



## EU Turkey Global Bridge Building Initiative 2013 (EU-Turkey Business Connectivity with Egypt and Tunis)

**Subject: Third Trilateral Matchmaking event with EU-Turkey in Alexandria 26 & 27 May 2013 in ReadyMade Garments – AgroFoods, Dairy & Aquiculture – Renewable Energies – Franchise, Shopping Malls & Construction – Tourism - Transport & Logistics**

Dear Member,

The EU in partnership with the Ministry of Economy of Turkey and the Union of Chambers and Commodity Exchanges of Turkey (TOBB), in cooperation with their Egyptian partners invite you to take part in the third round of the "Global Business Bridges" initiative to be held 26 & 27 May in Alexandria, Egypt.

The initiative aims at facilitating trade and investment partnerships between EU and Turkish companies as consortiums with Egyptian and Tunisian partners by organizing four business match-making events in 2013 in Mersin and Anatalia (Turkey), Alexandria (Egypt) and Tunis (Tunis).

The initiative was supported by a research study carried out by the Ankara-based think tank organisation TEPAV and the Barcelona-based IEMED Institute. The study helped identifying synergies, value chains and sectors where trilateral co-operation can be successful. The study can be downloaded at:

[http://www.tepav.org.tr/upload/files/13560138274.Global\\_Business\\_Bridges\\_Initiative\\_Feasibility\\_Study\\_for\\_Supporting\\_Business\\_Complementarities.pdf](http://www.tepav.org.tr/upload/files/13560138274.Global_Business_Bridges_Initiative_Feasibility_Study_for_Supporting_Business_Complementarities.pdf).

The first business networking and matchmaking events under the initiative took place in Turkey: in Mersin on 7-8 February 2013 for the transportation and logistics sector and in Antalya for 6 other sectors on 21-22 February 2013.

The next event shall be held in Alexandria, 26-27 May 2013 covering the following Sectors/value chains for Egypt: Renewable Energies and applications; Construction; Food and Beverages; Retail and Franchise; textiles; Transportation and Logistics; and Tourism.

The matchmaking events will assist companies to get new business opportunities, in a time where it is crucial to balance declining markets in the Euro Zone by new businesses outside Europe. Turkish companies with EU partners can expand their operations in the Southern Mediterranean Region in cooperation with their Egyptian and Tunisian partners. Where Egypt is now looking for value proposals and reliable business partners to explore the opportunities after the political changes. The initiative offers businessmen first-hand information and contacts to potential partners, experience and market know-how in EU, Turkish, Egyptian, markets.

We are looking forward to your participation by sending back the attached application form.

In case of questions, please do not hesitate to contacting us under the e-mail addresses [magicx@ahk-mena.com](mailto:magicx@ahk-mena.com) (Egypt) [gbbi@tobb.org.tr](mailto:gbbi@tobb.org.tr) (Turkey), [ch@itm-online.de](mailto:ch@itm-online.de) (EU).

Sincerely,

Ahmed El Wakil  
Chairman, Federation of Egyptian Chambers of Commerce



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- **Are you looking for new and promising business opportunities in transportation and logistics?**
  - **Do you need partners who enhance your competitiveness?**
  - **Are you interested in support for entering new markets?**
  - **Do you like to save time & money by entering 3 markets at once?**
- If you say “yes” to one of these questions, please have a look to the**

Tripartite Business Matchmaking Events sponsored by

The EU has launched a new initiative titled EU-Turkey Global Business Bridges in partnership with the Ministry of Economy of Turkey and the Union of Chambers and Commodity Exchanges of Turkey (TOBB). The initiative aims at facilitating trade and investment partnerships between EU and Turkish companies in third countries by organizing three business matchmaking events in 2013 in Turkey, Egypt and Tunisia.

The identified industries is **ReadyMade Garments – AgroFoods, Dairy & Aquiculture –Renewable Energies –Franchise, Shopping Malls & Construction – Tourism - ElectroMechanical & ICT** in Egypt..

