



## **Opportunities for U.S. Agricultural Exports in Egypt and Algeria**

Egypt and Algeria are two of North Africa's fastest-growing markets for the food and beverage (F&B) processing and manufacturing sectors. The sectors currently account for nearly 6 percent of Egypt's gross domestic product (GDP) with more than 10,000 registered establishments according to the Egyptian Chamber of Commerce. While the economy in Algeria is highly dependent on revenues from the oil and gas industry, food processing is still one of the top seven industry sectors. In both countries, locally produced, processed, and manufactured food is expanding. According to Euromonitor, sales of packaged food in both markets stood at \$24.6 billion in 2020, up from \$22.7 billion in 2015. In the next decade, food processing and manufacturing will likely experience significant growth in Algeria while Egypt is predicted to maintain a stable, moderate pace.

Local conditions, as well as government strategies, are a major factor in the growth of each country's F&B processing and manufacturing sectors. For instance, the Egyptian government implemented policies in 2016 that discouraged imports of consumer-oriented products, but prioritized food ingredients imports, with the vision of developing Egypt into North Africa's leading food processing hub. In 2019, this commitment was highlighted by the central bank's \$6.2-billion financial stimulus package, which benefitted local industries, including the food processing sector.

Algeria has one of North Africa's highest per-capita expenditures on food thanks to relatively high disposable incomes and consumers' strong preference for convenient, quality, and premium food and beverage products. Although the local food manufacturing industry is burgeoning and unsaturated, the sector is fundamentally dependent on imports for ingredients and raw materials because of the country's limited agricultural resources. Under these conditions, demand for F&B ingredients will continue to soar, creating an environment for greater U.S. exporter expansion into the Algerian and Egyptian markets.

Favorable factors boosting the food processing industry in both countries include rising populations, growing demand for convenient processed foods, increasing per-capita incomes, and improved production capacities. With a combined population estimated at more than 146 million in 2020, Egypt and Algeria are the largest consumer markets in North Africa. According to Euromonitor, the Middle East and North Africa regions, especially Egypt and Algeria, will experience the world's second-highest growth in both overall and urban population between 2019 and 2030, trailing only Asia. Demographic shifts are expected to reshape consumer lifestyles and purchasing decisions. The urban population, with its increasing purchasing power and affinity for Westernized, convenient, food and beverages, is the largest driver of sales growth.

According to recent macroeconomic projections, strong growth in purchasing power is expected throughout the region. Egypt and Algeria are likely to see some of the highest GDP growth in the region between 2019 and 2030. Rising disposable incomes in these markets are anticipated to translate directly into higher spending by an expanding middle class that is eager to consume more modern and Western foods that require less preparation time. The region's growing demand for convenience products makes it fertile ground for U.S. exports of food and beverage ingredients, as well as dairy products, tree nuts, and pulses. Egypt and Algeria hold strategic geopolitical and geographical positions as access points to the Mediterranean region, Arab countries, and Africa, enhancing their attractiveness in this sector.

