rise in software development to cater to different needs across different sectors, primarily in health, education, e-commerce, and agriculture.

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54. "72% of Egyptian Consumers are Shopping More Online since the Start of Pandemic, Reveals Mastercard Study". Mastercard.

55. Kamel, Sherif. "Does Digital Transformation Present an Opportunity for Egypt to Autocorrect?". Middle East Institute. 2020.

56. Ibid.

57. Ibid.

58. MCIT YEARBOOK 2020. Ministry of Communications and Information Technology.

## High demand products

### *Domestic demand*

There is a strong potential for women to become engaged in ICT activities particularly noting that the different sector activities can be conducted from home and have become more flexible to that in light of Covid-19. Women, thus, can become a substantial part of the labour force engaged in IT outsourcing activities as well as other service-related activities such as, software development. To add, with the national drive towards financial inclusion, there is also a strong opportunity to become engaged in the development of financial aggregators such as Fawry and Aman.

### *International demand*

There are now over 100 countries being served from Egypt (both ITO and BPO), and the service delivery takes place in over 20 languages, with the size of Egyptian BPO exports much larger than the export of IT services. Notably, Egypt's BPO workforce has expanded from 169,000 in 2017 to 212,000 in 2019.

### Market opportunity

Market opportunity resides within products with untapped export potential. Identifying these sub-products and relevant export markets showcase where global demand lies. This could, in turn, be a compass for investors and business owners alike, as to where to invest their efforts. The tables below (tables 4 and 5 ) highlight the top sub-products in the agri-food and textile sectors with their corresponding untapped export potential, as well the main potential export markets for those sub-products:

**Table 5: Untapped export potential for the top food sub-products and the main potential export markets for those sub-products as well as for the main food products. Source: Trade Map.**

Sub-category with highest untapped export potential	Export potential (mn USD)	Actual exports (mn USD)	Untapped potential (mn USD)	Markets per product group	Comments
<b>Sugar</b>					
Cane or beet sugar and chemically pure sucrose	362.8	134.8	248.6	Sudan, Kenya and Libya	Sudan shows the largest absolute difference between potential and actual exports in value terms, leaving room to realize additional exports worth \$76.1 mn.
Total untapped export potential	480.2	211.2	317.2	Sudan, Kenya and Turkey	
<b>Vegetable oils &amp; fats</b>					
Crude soya-bean oil	134	43.6	94.7	Algeria, Morocco and India	Libya shows the largest absolute difference between potential and actual exports in value terms, leaving room to realize additional exports worth \$38.4 mn.
Total untapped export potential	436	178.1	312.4	Algeria, Libya and Morocco	
<b>Dairy</b>					
Processed cheese	306.3	125.1	188.8	Saudi Arabia, Libya and Iraq	Saudi Arabia shows the largest absolute difference between potential and actual exports in value terms, leaving room to realize additional exports worth \$81.0 mn.
Total untapped export potential	478.6	275.3	292.6	Saudi Arabia, Libya and Iraq	
<b>Cereals</b>					
Wheat or meslin flour	399.9	176.9	242.6	Wheat or meslin flour	Iraq shows the largest absolute difference between potential and actual exports in value terms, leaving room to realize additional exports worth \$40.8 mn.
Total untapped export potential	446.1	201.3	271.7	Yemen, Eritrea and Iraq	
<b>Non-alcoholic beverages</b>					
Mixtures of fruit and vegetables juices	96.8	46.9	58.2	Libya, Saudi Arabia and United Arab Emirates	United States shows the largest absolute difference between potential and actual exports in value terms, leaving room to realize additional exports worth \$20.3 mn.
Total untapped export potential	249.9	126.1	165.6	United States, Libya and Saudi Arabia	

**Table 6: Untapped export potential for the top textile sub-products and the main potential export markets for those sub-products as well as for the main textile products. Source: Trade Map.**

Textile subproduct with highest untapped export potential	Export potential (mn USD)	Actual exports (mn USD)	Untapped potential (mn USD)	Markets per product group	Comments
<b>Apparel</b>					
Men's trousers & shorts of cotton	502.8	255.6	290.6	United States, Germany, and Italy	Italy shows the largest absolute difference between potential and actual exports in value terms, leaving room to realize additional exports worth \$159.5 mn.
Total untapped export potential	2300	1600	1400	United States, Germany, and Italy	
<b>Synthetic textile fabric</b>					
Nonwovens of man-made filaments, <=25g/m <sup>2</sup>	176.1	85.5	103.1	Algeria, Turkey, and United States	Italy shows the largest absolute difference between potential and actual exports in value terms, leaving room to realize additional exports worth \$23.2 mn.
Total	462.7	343.8	301.7	Turkey, Algeria, and Italy	
<b>Home Textiles</b>					
Toilet/kitchen linen of cotton	99	51	53.1	United States, Saudi Arabia, and Germany	United States shows the largest absolute difference between potential and actual exports in value terms, leaving room to realize additional exports worth \$31.8 mn.
Total	236.5	275.3	132.3	United States, Germany, and France	
<b>Carpets</b>					
Floor coverings of man-made textiles, not of pile construction, made up	83.3	44.5	49	Somalia, United States and Saudi Arabia	United States shows the largest absolute difference between potential and actual exports in value terms, leaving room to realize additional exports worth \$14.4 mn.
Total	213.1	350.5	94.9	United States, Somalia, and Saudi Arabia	
<b>Vegetal textile fibers</b>					
Cotton, not carded/combed	142.8	137.7	82.6	Turkey, Pakistan and Bangladesh	Turkey shows the largest absolute difference between potential and actual exports in value terms, leaving room to realize additional exports worth \$35.8 mn.
Total	143.5	139.3	83	Turkey, Pakistan and Bangladesh	
<b>Vegetal textile fibers</b>					
Denim, >=85% cotton, >=200g/m <sup>2</sup> , of different colours	132.6	102	33.9	Turkey, Tunisia and Morocco	Tunisia shows the largest absolute difference between potential and actual exports in value terms, leaving room to realize additional exports worth \$11.1 mn.
Total	238.3	264.8	74.5	Turkey, Tunisia and Italy	

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