The matchmaking events will assist companies from Egypt to get new business opportunities, in a time where it is crucial to balance declining markets in the Euro Zone by new markets outside Europe. Turkish companies can expand their operations in the Southern Mediterranean Region in cooperation with their EU partners, where Egypt and Tunisia are now looking for value proposals and reliable business partners to explore the opportunities after the political changes. The initiative offers businessmen first-hand information and contacts to potential partners, experience and market know-how in EU, Turkish, Egyptian, Palestinian and Tunisian markets.

Business opportunities for EU-Turkish co-operations exist in the following areas:

- Joint transportation services in the target countries
- Specialised logistical services for trade and distribution of products
- Technical advice for clients, firms etc.
- Support of local enterprises through external know-how (planning, making, modernization, maintenance, quality assurance, product, controlling, training etc.)
- Financial participation in local enterprises, project financing solutions
- Cooperation in R & D

Experts assist participating companies in the search for potential counterparts, to meet them, to receive information on important subjects of the business cooperation, and to identify special solutions (technologically, financially) for projects in the above mentioned industry.

Insight views into new developments, markets and technologies, as well as acquisition support on concrete offers will be given by the project. Participating companies will have individual contacts with their potential partners, with representatives of legal authorities, with public and governmental organizations. The visit program is aimed to fit the individual demand of the participants.

### Contact

**Egypt:** Federation of Egyptian chambers of Commerce (Global Bridges Unit) • Phone: (+202) 3333-8479 • Fax: (+202) 3336-8786 • E-Mail: [maqicx@ahk-mena.com](mailto:maqicx@ahk-mena.com) • [www.fedcoc.org.eg](http://www.fedcoc.org.eg)



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**Shopping Malls and Franchise** Egypt and Turkey opened their first shopping malls in 1986 resp. 1988. Today there are close to 300 malls in Turkey while only around 30 in Egypt. 2000's witnessed a boom in shopping malls in Egypt; several mall complexes opened including the largest and second largest shopping malls of the MENA region. The market is still highly unsaturated and is expected to grow hand in hand with the middle class.

Shopping malls have wide-encompassing value chains that bring together SME's in diverse fields such as waste management, security, IT and retail, and offer the early mover's advantage in a rapidly growing market. Shopping malls have backward linkages to construction services, construction materials, safety and security services, electrical engineering, waste management and forward linkages to franchising and retail. The market for modern retail concept and shopping malls in Egypt is unsaturated, with most dense city (Cairo) having less gross leasable area per capita than several similar cities.

Most of the malls in Egypt are located around Cairo. Greater Cairo has 620,000 sqm of shopping mall area, with around 30 shopping malls (Istanbul: 4,1 million sqm area and 126 malls).

Most shopping malls are those that cater to the middle class, while three malls in Cairo (Beymen, First Mall and Galleria) cater to high income consumers. The trend of the past decade showed a rapid increase in the number of major shopping malls. City Stars was the largest shopping mall of the Middle East when it was opened in 2005, and has 150,000 sqm of gross leasable area. It is a part of a USD800 million project including retail, office, residential spaces and three hotels. Mall of Arabia opened in 2011 and surpassed City Stars as the largest mall of Egypt and second largest in the Middle East.

The number of shopping malls is growing fast: Mall of Egypt, 160,000 sqm mall expected to open in 2014. However, the market is unsaturated, with most dense city (Cairo) having less gross leasable area per capita than several similar cities.

Metropolitan Region	Population in millions	Gross Leasable Area in million m <sup>2</sup> (2011)	Gross Leasable Area per 1000 in m <sup>2</sup>
Cairo	19,6	0,62	31,6
Istanbul	13,2	4,1	310,6
Mumbai	20,9	1,26	60,3
Beijing	19,6	1,35	68,9
Jakarta	28,3	3,87	136,7
Mexico City	21,1	3,6	170,6

Increasing security concerns, as well as hot weather, and suburbanization due to high population density of the city is

turning shopping centers into safe, accessible and attractive spaces for leisure activities (urban life factor).

The franchising market offers high potential for growth. There are only 45 operating franchises in Egypt, mostly food and clothing (compared to 1876 in Turkey). Fast-food chain sales reached 2,6 billion in 2010, showing 13% year to year increase. The Growing middle class expected to drive demand: Only 33 passenger cars per 1000 inhabitants as of 2009. (EU: 471, Turkey: 95, and Tunisia: 76).