## Dairy Products

Global Dairy Product Exports to Egypt and Algeria							
	Values in Million USD					CAGR* (2016-2020)	U.S. Market Share** (2016-2020)
	2016	2017	2018	2019	2020		
<b>Global Exports to Algeria</b>	1,149.8	1,395.3	1,456.5	1,298.7	1,472.3	4.3%	0.8%
Dry Whole Milk & Cream	574.3	705.3	799.7	700.6	769.6	6.0%	0.8%
Skim Milk Powder	258.5	340.2	302.7	273.5	376.6	5.5%	1.7%
Other Dairy Products	163.1	172.0	181.6	182.4	168.6	1.3%	0.0%
Cheese	106.1	116.1	106.8	91.2	117.4	-0.4%	0.1%
Butter & Milk Fat	42.1	54.1	56.0	41.7	21.3	-15.0%	-
Whey	2.7	4.6	7.5	6.2	17.0	49.3%	43.1%
Condensed & Evap. Milk	1.4	1.5	2.0	2.4	1.3	3.3%	-
Ice Cream	0.7	0.4	0.1	0.5	0.4	-8.7%	-
Fluid Milk & Cream	0.8	1.1	0.02	0.3	0.1	-37.4%	26.6%
Yogurt & Buttermilk	0.1	0.03	0.2	0.01	0.03	-34.1%	-
<b>Global Exports to Egypt</b>	736.1	541.2	672.9	716.6	714.0	2.2%	6.4%
Skim Milk Powder	142.6	121.9	119.0	193.4	205.1	12.6%	11.4%
Butter & Milk Fat	170.1	136.3	153.5	139.2	132.6	-4.7%	2.6%
Cheese	120.1	90.3	113.8	120.0	128.5	4.3%	3.3%
Other Dairy Products	137.2	87.8	126.6	103.3	99.9	-4.6%	1.4%
Whey	58.0	53.1	53.7	80.0	75.3	9.8%	27.1%
Dry Whole Milk & Cream	105.0	48.8	101.8	75.9	62.7	-5.7%	0.7%
Yogurt & Buttermilk	0.2	0.4	0.8	1.1	4.4	106.0%	1.7%
Condensed & Evap. Milk	0.7	0.9	1.5	1.3	2.4	33.8%	57.5%
Fluid Milk & Cream	0.7	0.3	0.7	0.9	2.1	43.8%	-
Ice Cream	1.5	1.5	1.4	1.4	1.0	-9.0%	40.2%

Source: Trade Data Monitor

\*CAGR: Compound annual growth rate

\*\* 5-Year Annual Average

Algeria's demand for all types of dairy products, both for local consumption and further processing, saw a 4.3-percent compound average growth rate (CAGR) between 2016 and 2020. According to Trade Data Monitor, \$1.5 billion in dairy products were imported by Algeria in

2020, representing about 30 percent of Algeria's domestic dairy consumption. Algeria is one of the largest importers and consumer of milk powders in the world. (For more information see [Algeria: Dairy and Products Annual](#).) In 2020, Algeria was the largest dairy importing country in Africa and one of the largest globally, according to estimates based on exporters' reported data. Estimated annual per-capita dairy consumption was 114 liters (milk equivalents), the highest in Africa, while dairy represented about 8 percent of average household food expenditures, according to a 2017 study by the Algerian Association of Beverage Producers. The import market is dominated by the European Union (EU), New Zealand, Uruguay, and Argentina, which accounted for more than 93 percent of total dairy exports to Algeria. U.S. market share increased steadily from 0.4 percent in 2016 to 1.8 percent between in 2020.

Drinks made from reconstituted milk powders dominate Algeria's dairy consumption, making the country a significant market for whole milk powder (accounting for more than half of total dairy imports) and skim milk powder (accounting for more than 25 percent of dairy imports). Additionally, Algeria's fresh milk market is growing, as is demand for cheese, yogurt, and dairy-based desserts. Demand for processed dairy products presents opportunities U.S. dairy exporters as production relies on imported for raw materials and ingredients.

In Egypt, imports of dairy products are seeing a CAGR of 2.2 percent, largely driven by demand for skim milk powder, cheese, and whey. Although the EU and New Zealand dominate the market, the United States is the third-largest supplier of dairy products to Egypt. U.S. market share increased from 4 percent in 2016 to 11 percent in 2020. In 2020, the United States accounted for more than 57 percent of Egypt's condensed milk imports, 40 percent of ice cream, and 27 percent of whey, all of which experienced significant growth rates in the last few years.

