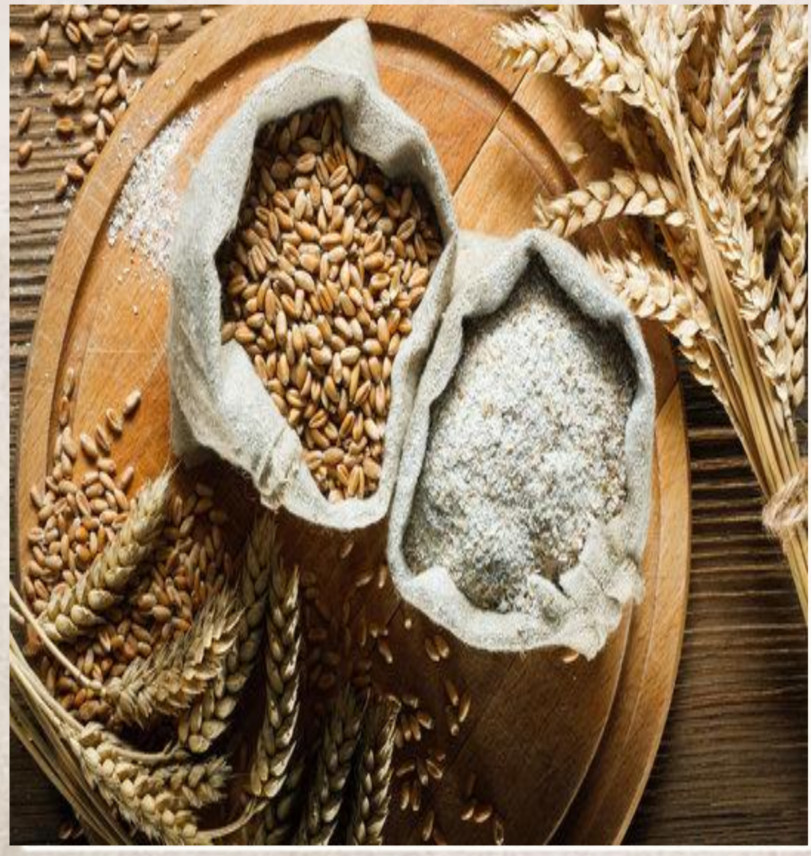
Central Department of Feasibility Studies
and Investment Costs Estimation

General Department of Economic Feasibility Studies

Summary of a Preliminary Feasibility Study on Grain Mill Activity



March 2026

INVEST IN EGYPT

GAFI Translation Department

The Outcomes of a Preliminary Feasibility Study on Grain Mill Activity

Industrial Sector [*]

Project General Description

- The food processing industry in Egypt is a vital sector that contributes significantly to the national economy. It includes a wide range of activities such as dairy processing, oils, sugar, beverages, frozen fruit and vegetable products, and confectionery. The sector is considered the third largest export sector in Egypt after petroleum exports, and it recorded notable export growth in 2025.
- The food processing industry in Egypt is a vital sector that makes a significant contribution to the economy and represents the third largest export sector in Egypt after petroleum exports. Its exports recorded notable growth in 2025.
- The sector relies primarily on the availability of agricultural raw materials and benefits from the National Food Safety Authority, as well as trade agreements that enhance its competitiveness in global markets.
- During the first ten months of 2025, Egypt's food processing sector achieved a new record performance, with exports exceeding USD 5.8 billion, compared to about USD 5.2 billion during the same period in 2024, reflecting a growth rate of 11%—an increase of approximately USD 570 million.
- The food processing sector contributes significantly to Egypt's GDP and generation of job opportunities, with its contribution estimated at around 24%–24.5% of GDP in 2025.
- Grain mills in Egypt are considered a key component of the food security system and the production of staple food products, particularly flour used in bread and its derivatives. This is especially important in a country that is among the world's largest wheat importers due to the gap between domestic production and consumption needs.
- In Egypt's grain milling market (i.e., flour mills), there is a broad and diverse customer base depending on the type of flour produced and the nature of the operating entity. Customers include bakeries (bread and pasta producers), restaurants and hotels, distributors, and government entities such as the Ministry of Supply.
- The total number of grain mills (flour mills) in Egypt is estimated at around 215 mills operating across different governorates.

