



**Central Department of Feasibility Studies
and Investment Costs Estimation**

General Department of Economic Feasibility Studies

Summary of a Preliminary Feasibility Study on Manufacturing Tires



March 2024

INVEST IN EGYPT

GAFI Translation Department

The Outcomes of a Preliminary Feasibility Study on Manufacturing Electric Motors¹

Chemical Industries Sector

Project General Description

- The project aims to produce car tires in various sizes.
- The current global crises have caused a major problem for supply chains, which has been reflected in the rise in prices of all products and goods that Egypt imports from abroad, most notably car tires. This has made it important to find alternative solutions that will alleviate the severity of the crisis, including the localization of the tire industry in Egypt.
- The rise in the price of natural rubber worldwide has caused an increase in the costs of producing vehicle tires, as well as changes in the currency price in Egypt, causing an unprecedented rise in the price of vehicle tires.
- Egypt seeks to accelerate the pace of localization of the vehicle tire industry locally, as it is considered one of the most important strategic industries that the State needs during the coming period and which contributes to restoring the balance between exports and imports in light of the current global economic conditions. Egypt is currently seeking to intensify its efforts to attract local and foreign investments to support the government's plan to localize the tire industry locally and reduce the burden of imports from abroad.
- Egypt seeks to be a regional hub for car tires industry to achieve self-sufficiency for the Egyptian market.

Project Products

- Car tires sizes (R13-175-70, R15-185-60, R15-195-60)

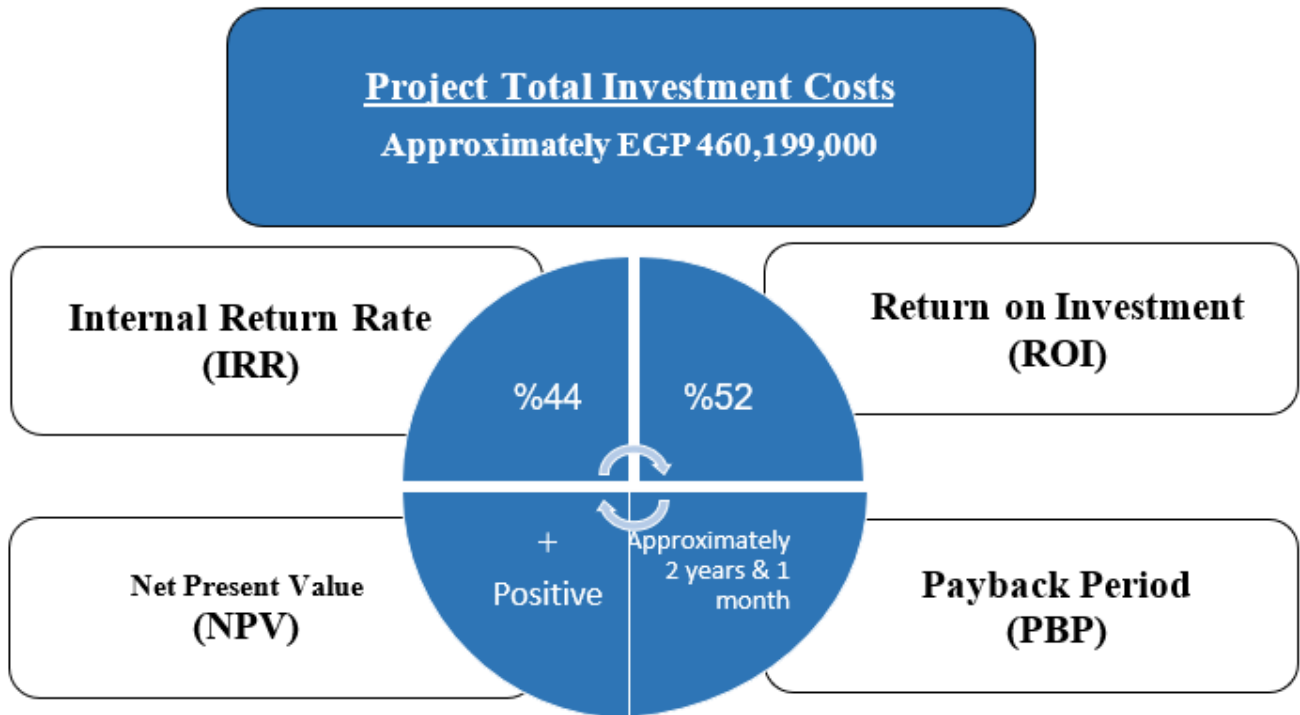
The Investment Opportunity and Location of the Project

