

Prepared by the New Zealand Embassy in Cairo

Summary

- Egypt is viewed as a new frontier market for New Zealand. While already New Zealand's 29th largest trading partner (second largest in Africa), New Zealand companies operating in Egypt already consider there is good potential for greater growth.
- Egypt is investing significantly in its infrastructure and mega projects. With a population of 101 million, it presents a possible growth market for New Zealand goods and services.

Report

On 12/11/20, NZTE held a Zoom webinar entitled “*Focus on Egypt – Business Talks*” targeting New Zealand businesses considering exporting to Egypt. HOM joined NZTE's Dubai based Africa Trade and Commercial Adviser (M'hamed Bahhar) and NZTE Beachheads–Adviser (Mohammed Hashish), to discuss trade and business opportunities and the business environment with Egypt. NZTE's Beachheads Advisers are private sector consultants with valuable expertise in exporting or entrepreneurship.

Several New Zealand exporters active in the Egyptian market also discussed their experiences.

All presenters, including New Zealand companies active in market agreed that Egypt was “**a new frontier market for New Zealand.**” New Zealand businesses already enjoyed established market penetration in the Arab Gulf - and Egypt was “the next obvious cab off the rank”. Egypt was well positioned for greater trade potential and displayed strong credentials for developing and promoting trade. Egypt was the third largest economy in Africa; was the top Middle East and North African (MENA) destination for generating Foreign Direct Investment (FDI); and Cairo had also been named as one of the top ten global cities for a tech start up in June 2020 (in the Global Startup Entrepreneurship Report rankings).

Hashish advised that the FDI intelligence report for 2020 had shown Egypt had surpassed South Africa as now the most successful destination for FDI projects in the Middle East and Africa region, experiencing a 60% increase from 85-136 projects compared to last year. Egypt had also emerged first in the MENA for attracting capital investment, (which had increased by 12% in 2019 to USD 13.7b). Of all countries in the region, Egypt was the only one expected to maintain GDP growth over the coming four years – the IMF has recently forecast an average 4% economic growth from 2020-2024.

Egypt invests in infrastructure

Hashish noted that the Egyptian government continued to invest heavily in mega projects and infrastructure. These included:

- The **New Administrative Capital**. At 44.1 square kilometres, the new capital would cover twice the landmass of Singapore, and was valued at 20b EGP (USD 1.2B). Companies were encouraged to purchase land at the new city outside Cairo;
- Development of the recently discovered **Zohr gas field** (the **largest natural gas depositary in the Mediterranean**), meant Egypt was now gas self-sufficient and with excess processing capabilities to export LNG.
- The completion of the **Ben Ban solar park** in 2019 outside Aswan, was a photovoltaic power station capable of producing 1650 MWP – and was **the largest solar farm in the world**.
- A **new metro system in Cairo** was being constructed at a cost of 4.4B EGP. Already in its 4th phase of completion, the

network when finished would link up the city and attempt to address Cairo's transport congestion. A sky train was also being developed at a cost of USD 1.5B.

- The **El Dabaa nuclear power** plant on Egypt's north coast, would also ensure Egypt's population of 101 million had access to reliable and continuous energy.
- Following the COVID-19 pandemic, the government had invested in Egypt's **health sector**. Other areas the government was developing included **agriculture** and **education**.

Challenges remain with the Egyptian market

COVID-19 continued to present challenges for the Egyptian economy, including for exporters who were keen to enter and visit the market. As in other markets globally, there was a possibility of further restrictions on commerce and movement due to the COVID-19 pandemic. There could also implications for supply chains and importation and distribution of goods.

Egypt was also often a bureaucratic country to do business in. Several New Zealand companies operating in the Egyptian market advised of the importance of having a local partner to help facilitate business and navigate Egypt's regulatory environment. Hashish advised that the Egyptian government had worked to streamline processes.

New Zealand companies' experiences

Several New Zealand companies presented on the call and outlined their business experiences with Egypt. Insights from these New Zealand companies operating in Egypt and others included:

- **Timeframes were often longer** than other parts of the world. Traders needed to be patient;
- Having a **local agent** helped circumnavigate the often confusing (and regularly changing) legal regulatory environment;
- Often New Zealand companies had to **be innovative and challenge long standing relationships** and monopolies traditionally held by other countries in the market;
- Companies encouraged **using both the Embassy and NZTE to leverage support**.
- **COVID-19** had created challenges with visiting Egypt but innovative new ways of doing business were being developed, and the New Zealand Embassy and NZTE were available to assist businesses on the ground where possible.

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