The retail sales which increased by two-digits in each of the previous years have experienced a crease in 2011. Already in the course of the year 2012 there is a growth visible and 2013 will see again greater dynamics. Although this sector is still dominated by informal enterprises, it offers chances for the organized retail trade, which until now has conquered only small parts of the market volume. The radical changes in 2011 had considerable delays in the planned construction of shopping centers, a revival is apparent as of 2012. This just approaches the Non Food sector as well as foreign business firms and brands, too.

**Aquaculture** Aquaculture is an emerging market in Egypt with predominantly freshwater intensive production, but with little processing. Marine aquaculture is largely missing, but is increasingly demanded in the EU and Egypt.

The total production of both fresh water and sea water fish was 919 thousand tons (2010 est.), with a domestic market size USD1,56 billion (2010 est.). The per-capita fish consumption is 15,9 kg/year, which is higher than Turkey (9kg/year) and close to EU average (22kg/year).

Aquaculture accounts to 65% of total seafood production, a sector of predominantly private firms (99%). Most aquaculture is concentrated in the freshwaters of the Nile Delta. Marine Aquaculture is relatively underdeveloped. Most widespread methods are semi-intensive farming in brackish water ponds or intensive farming in tanks (emerging). Marine fishing is comparatively weak due to underdeveloped seeding facilities and conflict with tourism. A long sea coast rich in natural feeds, is an untapped market

The sector sees a structural change. Informal businesses are being replaced by modern establishments. The domestic Market access is realised both through wholesalers and direct sales. Farmers can sell their goods in agricultural wholesale markets in every large city or make agreements with wholesalers.

The market is regulated by the General Authority for Fish Resources Development (GAFRD) and the National Aquaculture Legislation. R&D activity is mainly performed by government fisheries and the universities in Cairo, Ein Shams, Alexandria, Suez Canal, El Azhar, El Mansura, Tanta, Asuit, Zagazig and Upper Egypt.



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Growth opportunities can be seen in the huge unmet demand: Egypt is a net importer of fish products with imports being 32 times of exports (2010, Source: UN Comtrade):

Commodity Description	Export Value	Import Value
Fish, frozen, excluding fillets	254.317	255.456.343
Fish, prepared or preserved, nes	145.395	104.937.539
Fish fillets, frozen	137.574	33.389.634
Fish, fresh or chilled, excluding fillet	11.601.109	982.931
Crustaceans and molluscs, prepared	14.495	189.351
<b>Total</b>	<b>12.152.890</b>	<b>394.955.798</b>

These figures explain the fast growth: The sector outperformed expectations by the Ministry of Agriculture (1 Million tons by 2017).

This already active value chain has over 300 hatcheries and 16 fish feed manufacturers which provide the necessary inputs for operating.

Market Access is given by preferential trade agreements for seafood with EU and GCC markets

There is a growing demand in the EU, which will reach from 22kg to 24kg per capita per year by 2030, with growth in some Eastern European countries reaching 50%. Marine fish accounting to 75% of consumption, besides the market trends of frozen fillets and ready-to-eat packages in the EU.

This sector has backward linkages to seed and feed production, and forward linkages to processing, freezing and packaging and cold chain storage. Turkish and EU firms can bring their know-how in marine aquaculture and fish processing to combine it with the market expertise and value chain know-how of Egyptian firms. In addition the EU firms can bring their know-how in sustainable and eco-friendly marine aquaculture.

**Dairy market** There are 3334 registered dairy firms active in Egypt, a number higher than all the Mediterranean companies except for Turkey. 95% of the firms in the sector are microenterprises. The country is a net importer of milk, chiefly from New Zealand, USA and EU. In 2011, net imports of milk were USD300 million.

Cheese and curd is the largest dairy export commodity, reaching USD482 million exports with a positive trade balance. Cheese is a rapidly growing export product: showing 68% CAGR (compound annual growth rate) between 2007 and 2011. Main export partners are Saudi Arabia, Iraq, Libya, and Yemen. Butter is a dairy product with a very small export market for Egypt. However Egypt's butter imports reached a level of USD180 million in 2011. Chief import partners are New Zealand and USA.