- The project can be implemented in East Port Said Integrated Zone, which is affiliated to the General Authority for the Suez Canal Economic Zone, on an area ranging from 15,000 m² to approximately 20,000 m², with an annual usufruct system.

¹ The data mentioned in this study are preliminary, estimated, and indicative material retrieved from the competent authorities for the purposes of promoting the investment opportunities available at GAFL. Accordingly, they may not be used before banks, the judiciary, or any other government entity or any third party.

- The project can also be established in industrial zones permitted for the establishment of the project's activity, taking into account carrying out the necessary amendments in the study costs.

The Most Important Financial Indicators of the Project



The Outcomes of the Legal Feasibility Study

- As per the provisions of Investment Law, plastic industry is an activity that is governed by the aforementioned law, to which the State pays great attention and provides it with incentives.
- Thus, companies established for such purpose may be incorporated as per provisions of Investment Law, Companies Law, or Trade Law, according to the owners' desire.
- The project may be established in a form of sole proprietorship, partnerships, limited liability company, or joint stock company.
- In 2017, the Industrial Development Authority issued a guidebook containing the requirements for licensing industrial facilities, which can be viewed through the following link:
http://ida.gov.eg/cs/groups/public/documents/document/cnnf/yxbw/~edisp/revers_app.pdf.
- In case of exporting, the project must obtain an import and export card specifying the nature and description of the products dealt with. The project can export through an intermediary company that undertakes, on behalf of the project, the export and customs release procedures.

The Outcomes of the Environmental Feasibility Study

- The environmental feasibility study is defined as an analysis that determines the level of environmental protection and maintenance achieved by considering the environment's absorptive capacity or its maximum capacity to endure human activities aimed at exploiting environmental resources without causing degradation or depletion. This applies to both the short and long term, whether directly or indirectly.
- The project is classified under Category (C) projects as it is listed under (62) on the list of environmental classification projects in accordance with the provisions of Item No. (7) of Article (14-*bis*) of Law No. 105 of 2015 issued on October 19, 2015 on the amendments of the Environmental Law No. 4 of 1994 and its amended executive regulations, according to the decree of the Minister of Environment No. 16 of 2016.
- According to the environmental classification (C), it will be subject to certain requirements and procedures to avoid the negative impact on the environment, such as:
 - Safe disposal of waste and manufacturing byproducts by contracting with specialized companies.
 - Adhering to methods of protection from fumes and exhausts.
 - Ensuring workers use protective tools for their ears and faces.