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[*] 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 GAFI. Accordingly, they may not be used before banks, the judiciary, or any other government entity or any third party.

- Egypt's wheat imports reached 12.3 million tons in 2025, compared to 14.1 million tons in the previous year, reflecting a decline of 12.7%. Total wheat imports from Russia in 2025 amounted to about 7.1 million tons, representing a decrease of 31% compared to the previous year's imports of 10.4 million tons.
- Egypt consumes approximately 750,000 tons of wheat per month, of which 60% is imported while domestic production covers 40% of demand. Accordingly, the Egyptian government has turned to the "Mostakbal Misr for Sustainable Development" authority to manage the wheat supply system and ensure stable availability without price fluctuations.
- "Mostakbal Misr for Sustainable Development" was established to manage centralized procurement in cooperation with the Ministries of Agriculture and Supply, with the aim of unifying import operations, reducing price disparities and market volatility, and ensuring the provision of wheat for subsidized bread without supply disruptions.

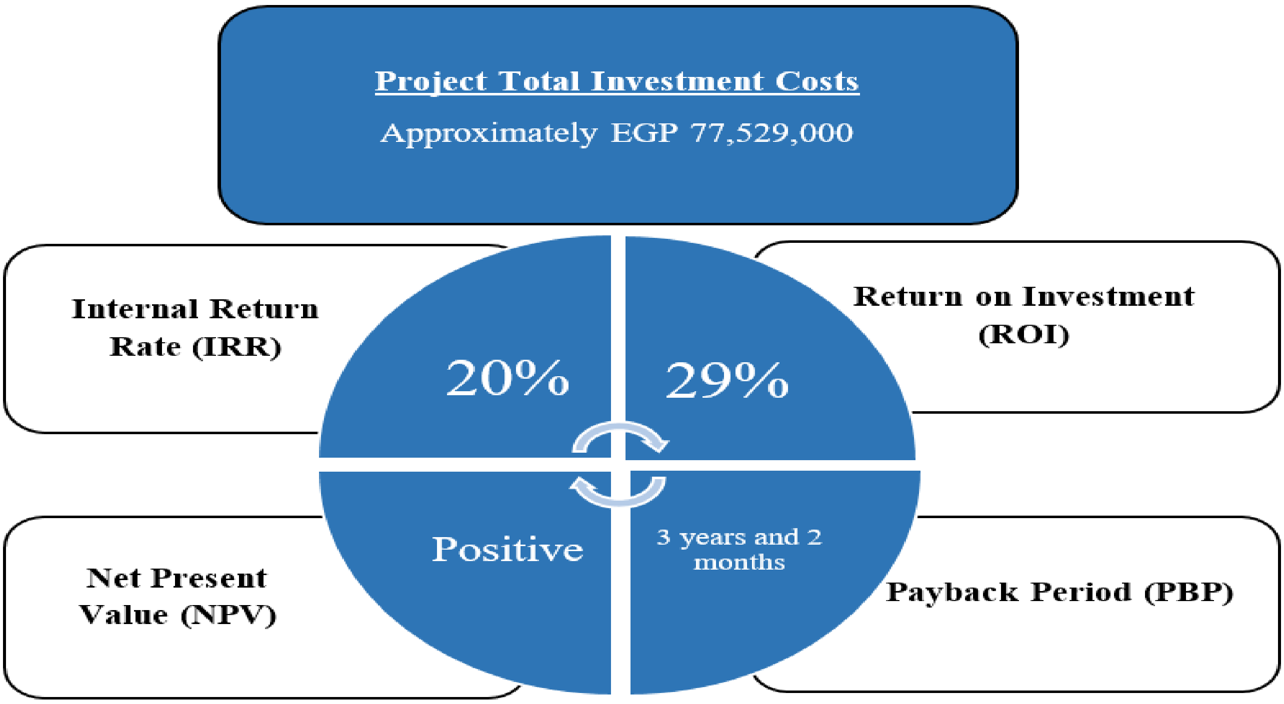
Project Products

- Wheat milling
- Corn milling

Investment Opportunity Data and Project Location

- It is proposed to establish the project in New Valley Governorate – El Kharga District – Jannah villages.
- According to the technical study results, the project can be established while taking into account open spaces, storage areas, and future expansion requirements on a surface area of 5,053.5 m².
- The land will be utilized on a rental basis.

Project Key Financial Indicators



The Outcomes of the Legal Feasibility Study

- According to the provisions of the Investment Law, the food industry sector is one of the activities covered under the law, receiving special attention and incentives from the government to encourage investment.
- Accordingly, companies that are established for this purpose may be established in accordance with the provisions of the Investment Law, the provisions of the Companies Law, or the provisions of the Trade Law, based on the preference of the owners.
- The project can be established in the form of a Sole Proprietorship, Partnerships, a Limited Liability Company, or a Joint Stock Company. However, it is recommended that companies established for this purpose be incorporated under the provisions of Investment Law No. 72 of 2017 to benefit from the incentives granted to such activities.
- The grain milling activity in Egypt is regulated by the Food Industries Chamber, one of the chambers of the Federation of Egyptian Industries. It represents the interests of its members and provides services and support to the food industries sector, including corn and wheat milling activities, thereby enhancing its competitiveness.