### **Food and Beverage Ingredients**

Egypt and Algeria import a variety of food and beverage ingredients that are major components of their domestic food processing and manufacturing sector. Due to limited local availability of raw materials and recent government regulations to boost local food processing, the F&B processing industry in both countries is highly dependent on imported ingredients. (For more information see [Algeria: Food and Agricultural Import Regulations and Standards](#).) In Algeria, key F&B ingredient imports in 2020 included mixtures of odoriferous substances, mainly flavorings used in the manufacturing of foods and beverages, (40 percent of total F&B exports), baking inputs, mixes, and doughs (13 percent), dextrin, peptones, and protein concentrates (6 percent), and other ingredients and beverage bases (32 percent). The major suppliers of F&B ingredients to Algeria in 2020 were the EU, Egypt, and Turkey. The United States ranked 10<sup>th</sup> among these supplying countries, and registered a CAGR of 4 percent between 2016 and 2020. Fructose/fructose syrup and dextrin, with a CAGR of 34.5 percent, and peptones and protein, with a CAGR of 14 percent, offer the most growth potential for U.S. exporters.

The Egyptian food and beverage ingredient market is enjoying rapid growth (6 percent CAGR between 2016 and 2020) due to high demand from the retail, food service, and food manufacturing sectors. The top F&B ingredient exports to Egypt in 2020 were mixtures of odoriferous substances, baking inputs, mixes and doughs, and other ingredients and beverage bases. Key exporters were the EU, Switzerland, and the United Kingdom. The United States is

the seventh-largest exporter of F&B products to Egypt, exporting an annual average \$16 million with an average market share of 3 percent between 2016 and 2020. The United States also enjoyed significant market shares in lactose and lactose syrup (22.3 percent) and flavoring or vegetable sap extracts (19 percent) over the same period.

<b>Global Food and Beverage Ingredient Exports to Egypt and Algeria</b>							
	<b>Values in Million USD</b>					<b>CAGR (2016-2020)</b>	<b>U.S. Market Share* (2016-2020)</b>
	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>		
<b>Global Exports to Algeria</b>	417.0	419.2	434.7	421.7	475.3	2.7%	0.7%
Mixtures of Odoriferous Substances	168.9	169.7	188.5	190.0	191.6	3.7%	0.005%
Other Ingredients & Beverage Bases	120.4	131.7	138.0	117.3	153.1	3.7%	1.2%
Baking Inputs, Mixes & Doughs	69.3	66.9	52.5	52.7	60.3	-5.0%	0.02%
Dextrins, Peptones & Proteins	15.8	18.6	20.5	23.5	27.1	14.0%	6.4%
Thickener	10.8	12.0	11.6	13.6	14.8	7.8%	0.6%
Glucose & Glucose Syrup	11.7	8.6	12.8	12.3	12.6	5.0%	-
Other Mixes of Syrups/Sugars	5.4	2.9	6.2	6.0	9.1	19.6%	0.2%
Lactose & Lactose Syrup	2.1	3.0	2.4	2.5	3.1	6.4%	2.0%
Honey	5.2	2.5	0.8	2.2	1.9	-19.7%	-
Flavoring	7.4	3.2	1.4	1.4	1.8	-30.0%	1.4%
Fructose & Fructose Syrup	0.02	0.2	0.05	0.1	0.1	34.5%	-
Molasses	-	-	0.03	-	-	-	-
<b>Global Exports to Egypt</b>	394.5	340.3	416.5	463.8	449.0	5.9%	3.0%
Mixtures of Odoriferous Substances	199.4	190.2	211.2	226.7	202.5	2.1%	1.1%
Other Ingredients & Beverage Bases	85.3	58.4	87.4	105.1	102.2	9.9%	2.4%
Baking Inputs, Mixes & Doughs	36.6	26.6	48.4	57.6	63.6	20.7%	2.3%
Dextrins, Peptones & Proteins	33.7	30.8	30.3	31.3	33.7	0.2%	10.6%
Thickener	14.9	12.2	11.7	12.2	13.5	-2.0%	2.2%
Flavoring	6.0	9.0	13.0	11.6	12.2	18.4%	19.0%
Other Mixes of Syrups/Sugars	5.8	3.9	6.7	8.9	10.5	22.1%	0.4%
Lactose & Lactose Syrup	5.3	4.1	3.4	4.5	5.2	0.9%	22.3%
Glucose & Glucose Syrup	5.7	3.8	3.4	3.4	4.1	-7.4%	2.3%
Honey	0.6	0.5	0.3	0.5	1.0	10.3%	-
Fructose & Fructose Syrup	1.1	0.7	0.2	0.2	0.3	-33.1%	0.5%
Molasses	0.05	0.1	0.6	2.0	0.1	42.9%	-