The Outcomes of the Social Feasibility Study

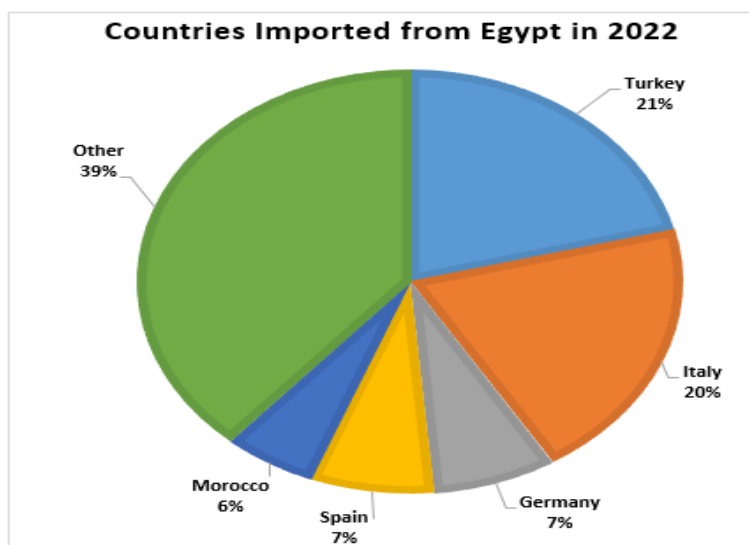
- This section aims to analyze the social benefits and costs of various projects to select those that achieve the maximum social benefit. It is noted that the social feasibility study pays attention to additional aspects not covered by other feasibility studies, as it focuses on the social effects of the project and its contribution to achieving the economic and social goals of society.
- Investment projects are considered one of the main pillars of the country's economic development process and a means to achieve the necessary economic, social, and developmental goals, ultimately reflecting in the attainment of higher levels of well-being for society.
- The project assists in creating new job opportunities, employing various types of workers either through direct employment or indirectly via the supply and distribution chains of this type of business. Such business provides about 61 direct job opportunities, as well as additional employment opportunities.
- The project contributes to the national program aimed at replacing imports, which benefits society by relying on local manufacturing, conserving foreign currency, and localizing the industry.
- In light of the above, the project is feasible from a social perspective.

The Outcomes of the Marketing Feasibility Study, Growth Drivers, and Competitiveness

- In terms of the growth drivers and competitiveness of the activity under study, Egypt boasts over 15 commercial ports, facilitating easy export to Asia, Africa, Europe, and North America. Additionally, Egypt benefits from free trade agreements with regional partners such as the European Union, COMESA, Mercosur, and the BRICS ...etc.

Supply Volume

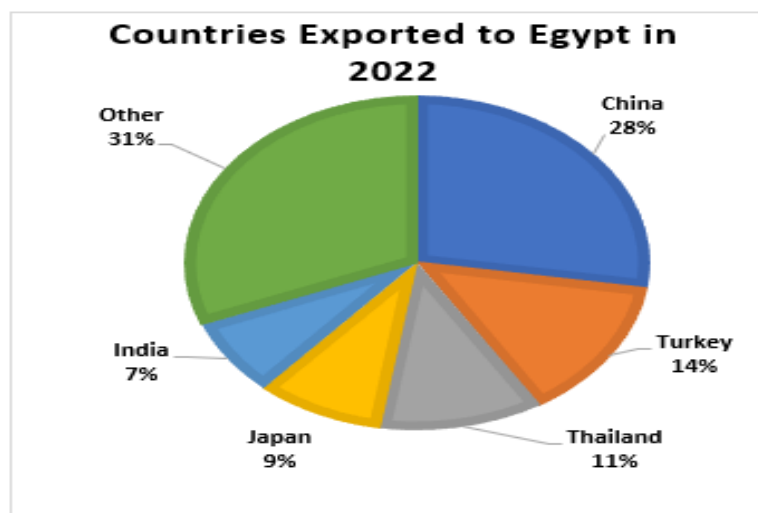
- According to World Bank data for 2022, Egypt exported approximately \$149 million to 81 countries, ranking 41st out of 203 countries. The top five countries in terms of Egyptian exports are represented in the following graph:



The graph is developed as per WB data of 2022

Demand Value

- According to the World Bank data for the year 2022, Egypt ranked No. 44 out of a total of 225 countries worldwide, with its total imports reaching \$437 million. The top five countries in terms of import volume are represented in the following graph:



The graph is developed as per WB data of 2022

Trade Balance

- The foregoing indicates a trade deficit in the tire sector for the year 2022. Egypt exported approximately \$149 million while importing around \$437 million, resulting in a deficit of approximately \$287 million. This trend is illustrated in the following graph.



The graph is developed as per WB data of 2022