- This industry needs to obtain a license for operating a food industry activity and to be established in one of the industrial zones or lands where it is permissible to obtain such activity license, or to obtain a license-to-operate by the notification system in accordance with the provisions of Law No. 15 of 2017. Some legal determinants must be taken into account regarding the obtainment of the necessary licenses from the governorate administrative office, the entity that has jurisdiction on land and its affiliated local units, or the city hall, as well as the requirements of the Civil Defense, which require special procedures due to the industry nature, in addition to approvals from the Industrial Development Authority (IDA).
- The project must be registered with the Egyptian Organization for Standardization and Quality (EOS) and must comply with standard production requirements in accordance with international specifications.
- Given the nature of the project as part of the food industries sector, the project is required to obtain approval from the Ministry of Health, the Ministry of Water Resources and Irrigation, the Ministry of Antiquities, and the Ministry of Environment. and to issue the necessary health certificates for all workers on production lines who handle raw materials and participate in the processing and final product stages.
- In the case of exportation, the project must obtain an import and export license specifying the nature and description of the intended products, or export through an intermediary company that undertakes on behalf of the project the exportation and customs clearance procedures.

The Outcomes of the Environmental Feasibility Study

- The project is classified as a low-risk category (A) where it is listed at number (15) in the environmental classification projects list issued in accordance with the provisions of item no. 7 of Article (14 bis) of Law No. 105 of 2015 issued on October 19, 2015 regarding the amendments to the Environment Law No. 4 of 1994 and its executive regulations amended in accordance with the decree of the Minister of Environment No. 16 of 2016. Environmental impact assessment studies must be prepared by the project, and inspections and measurements must be carried out in accordance with the environmental classification form (A) and the requirements of the Environment Law, taking into account the fulfillment of government fees prescribed for that classification. Moreover, the project must take into account the environmental requirements for this activity due to the nature of the industry.
- All environmental costs associated with the project, including industrial waste disposal, and implementing environmental protection measures are accounted for within the raw materials expenditure, as elaborated on in this study.
- The project is subject to special legal requirements related to the manner in which waste and residues resulting from manufacturing operations are disposed of and how such waste is sold to be recycled in other industries.
- In light of the above, the project is deemed environmentally feasible.

The Outcomes of the Social Feasibility Study

- The project helps address unemployment by providing approximately 20 direct job opportunities for various categories of labor, in addition to creating a number of indirect jobs through the supply and distribution chains associated with the project.
- The project adds value to the national economy by contributing to the Gross Domestic Product (GDP), increasing exports, helping reduce the trade balance deficit, and generating foreign currency inflows.

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

- Egypt possesses numerous competitive advantages that significantly enhance its ability to boost local investment and attract more foreign direct investment. The Egyptian economy stands out for its abundance of promising investment opportunities, alongside the implementation of national mega infrastructure projects aimed at expanding and modernizing the country's road network, upgrading ports and maritime transport, establishing new international airports, and developing tourist hubs and industrial clusters in mining, renewable energy, and other key sectors. The availability of raw materials and natural resources further supports investment across a wide range of sectors the state is actively developing.
- Egypt's strategic geographic location has positioned it as a global trade hub, offering one of the most efficient gateways to international markets. Its advantageous location

along major global logistics routes—particularly the Suez Canal, one of the world's most vital shipping lanes.

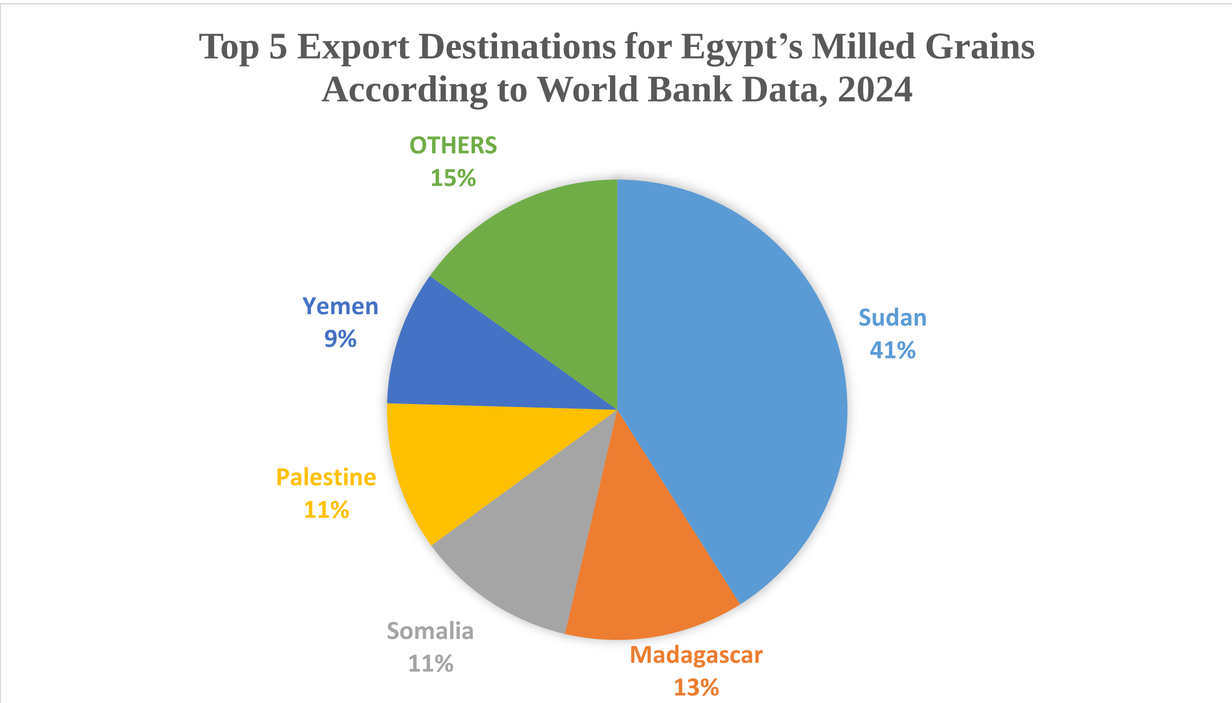
- Egypt also boasts extensive logistical infrastructure that facilitates both domestic trade and exports. This includes 27 international and domestic airports, 18 commercial seaports, and an internal road network stretching over 165,500 kilometers.
- Among the growth drivers and competitive advantages of the project under study is Egypt's participation in several international trade agreements, including:

  - Greater Arab Free Trade Area Agreement (GAFTA)
  - Common Market for Eastern and Southern Africa (COMESA)
  - Agadir Free Trade Agreement
  - Partnership Agreement between Egypt and the European Union
  - Free Trade Agreement between Egypt and the European Free Trade Association (EFTA)
  - Free Trade Agreement between Egypt and the Southern Common Market (MERCOSUR)
  - The benefits of these agreements can be viewed at the following link:

  https://www.investinegypt.gov.eg/Arabic/Pages/agreements.asp

1- **Supply Volume**

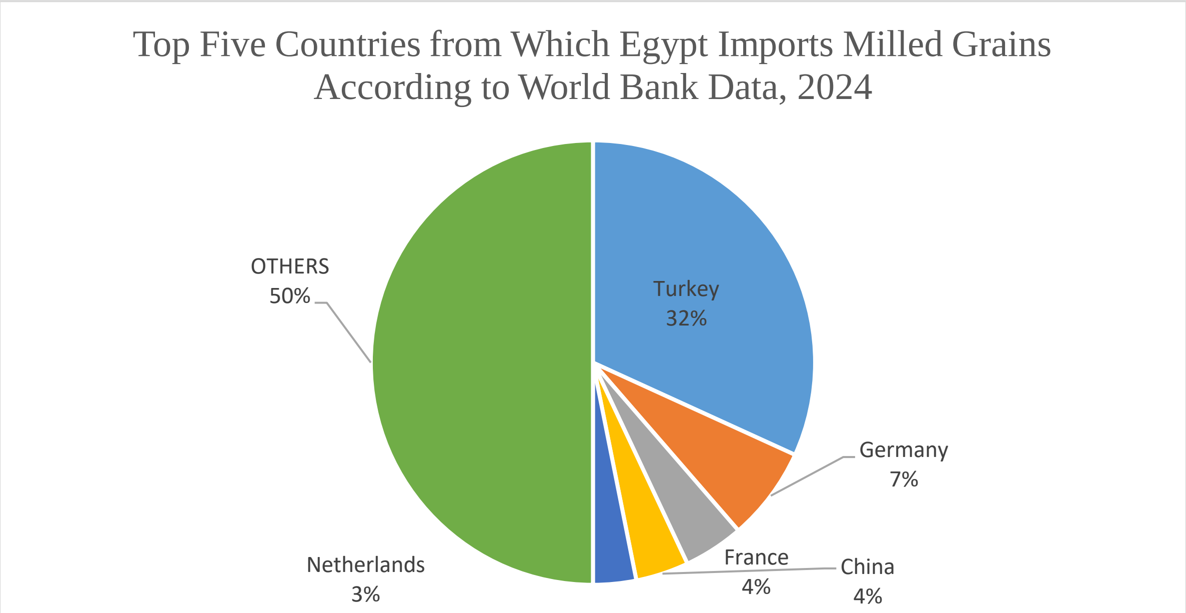
- According to World Bank data for 2024, Egypt ranked 17th out of 195 countries worldwide among exporters of milled grains. Egypt's total exports amounted to approximately USD 532.3 million, out of a global total of around USD 27,147 million, representing 2% of global exports of milled grains.
- The value of Egypt's exports to the top five countries is illustrated as follows: –



- The export values to the top five countries were as follows: Sudan (USD 218.4 million), Madagascar (USD 67 million), Somalia (USD 60 million), Palestine (USD 55.8 million), and Yemen (USD 50.2 million), while other countries accounted for USD 80.5 million.

