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Egypt's Manufacturing Sector

# Seizing on an Advantageous Product Space Position

Sebastian Bustos & Muhammed Ali Yildirim

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# Seizing on an Advantageous Product Space Position


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## An overview of Egypt

A study of Egypt's product space reveals that its future development opportunities lie mainly in the machinery, chemical, plastics, and foodstuff clusters. Table 1 lists the target sectors that the methodology identifies as those strategic for Egypt's future.[1]

The product community with the greatest number of target products is the machinery cluster, with 13 products (HS2:84-85). Following closely is the foodstuff cluster with a total of 12 products (HS2:16-24). In the chemical & allied industries cluster, the methodology identifies seven target products (HS2:28-38), while in plastics/rubbers there are eight (HS2:39-40). Taking into consideration the largely developed textile sector in Egypt, it is not surprising that the methodology identifies seven products in this community (HS2:50-63). While products in the foodstuff and textile community are closer in distance in terms of productive knowledge and capabilities of the country, products in the machinery and chemicals & allied industry have a higher Product Complexity Index (PCI). Therefore, developing them would have a larger impact on Egypt's average complexity. As can be seen in the table, the country currently has a presence in almost all of the communities included on the target list.

1 Please see the introduction for a detailed methodology. http://www.lcps-lebanon.org/publication.php?id=294&category=900&year=2017

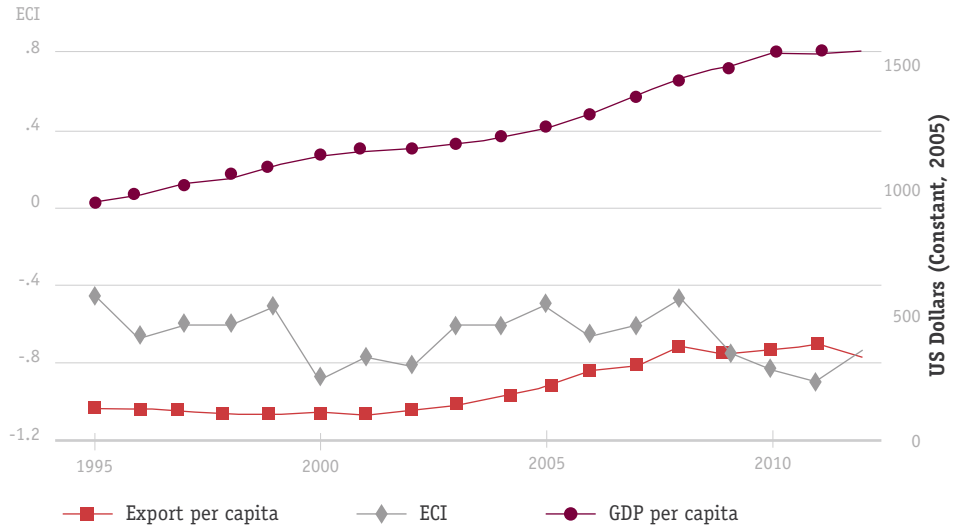
Table 1 **Summary of target sectors**

| HS2 | Product name | Product Targets | Product World Exports ($) |
|---|---|---|---|
| 84 | Machinery and Mechanical Appliances, Computers, Boilers, Nuclear Reactors | 11 | 1900 B |
| 39 | Plastic and Articles Thereof | 5 | 242 B |
| 85 | Electrial Machinery | 5 | 1772 B |
| 22 | Beverages, Spirits and Vinegar | 4 | 93 B |
| 40 | Rubbers and Articles Thereof | 3 | 122 B |
| 63 | Made-Up Text. Articles Nesoi, Needlecraft Sets, Worn Clothing, Rags | 2 | 22 B |
| 61 | Articles of Apparel and Clothing Accessories Knited/Crocheted | 2 | 22 B |
| 32 | Putty and Inks, Dyes, Pigments, Paints and Putty | 2 | 54 B |
| 16 | Ed. Prep of Meat, Fish, Crustaceans, Etc. | 2 | 44 B |
| 87 | Vehicles other than Rail/Tramway Rolling Stock | 2 | 1202 B |
| 24 | Tobacco and Manuf. Tobacco Subs. | 2 | 35 B |
| 23 | Food Industries Residue and Animal Feed | 2 | 63 B |
| 62 | Articles of Apparel and Clothing Accessories-Not Knitted/Crocheted | 2 | 53 B |
| 56 | Wadding, Felt and Nonwovens, Special Yarns, Twine, Cordage, Ropes and Cables and Articles | 2 | 20 B |
| 33 | Oils and Resinoids, Perfumery, Cosmetics | 2 | 52 B |

| HS2 | Product name | Product Targets | Product World Exports ($) |
|---|---|---|---|
| 94 | Furniture, Bedding, Lighting, Prefabricated Buildings | 1 | 111 B |
| 64 | Footwear/Gaiters and Such | 1 | 111 B |
| 19 | Preps. of Cereals, Flour, Starch or Milk | 1 | 15 B |
| 30 | Pharmaceutical Products | 1 | 456 B |
| 58 | Special Woven Fabrics, Tufted Text. Lace | 1 | 8 B |
| 28 | Inorganic Chem, Precious Metal Compounds, Isotopes | 1 | 95 B |
| 60 | Knitted/Crocheted Fabrics | 1 | 24 B |
| 31 | Fertilizers | 1 | 44 B |
| 34 | Soaps, Waxes, Candles | 1 | 8 B |
| 21 | Misc. Edible Preparations | 1 | 3 B |

**K = thousand, M = million, B = billion**

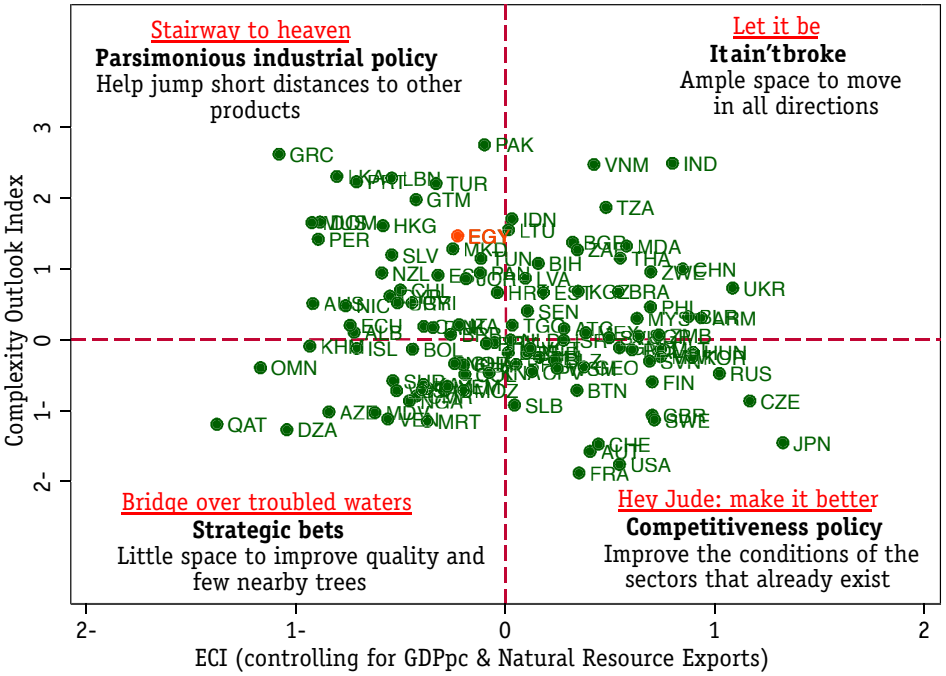
Figure 1 **Evolution of Egypt's complexity, GDP and exports**




Note **Own calculation using HS4-level trade data from United Nations COMTRADE, and the World Development Indicators from the World Bank Database.**

Egypt's GDP per capita has been rising in recent years to over $1,500 in 2012 (figure 1). Exports per capita have also increased, although at a slower pace. Despite these increases, Egypt's Economic Complexity Index (ECI) has been relatively stagnant since 1995. In fact, the small reduction seen in this value over the years indicates that the average complexity of Egypt's products has not evolved positively. As will be seen in the following sections, Egypt has increased the diversity of its production, but has not moved into more complex products.

Figure 2 **Summary of Egypt in the product space**




Note **Own calculation using HS4-level trade data from United Nations COMTRADE, and the World Development Indicators from the World Bank Database.**

Despite Egypt's stagnant ECI, the country has the potential to climb what is termed the 'Stairway to Heaven' by jumping short distances to more complex products. Although Egypt's average complexity is not high, it is well located in the product space and has, on average, shorter distances to more complex products, as indicated by its relatively high COG index values. By moving into nearby, more complex products using to a large extent productive knowledge that already exists within the country, Egypt can increase the complexity of its product space and improve its income level. Countries similar to Egypt that are located in the upper left quadrant of the figure, call for what this study terms parsimonious industrial policy or industrial policy 'in the small'. Egypt should focus on providing support and public inputs (such as infrastructure and regulation) to existing industries with the aim of improving their productivity and ability to jump to nearby opportunities.

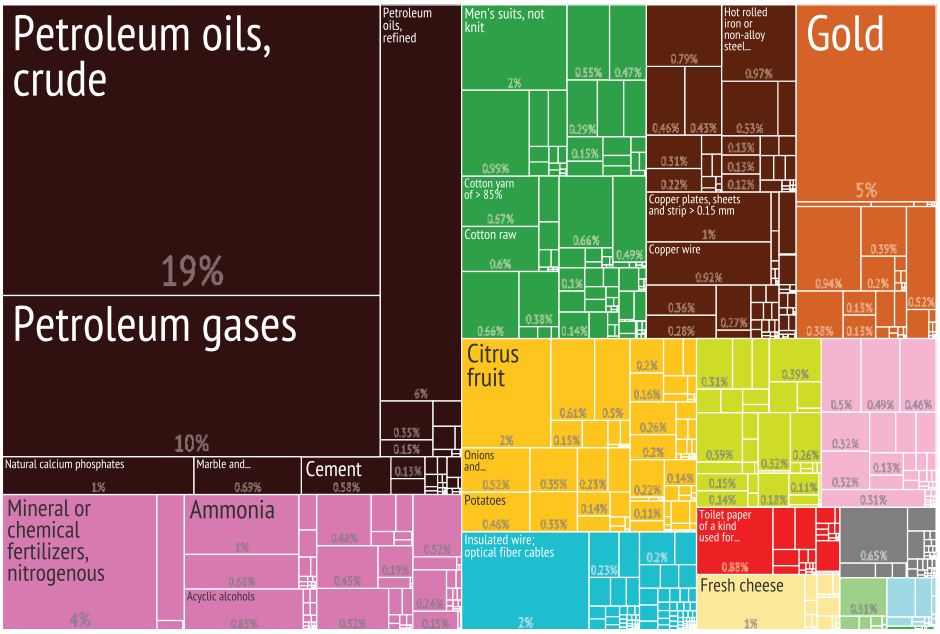
## Egypt's productive structure

Figure 3c shows that Egypt's exports have increased significantly in recent years. More interesting is the increased participation of the chemical sector, which by 2012 accounted for over 10% of net exports. Nevertheless, considering the stagnant ECI, the increase was in intensive margin and not in diversification within the sector.

From figures 3a and 3b it is possible to see that while Egypt has considerable variety in the products it exports, it is still largely natural resource and agricultural based. Petroleum oils and gases account for over 30% of its net exports. When considering all natural resource-based or agricultural products, this share is above 50%. Egypt would benefit from moving away from a resource-based export basket into more complex and interconnected sectors such as chemicals and machinery.

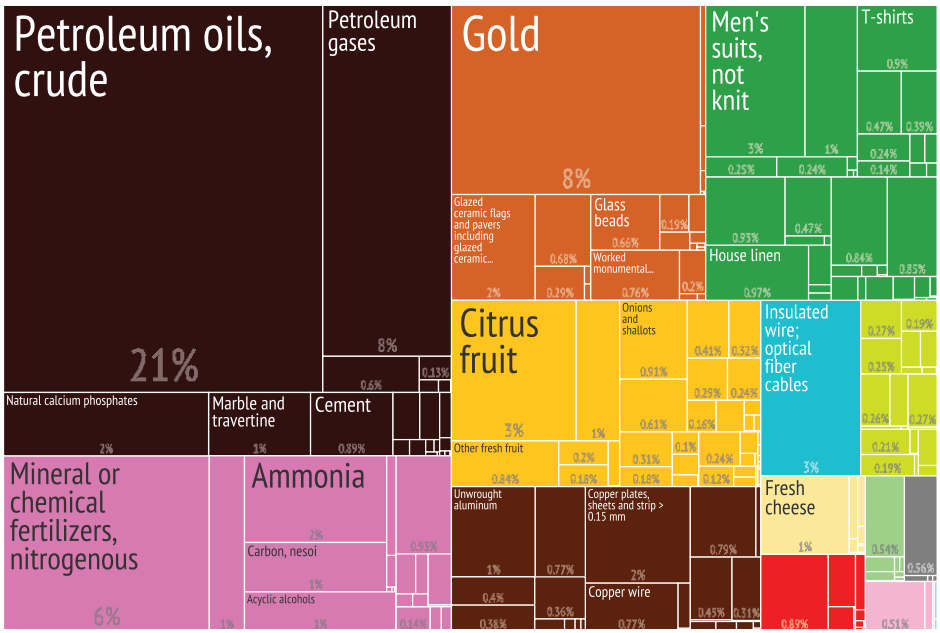
Figure 3 **Egypt's trade structure 2012 and evolution of its exports per capita (1995-2012)**

a **Exports of Egypt**



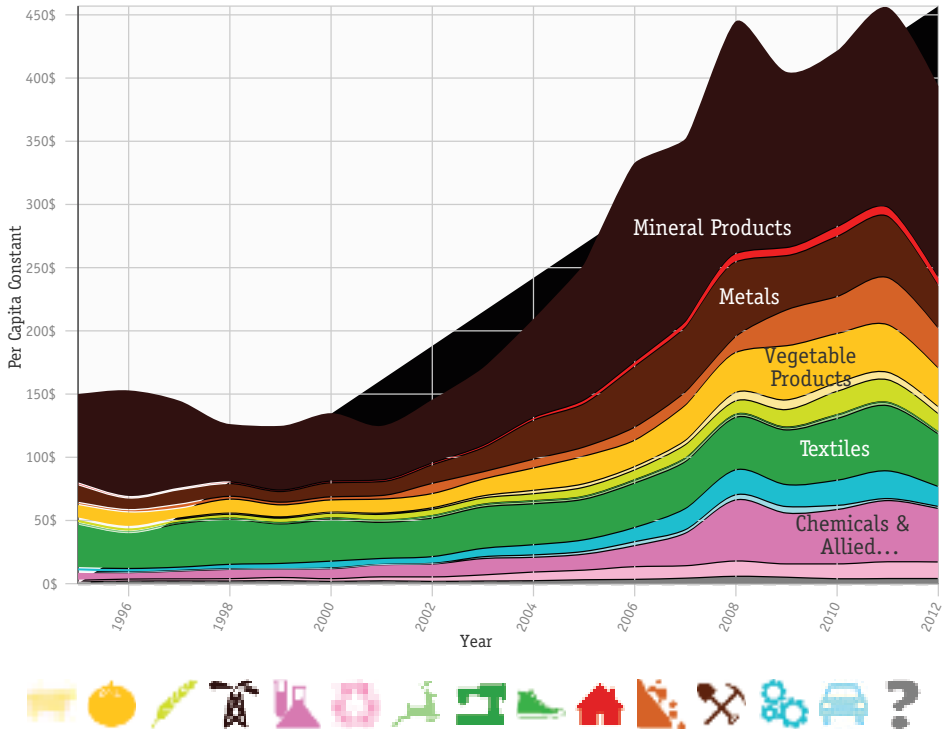

**Egyptian exports totaling approximately $34.9 billion**

## b Net exports of Egypt




**Egyptian net exports totaling approximately $19.4 billion**

## c Evolution of exports

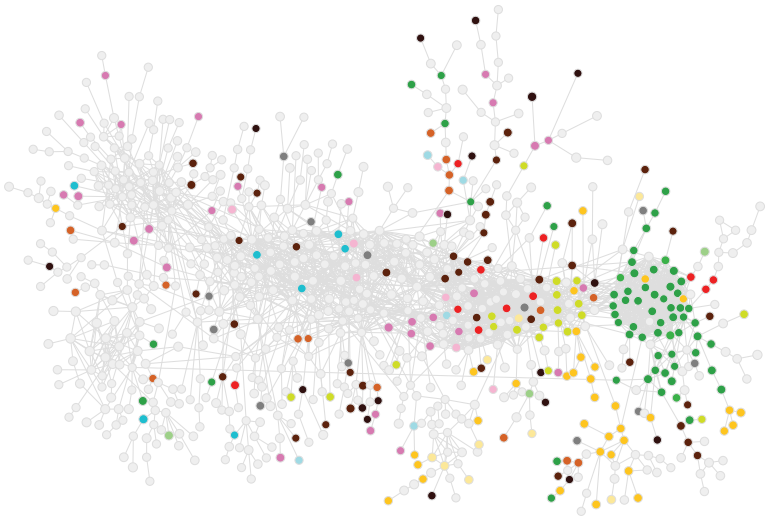



Note **Own calculation using HS4-level trade data from United Nations COMTRADE. Products are colored according to the communities that they belong according to the above legend.**

Figures 4a and 4b show Egypt's product space and its changes from 1995 to 2012. This visualization offers a sense of the type of productive knowledge present in the country and what nearby possibilities could be developed. The figures show that Egypt lost its fair share in some products between 1995 and 2012.

Figure 4 **Egypt on the product space**

a **1995**



b **2012**



Note **Own calculation using HS4-level trade data from United Nations COMTRADE. Node size is proportional to world trade. Solid colored nodes indicate the products in which Egypt is competitive in world markets (i.e. RCA> 1). The nodes are colored according to the communities that they belong to.**

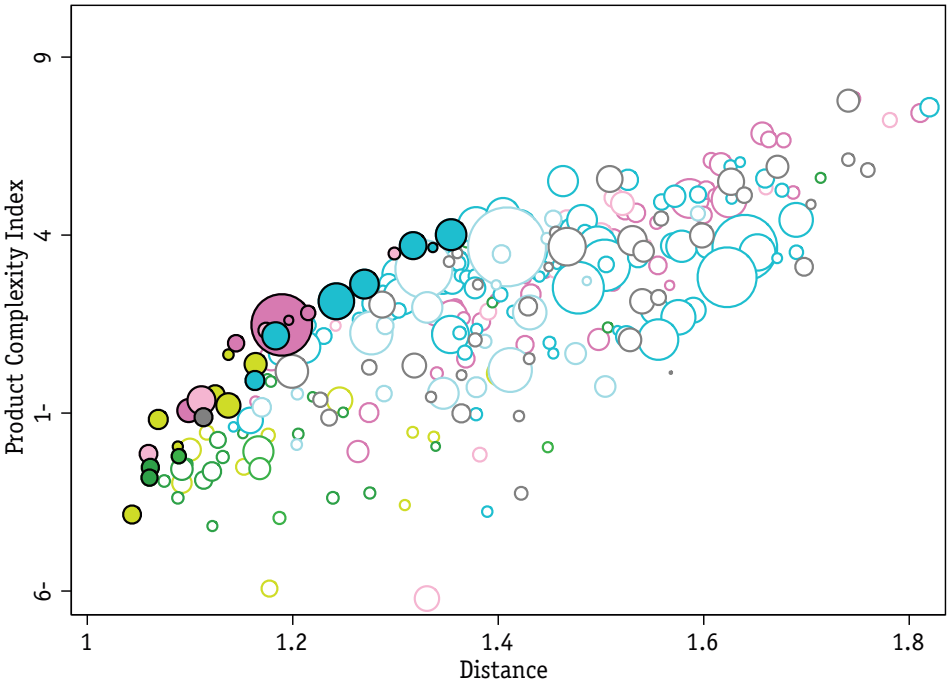
Additionally, the country mostly produces low-complexity materials, which are located on the right side or periphery of the product space, making knowledge accumulation and transitions to more complex products more difficult. This is the case with Egypt's most important exports, oil and resource-based products, which are, broadly speaking, located in the sparse part of the product space. Similarly, Egypt, like many developing countries, has an important presence in textile and agricultural industries (green and yellow), which are found in the right (less complex) region of the product space. It should be noted that the number of products (with RCA greater than 1) within these clusters diminished from 1995 to 2012, particularly textile products. This could be because Egypt has lost its competitiveness in these sectors.

Despite the strong concentration of periphery products in Egypt's product space, the country has some presence in industries located in the central sections of the product space, particularly in the machinery (blue) and chemicals (purple) clusters of the product space. These sectors may be used as anchors for the future development of the country, being an important step toward increasing the diversity of Egypt's exports by populating the product space, moving from the simpler products on the right side to more complex products on the left side.

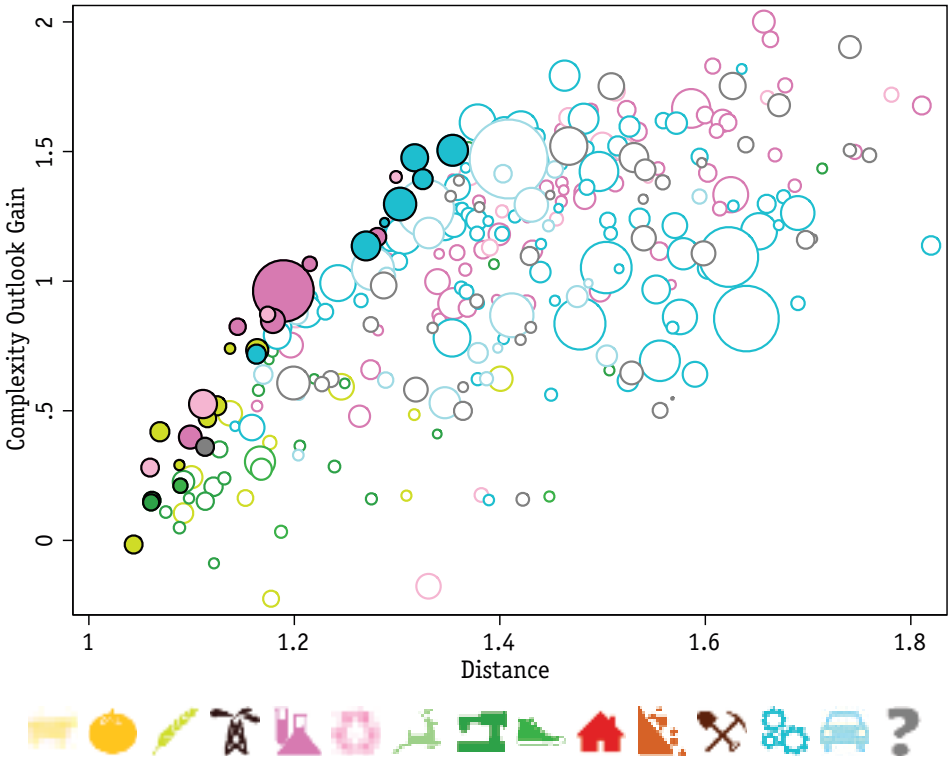
To shed light on how to increase the average complexity of a country's production, the product space analyzed above can provide clues about what new products are feasible given Egypt's constraints. Figures 5a and 5b highlight products that are attractive based on PCI and Complexity Outlook Gain index (COG), respectively. A detailed description of products on the target list is provided in table 2. These products signal to strategic clusters in Egypt for which a parsimonious industrial policy should aim to provide support and public inputs to improve their productivity and ability to jump to new opportunities.

Figure 5 **Strategic bets for Egypt**

a **Product Complexity Index**




b **Opportunity Gain Index**




Note **Own calculation using HS4-level trade data from United Nations COMTRADE. Node size is proportional to world trade. Solid colored nodes indicate the strategic bets. The nodes are colored according to the communities that they belong to.**

As can be inferred from its Complexity Outlook Gain (COG), Egypt is close to many complex products. From the figures above it is possible to see that the target products are in the machinery, chemical, plastics, textile, or foodstuff clusters. As a group, the textile and foodstuff clusters are relatively close considering that the country possesses the inputs required for its production and therefore should be easier to 'conquer'. Nevertheless, these products have lower PCI or opportunity gain, making them less desirable. On the other hand, the machinery cluster is farther in distance and therefore harder to develop based on present productive knowledge in the country, but has higher values of PCI and COG. New products belonging to this community would increase the average complexity of Egypt's export basket, compensating for the cost of developing them. In between these two clusters are a few strategic products in the chemical community, which are closer in distance than most machinery products, but have higher PCI and COG than the textile bets.

A few products in the chemical and machinery communities stand out in the figures above given the world trade in those product categories. The product with the largest potential market is medicaments, packaged (code 3004), whose world trade for 2012 was over $330 billion. In the machinery community there are four products considered whose world trade is over $40 billion: Electrical transformers (8504), pumps for liquids (8413), centrifuges (8421), and electrical boards and panels for protecting electrical circuits (8537). Nevertheless, although the level of world trade of a product category is an important aspect to be considered, the distance and PCI or COG are the driving variables that are used in order to identify strategic opportunities. By considering the tradeoff between existing productive knowledge (distance), complexity of a new product, and future diversification possibilities that the new productive knowledge will bring, a country is more likely to be successful in diversifying its products space.

Table 2 **Recommendations for Egypt**

| HS4 | Product name | RCA-2012 | Distance | PCI | Target rank | World Trade ($) | Top Importers | Top Exporters |
|---|---|---|---|---|---|---|---|---|
| 3307 | Shaving products | 0.5 | 1.1 | 1.0 | 1 | 10 B | DEU GBR USA | DEU GBR CHN |
| 2105 | Ice cream | 0.6 | 1.1 | 0.6 | 2 | 3 B | GBR FRA DEU | DEU FRA BEL |
| 2202 | Waters flavored or sweetened | 0.9 | 1.1 | -1.2 | 2 | 15 B | USA GBR DEU | AUT DEU CHE |
| 3925 | Plastic builders' ware | 0.3 | 1.2 | 1.3 | 4 | 9 B | USA FRA DEU | CHN DEU POL |
| 8419 | Machinery, plant or laboratory equipment involving a change of temperature such as heating, cooking, roasting | 0.1 | 1.3 | 3.7 | 4 | 37 B | USA CHN DEU | DEU USA CHN |
| 4008 | Plates, sheets, strip, rods and profile shapes, of vulcanized rubber | 0.4 | 1.3 | 3.5 | 6 | 4 B | USA DEU NLD | DEU USA CHN |
| 3923 | Packing of goods | 0.9 | 1.1 | -0.6 | 7 | 42 B | USA DEU FRA | CHN DEU USA |
| 3105 | Mineral or chemical fertilizers, mixed | 0.5 | 1.1 | -0.9 | 8 | 24 B | IND BRA THA | RUS USA CHN |
| 2203 | Beer | 0.2 | 1.1 | -0.6 | 9 | 12 B | USA FRA GBR | MEX NLD DEU |
| 3924 | Plastic tableware, kitchenware or other household products | 0.7 | 1.1 | -2.1 | 9 | 13 B | USA FRA DEU | CHN DEU ITA |
| 3405 | Polishes and creams | 0.3 | 1.2 | 1.6 | 11 | 2 B | KOR TWN DEU | JPN USA DEU |
| 3004 | Medicaments, packaged | 0.4 | 1.2 | 1.5 | 11 | 331 B | USA DEU BEL | DEU USA CHE |
| 1901 | Malt extract | 0.5 | 1.1 | -0.5 | 13 | 15 B | CHN GBR USA | NLD FRA DEU |
| 2201 | Waters natural | 0.1 | 1.1 | -1.9 | 14 | 3 B | HKG USA JPN | FRA CHN ITA |
| 8537 | Electrical Boards and panels for protecting electrical circuits | 0.7 | 1.3 | 2.6 | 15 | 44 B | USA CHN DEU | DEU CHN JPN |
| 1601 | Sausages | 0.0 | 1.2 | 1.4 | 17 | 4 B | GBR DEU JPN | DEU USA ITA |
| 9404 | Mattress supports; articles of bedding | 0.1 | 1.1 | -1.1 | 17 | 13 B | USA JPN DEU | CHN POL DEU |
| 2309 | Preparations of a kind used in animal feeding | 0.1 | 1.2 | 0.4 | 17 | 23 B | DEU USA JPN | NLD USA FRA |
| 8418 | Refrigerators, freezers | 0.9 | 1.2 | 1.2 | 19 | 38 B | USA DEU FRA | CHN MEX ITA |
| 6115 | Panty hose, tights, stockings, socks and other hosiery | 0.5 | 1.1 | -2.5 | 19 | 11 B | USA JPN DEU | CHN ITA TUR |
| 3214 | Glaziers' putty | 0.7 | 1.2 | 1.8 | 21 | 7 B | DEU RUS CAN | DEU USA BEL |
| 8504 | Electrical transformers | 0.3 | 1.2 | 2.1 | 22 | 79 B | USA HKG DEU | CHN DEU JPN |
| 6211 | Active wear, not knit | 0.7 | 1.1 | -2.8 | 22 | 10 B | USA JPN FRA | CHN FRA VNM |
| 6406 | Parts of footwear | 0.1 | 1.1 | -2.2 | 24 | 7 B | ITA DEU RUS | CHN ITA IND |
| 8426 | Ships' derricks; cranes | 0.0 | 1.2 | -0.1 | 25 | 15 B | USA RUS SGP | CHN DEU USA |
| 2208 | Alcoholic preps for beverages | 0.0 | 1.1 | -0.8 | 26 | 28 B | USA CHN RUS | GBR FRA USA |
| 2401 | Tobacco, raw | 0.1 | 1.0 | -3.9 | 28 | 13 B | CHN USA DEU | BRA USA IND |
| 8421 | Centrifuges | 0.2 | 1.4 | 4.0 | 28 | 53 B | USA DEU CHN | DEU USA CHN |
| 8530 | Electric signal, safety and traffic controls, railways, waterways, parking or airfields | 0.0 | 1.3 | 3.7 | 28 | 2 B | USA CHN DEU | DEU SWE ESP |
| 6112 | Active wear | 0.9 | 1.1 | -2.9 | 31 | 4 B | USA DEU ITA | CHN IDN DEU |
| 2402 | Cigars | 0.1 | 1.1 | -2.0 | 31 | 22 B | ITA FRA JPN | DEU NLD POL |
| 2306 | Cotton seed oilcake | 0.5 | 1.1 | -1.6 | 31 | 7 B | USA NLD ESP | CAN UKR IDN |

| HS4 | