Central Department of Feasibility Studies
and Investment Costs Estimation

General Department of Economic Feasibility Studies

Summary of a Preliminary Feasibility Study on Manufacturing Dairy Products

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INVEST IN EGYPT

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Summary of a Preliminary Feasibility Study on Manufacturing Dairy Products

Food Industries Sector *

Project General Description

- The food industries sector in Egypt is considered a vital sector that contributes significantly to the economy. It encompasses a wide range of activities, including dairy manufacturing, oils, sugar, beverages, frozen fruits and vegetables, and confectionery products. The sector represents the third-largest export sector in Egypt after petroleum exports and achieved notable export growth in 2025.
- The sector mainly relies on the abundance of agricultural crops 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 industries sector recorded a new outstanding performance, with exports exceeding USD 5.8 billion compared to approximately USD 5.2 billion during the same period in 2024, achieving a growth rate of 11%, equivalent to an increase of USD 570 million.
- The food industries sector in Egypt contributes significantly to the Gross Domestic Product and provides substantial employment opportunities, with contribution estimates ranging between 24% and 24.5% of GDP in 2025.
- The dairy products industry is considered an agricultural and industrial sector focused on the production of milk from dairy animals such as cattle, goats, sheep, and others, as well as its processing into a wide range of food products including yogurt, cheese, butter, cream, and milk powder. The industry aims to preserve milk, enhance its nutritional value, and provide diverse products to consumers.
- The manufacturing and production of dairy products depend primarily on livestock resources, including cattle, buffaloes, sheep, goats, camels, and poultry. This sector faces several challenges, such as rising feed prices, limited grazing areas, and increasing demand. Egypt is currently working to develop this sector through strategies focused on improving animal breeds, developing integrated projects, providing veterinary care, and supporting small-scale breeders, with an emphasis on achieving self-sufficiency and reducing the import gap by 2030.
- The food products manufacturing industry (food industries and food processing sector) represents approximately 24.5% of Egypt's Gross Domestic Product, while

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dairy products account for 14% of total Egyptian food exports, making dairy the second-largest food export category after fruits and vegetables. This reflects the global competitiveness of Egyptian dairy products. As part of efforts to enhance domestic consumption, Egypt aims to increase per capita dairy consumption to 70 liters annually by 2030, which would support public health and improve nutritional balance. The number of milk collection centers across the country has reached 826 centers, contributing to the provision of safe, high-quality milk for consumers.

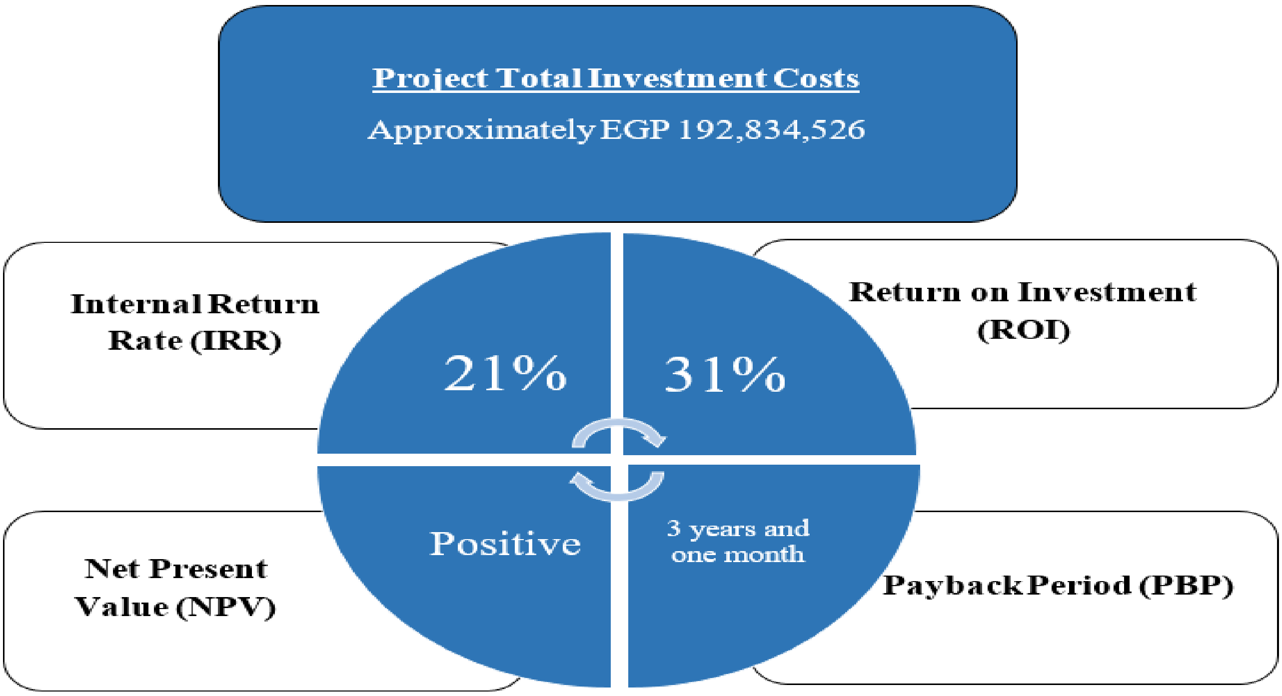
Project Products

- 1-liter full cream milk carton (plain milk – chocolate – strawberry)
- 200 g milk carton (plain milk – chocolate – strawberry)
- 1-liter semi-skimmed milk carton
- 200 ml semi-skimmed milk carton
- 1-liter skimmed milk carton
- 200 ml skimmed milk carton
- 400 g yogurt cup
- 165 g yogurt cup
- 105 g yogurt cup

Investment Opportunity Data and Project Location

- The project is proposed to be established in Beheira Governorate – Beni Salama Village – Wadi El Natrun.
- According to the results of the technical study, the project can be established on a surface area of 10,500 m^2, taking into consideration operational spaces, storage areas, and future expansion requirements.
- Mean of disposition: Sale.

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 state 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 preferable that companies established for this purpose be incorporated under Investment Law No. 72 of 2017 in order to benefit from the investment incentives granted to this type of activity.
- Milk collection and yogurt production activities in Egypt are regulated by the Food Industries Chamber, which is 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 manufacturing sectors, including cheese production industries, thereby enhancing their competitiveness.
- This industry requires obtaining an industrial food activity license and must be established in designated industrial zones or lands where such licensing is permitted. Alternatively, it may be licensed under the notification-based framework in accordance with Law No. 15 of 2017. It is also necessary to obtain the required permits from the governorate or the jurisdictional authority, local municipalities, or city authorities, while complying with civil defense and fire safety requirements, as well as approvals from the Industrial Development Authority.
- The project must also be registered with the Egyptian Organization for Standardization and Quality and comply with production standards in accordance with international specifications.
- Given the nature of the project as a food industry activity, approval from the Ministry of Health is required. The project must also obtain the necessary health certificates for all workers involved in production lines handling raw materials, manufacturing processes, and finished products.
- 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 (11) 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 issues in society by contributing to the creation of approximately (40) direct job opportunities for various categories of labor within the project itself, in addition to generating indirect employment opportunities through the supply and distribution chains associated with the project.
- The project also adds value to the national economy by contributing to the Gross Domestic Product (GDP), increasing exports, helping reduce the trade balance deficit, and providing foreign currency.