Growth opportunities can be seen in the very large, young and expanding local market: A population of 82,5 million, with an annual growth rate of 1,96% and a median age of 24,3. However the local market is fragmented: 95% microenterprises point at opportunities in consolidation.

Good quality milk used for production of milk products such as cheese is sourced from expensive imported milk, with a price per net weight of 2,9USD/kg. Key problems in this area are difficulty of finding high quality raw milk and unhealthy production methods in some farms and the spoilage or deterioration of milk quality during transportation and storage.

Complementarities between Egyptian, Turkish and EU firms can improve the quality standards and introduce best practices in this value chain while taking part in the production of fast growing export products such as cheese. This sector has backward linkages to husbandry, production technology, health standards, and forward linkages to packaging equipment, packaging, cold storage and transport.

**Solar Energy** 90% of the total electricity production of Egypt in 2010 was based on Fossil Fuels. Of the remaining 10%, 2,8GW come from Hydropower while 550 MW come from wind energy. The government plans to increase the share of renewables to 20% of electricity supply by 2020. High subsidies on energy distort the consumer incentives and delay the adaptation of solar water heaters.

The country is rich in terms of solar energy: an average annual solar irradiation of 2000-2600 KWh/m2 compared to 1000 KWh/m2 in Central Europe. The first 70MW concentrating solar thermal power plant in the country was inaugurated in 2011 south of Cairo. The contractors were Spanish, suppliers German and operators Egyptian

The business area of solar water heaters is on the verge of major expansion. The removal of energy subsidies, agreed upon by all political actors to ease the 97 billion EGP burden on the state budget, will significantly affect both household and industrial consumer behavior and boost the demand for water heaters. Despite very rich resources of solar energy, only 9 companies are active in Egypt for solar heaters, including one government company. Five companies import and install while four produce locally and install.

There is an opportunity for Turkish and EU businesses to combine their manufacturing and R&D know-how with the design and manufacturing capabilities of Egyptian SMEs.

The market shows demand for special applications for the use of solar power e.g. for heating up water (solar thermal) or production of power. Specifically DC equipment and appliances have a chance for stand-alone (island) solutions such as water pumping, air condition, fridges, for beach houses (500,000 at the Mediterranean coast in Egypt), then solar thermal for swimming pools.



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This sector has backward linkages to plastics and metallic goods manufacture, and forward linkages to the construction services, installation, maintenance and repair services. The low number of market players means that there will be relatively low competition for early movers.

**Tourism** The location of Egypt prepares the country for all year round tourism: Sea resorts are active 11 months a year due to stable and warm weather. Prior to the revolution, Egypt received close to 15 million international arrivals. The visitor arrivals have dropped to 10 million in 2011, but are expected to reach pre-revolutionary levels in mid of 2013. Large hotels dominate: The national average is 207 beds per hotel. Five star hotels host the largest share of visitors: 42% of 50 million nights of stays in 2010 were in five star hotels.

Despite high brand reputation, tourism in Egypt is not diversified. Cultural travels prefer 20% of visitors, with key destinations in Ancient Egyptian sites and Cairo. Sun and Sea attract 80% of tourists, visiting the resorts mainly on the Red Sea and Mediterranean, including scuba diving. Growth opportunities in tourism can be seen in the conference tourism: It is an emerging branch with low operating costs and widespread English proficiency (35% of population).

Another area is ecotourism, which is already emerging in Egypt, where visiting natural heritages on the Nile River and Oases in the desert come up. According to UNWTO, Ecotourism captured 7% of the global tourism market in 2007 and is growing in double digits. Smaller and environmentally and socially responsible hotels, excursion organizations and souvenirs can attract the increasingly environmentally conscious tourists. EU firms can bring know-how and marketing capabilities to help diversify Egyptian tourism.