2- Demand Volume

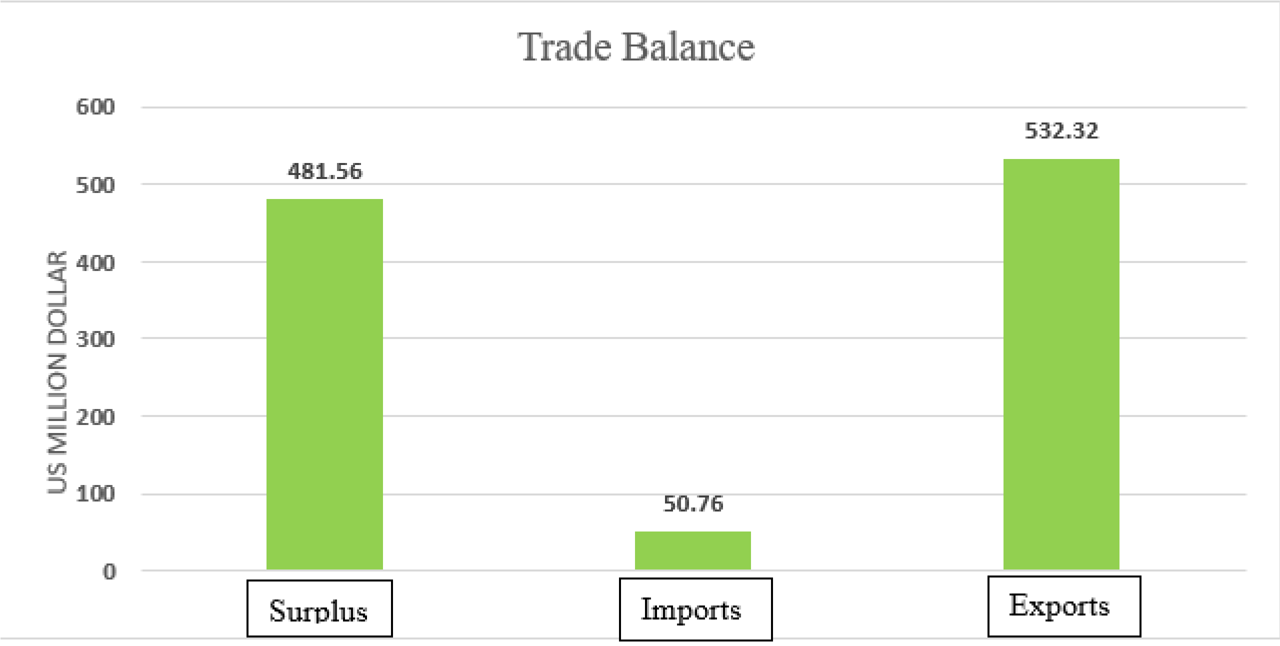
- According to World Bank data for 2024, Egypt ranked 89th out of 225 countries worldwide in terms of imports of milled grains. Egypt's total imports amounted to USD 50.7 million, out of global imports totaling approximately USD 27,147 million, representing around 0.2% of global imports of milled grains.
- In 2024, Egypt imported from 5 countries. The top 5 countries in terms of import volume are shown in the following chart:



- The import values from the top five countries were as follows: Turkey (USD 23.5 million), Germany (USD 5 million), France (USD 3.2 million), China (USD 2.8 million), and the Netherlands (USD 2.3 million), while other countries accounted for USD 36.9 million.

3. Trade Balance

- According to the above, it is evident that there is a surplus in milled grain production, and the project will contribute to increasing exports abroad.
- Based on the above, Egypt imported USD 50.7 million and exported USD 532.3 million in 2024. The resulting surplus can be illustrated in the following chart:



- The chart shows that Egypt achieves a trade surplus of approximately $481.5 million.