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 165.5 thousand 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)

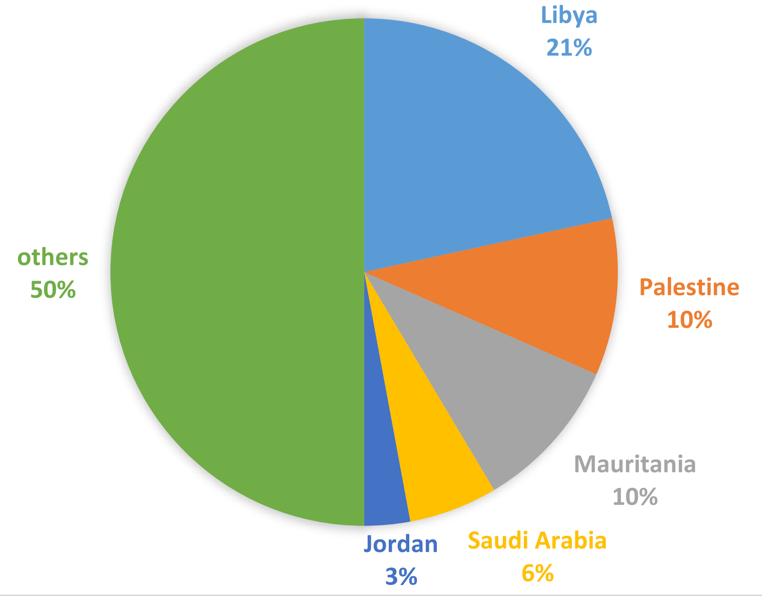
- The benefits of these agreements can be viewed at the following link:

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

1. **Supply Volume**

- According to World Bank data for 2024, Egypt ranked 33rd out of 157 countries worldwide among exporters of dairy products. Egypt's total exports amounted to approximately USD 35.8 million, out of a global total of around USD 12554 million, representing 0.28% of global exports of dairy products.
- Egypt's export values to the top five destination countries can be illustrated as follows- :

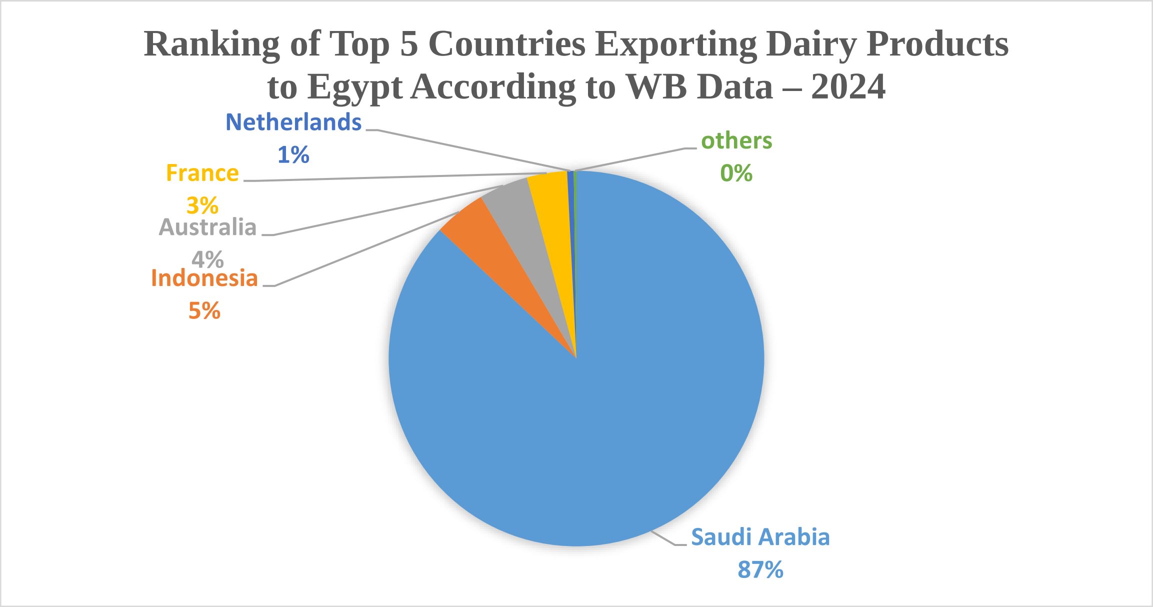
Ranking of Top 5 Countries Importing Egyptian Dairy Products According to WB Data – 2024



- The export values to the top five destination countries were as follows: Libya with USD 13.6 million, Palestine with USD 6.3 million, Mauritania with USD 6.2 million, Saudi Arabia with USD 3.5 million, Jordan with USD 1.8 million, while exports to the remaining countries amounted to USD 31.7 million.

2. **<u>Demand Volume</u>**

- According to World Bank data for 2024, Egypt ranked 130th out of 223 countries worldwide in terms of imports of dairy products. Egypt's total imports amounted to USD 2.3 million, out of global imports totaling approximately USD 12.554 million, representing around 0.018% of global imports of dairy products.
- In 2024, Egypt imported dairy products from five countries. The top five countries can be illustrated in the following chart according to import volume: -

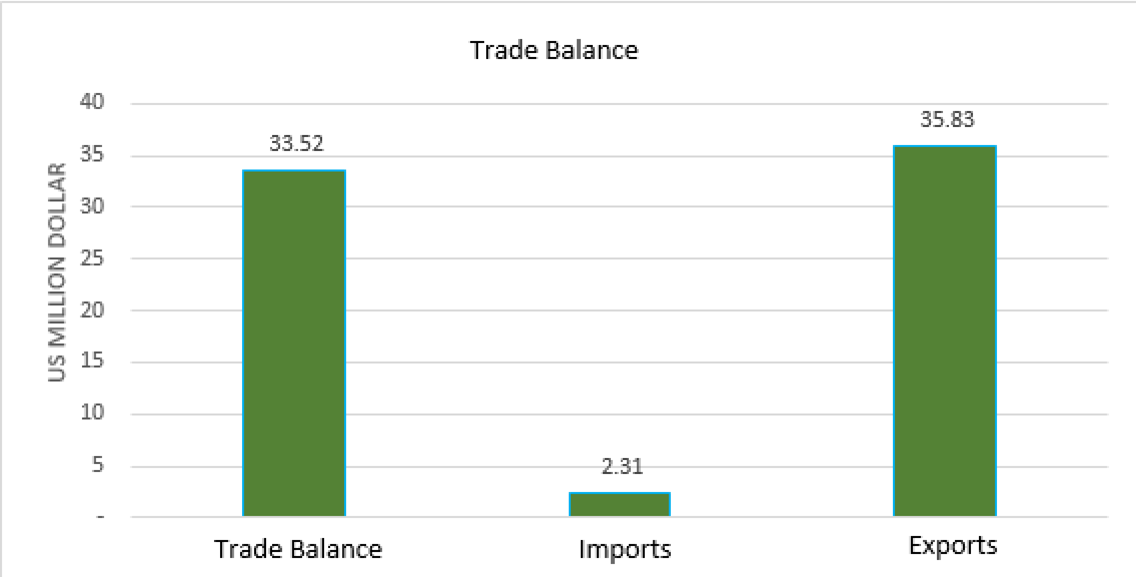


- The value of imports from the top five countries was as follows: Saudi Arabia with USD 2 million, Indonesia with USD 103 thousand, Australia with USD 97 thousand, France with USD 80 thousand, and Netherlands with USD 13 thousand, while imports from the remaining countries amounted to USD 5.3 million.

3. **<u>Trade Balance</u>**

    - Based on the above, it is evident that there is a surplus in production of dairy products, and the proposed project is expected to contribute to increasing export activities to foreign markets.

- As previously illustrated, in 2024 Egypt imported approximately USD 2.3 million and exported about USD 35.8 million. The resulting surplus can be illustrated in the following chart- :



- The chart shows that Egypt achieved a trade surplus of approximately USD 33.5 million.