**Source:** Trade Data Monitor

\*5-Year Annual Average

## Tree Nuts

Demand for tree nuts remains high in Egypt and Algeria, growing at an annual rate of 13 percent and 12 percent, respectively, between 2016 and 2020. Algeria and Egypt are not significant producers of tree nuts and depend largely on imports to meet domestic demand. U.S. tree nuts have built a strong presence and a good reputation among local consumers thanks to high quality,

food safety standards, and stable supply. The United States is the largest exporter of tree nuts to Algeria and Egypt, with 2020 exports to these markets valued at \$32 million and \$51 million, respectively. Major tree nut imports by Algeria include almonds and walnuts; however an adjustment of the import ban on imported almonds will restrict imports during harvest time from June 1 to August 31, 2021. (For more information see [Algeria; Tree Nuts.](#))

In 2020, U.S. tree nut exports to Algeria were comprised of 51.8 percent almonds (\$16.6 million), 42.5 percent walnuts (\$13.6 million), and 5.7 percent pistachios (\$1.8 million). Similarly, for Egypt, the breakdown was 50.1 percent almonds (\$25.6 million), 25.1 percent pistachios (\$12.8 million), 20.2 percent walnuts (\$10.3 million), 2.5 percent mixed and other nuts (\$1.3 million), and 2.1 percent hazelnuts (\$1.1 million).

<b>Global Tree Nut Exports to Egypt and Algeria</b>							
	<b>Values in Million USD</b>					<b>CAGR (2016-2020)</b>	<b>U.S. Market Share* (2016-2020)</b>
	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>		
<b>Global Exports to Algeria</b>	69.2	42.0	47.1	60.5	62.9	1.8%	51.9%
Walnuts	14.2	3.5	8.5	18.6	24.6	32.0%	48.2%
Almonds	26.9	30.4	28.4	26.7	22.1	-5.1%	76.0%
Pistachios	3.7	1.4	4.6	6.7	6.7	32.1%	35.0%
Hazelnuts	3.4	0.2	2.2	3.7	4.9	42.0%	-
Tropical Nuts	8.1	3.1	2.2	1.9	2.9	-22.5%	-
Misc. Nuts & Preparations	12.9	3.4	1.2	2.8	1.8	-33.8%	54.6%
<b>Global Exports to Egypt</b>	90.3	53.9	78.4	83.6	131.3	12.6%	33.9%
Almonds	24.8	8.6	21.2	22.6	32.4	16.2%	65.4%
Hazelnuts	17.8	11.6	17.8	19.5	30.0	16.9%	5.4%
Pistachios	11.5	5.2	9.4	11.1	21.0	21.7%	55.3%
Tropical Nuts	19.0	15.5	11.0	10.6	19.9	-2.9%	-
Walnuts	8.9	5.4	11.4	11.4	17.1	22.8%	63.7%
Misc. Nuts & Preparations	8.3	7.5	7.6	8.5	11.0	6.9%	11.0%

**Source:** Trade Data Monitor

\*5-Year Annual Average

## **Pulses**

Algeria's global pulse imports declined nearly 8 percent from 2016 to 2020, largely due to a decrease in chickpea and kidney bean imports. The United States was Algeria's seventh-largest supplier of pulses in 2020, with a 2.6 percent market share. The reduction in Algeria's global imports caused a 20.5 percent decrease in U.S. exports to the country. U.S. market share is beginning to trend upwards, increasing from 1.1 percent in 2019 to 2.8 percent in 2020. Canada, Mexico, and Argentina are the key U.S. competitors and major suppliers of pulses in the Algerian market.

Egypt is the seventh-largest importer of pulses in the world and the largest in Africa. Trade Data Monitor indicates that Egypt's global pulse imports continued to trend upward, reaching \$356 million in 2020, a 3.5 percent increase from the \$344 million in 2019. The import market for pulses in Egypt is concentrated, with Australia, the EU, and Canada as the key supplying

countries. U.S.-origin pulses accounted for less than 1 percent of the market in 2020. However, compared with the major exporters, U.S. pulses to Egypt experienced significant growth from \$166,000 in 2016 to nearly \$3 million in 2020. Market opportunities exist for U.S. pulse products to Egypt if U.S. exporters overcome the price competition from Australian and European exporters.

<b>Global Pulses Exports to Egypt and Algeria</b>							
	<b>Values in Million USD</b>					<b>CAGR (2016-2020)</b>	<b>U.S. Market Share* (2016- 2020)</b>
	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>		
<b>Global Exports to Algeria</b>	186.6	268.6	209.9	182.0	151.5	-7.7%	2.6%
Chickpeas	76.4	114.3	82.0	61.8	57.9	-11.0%	3.6%
Kidney Beans	50.5	55.9	73.0	71.6	43.6	-0.5%	0.8%
Lentils	50.0	87.6	42.8	38.8	42.3	-10.8%	1.5%
Peas	6.3	7.0	8.5	6.5	4.5	-7.4%	7.3%
Broad and Horse Beans	2.0	1.5	1.3	1.7	1.2	-7.6%	-
Beans (Other)	0.4	0.5	1.1	1.1	1.1	33.0%	67.6%
Small Red Beans	0.0	0.0	0.2	0.2	0.5	92.3%	-
Cowpeas	0.4	0.1	0.4	0.3	0.3	-2.0%	-
Mung Beans	0.2	1.4	0.3	0.02	0.2	-31.9%	8.6%
Pigeon Pea	-	-	-	-	0.0004	-	-
Leguminous Vegetables (Other)	0.4	0.2	0.3	-	-	-	-
<b>Global Exports to Egypt</b>	320.2	282.6	316.7	344.4	356.1	4.2%	0.3%
Broad and Horse Beans	169.0	153.2	194.5	232.6	226.8	10.6%	0.1%
Lentils	86.9	72.4	79.3	50.6	79.3	-5.3%	2.0%
Chickpeas	21.9	24.9	19.8	9.5	15.9	-14.9%	1.7%
Peas	6.6	4.6	5.3	12.2	11.0	22.2%	2.2%
Leguminous Vegetables (Other)	21.2	11.4	6.4	18.2	11.0	-8.1%	0.4%
Cowpeas	0.2	1.6	1.7	5.2	5.7	128.3%	-
Beans (Other)	3.8	6.0	4.5	4.6	3.0	-7.0%	0.7%
Kidney Beans	9.0	7.5	2.9	5.3	1.8	-30.2%	2.6%
Small Red Beans	1.4	0.9	2.0	1.8	1.6	9.1%	-
Mung Beans	0.2	0.1	0.3	4.5	0.0	7.9%	-
Pigeon Peas	-	-	-	0.004	0.01	-	-

**Source:** Trade Data Monitor

\*5-Year Annual Average

For an overview of the food laws and regulatory environments in Algeria and Egypt as they relate to food and agricultural exports, please reference the latest Food and Agricultural Import Regulations and Standards (FAIRS) report from the USDA's Office of Agricultural Affairs in [Algiers](#) and the USDA's Office of Agricultural Affairs in [Cairo](#).

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