### Alexandria Matchmaking Event

The event offers interested businesses from the mentioned industries the possibility to build up new and influential contacts in the target countries, to intensify existing contacts or to obtain a first-hand impression on the economic situation and opportunities. The matchmaking event is an active workshop for businesses, during which the participants receive information regarding ongoing plans and projects, have direct negotiations between enterprises and prepare first drafts of co-operations. Another topic will be the presentation of financial programs for projects or target countries. Workshops and trade fair visits will be organized, in addition to visits of companies and project sites. The participating businesses will be carefully prepared and advised by the assigned experts. Together with the project partners in Turkey and business associations, the experts will research suitable partners in the target countries, with which the business meet during the panels. The participating companies will be individually supported in terms of organization, laws and tax issues, and interpretation services where needed.

**Transportation and logistics** Transport and logistics has high importance and a major growth potential in Egypt, especially in third party logistics services and construction and management of logistic hubs. Turkish and EU firms can upgrade the much needed freight and trucking services; and provide logistical services as well as infrastructure within the context of logistic hubs and industrial zones. The sector has cross cutting links to shopping malls, tourism, and food & agriculture value chains.

The transportation sector encompasses 4.1% of the GDP in Egypt and formally employs over 32 thousand people. Egypt has more than 67,728 kilometers of roads, 6,700 kilometers of railways, globally ranked airports in all major urban centers, including an air cargo airport of five terminals in Cairo, 6 seaports on the Mediterranean and 9 on the Red Sea, six dry ports and an extensive network of Nile river transport facilities. 90% of the country's exports are shipped via ports while the 8% of the global maritime trade passes through the Suez Canal, creating revenues of USD5.2 billion a year.

Third Party Logistics (3PL) is however weak and unreliable: Trucking system is underdeveloped, big firms prefer having their own logistics department for reliability. Rail and internal waterways are underutilized, only 0.8% and 1.8% of internal transportation is being shipped by rail and ships. The sector is faced with huge infrastructure problems: Egypt's LPI rank in infrastructure is 106th out of 155.

On the other side, transportation and logistics show growth opportunities. As the sector is strong in demand, major shortfalls in capacity are expected in the next five to ten years, especially in ports and dry ports. Anticipating the demand, the government is investing major resources in the upgrading of the infrastructure: in 2008/09, USD5.49 billion was invested in roads, with upcoming investments in rail and port infrastructure totaling 10 billion USD. The government is implementing a long term project for turning the Suez Canal area into a major international logistics and production center, which offers further opportunities to companies in the sector.

Key opportunities lie in trucking and freight services, development and management of dry ports, logistic hubs and industrial zones.

**Fees:** The participation is free of charge. Flight and hotel cost will be covered by the participants

**Travel:** Flight to and from Alexandria and hotel accommodation can be booked through the project website <http://gbbi2013.eu/acomodation> as of early May

**Application:** Until **30.4.2013** with the enclosed **application form**. The number of participants is **limited to only 1000 companies** from EU, Turkey and Egypt on first come first served basis.



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### *Preliminary*

## Program of the EU – Turkey Global Business Bridge Building Initiative **Matchmaking 3 in Alexandria, Egypt, 26.-27.05.2013**

### **Saturday, 25.05.2013**

Individual Travel of EU and Turkish participating companies to Alexandria, Transfer to Hotel

19.00 Briefing on the final program and practical tips and overnight stay in Alexandria

### **Sunday, 26.05.2013: Summit for the Turkish and EU businesses in Alexandria**

10.00	<p>Welcome Addresses</p> <ul style="list-style-type: none"> <li>- FEDCOC</li> <li>- TOBB</li> <li>- European Union</li> <li>- Government of Turkey</li> <li>- Government of Egypt</li> </ul>
11.00	Coffee Break and press encounter
11.30	Information on Aid & financial programs in Egypt (EIB, EBRD, KfW, AfD, Danida, ..etc)
12.45	Markets & business opportunities in Egypt
13:15	Questions and Answers
13.30	Lunch Break
13.30	Individual B2B Meetings in sectoral panels
19.30	Dinner
	Overnight stay in Alexandria

### **Monday, 27.05.2013**

10.30-18.00 Follow up of B2B talks, group visit to project sites for the different industries in Alexandria

### **Saturday, 23.05.2013**

Individual Flights back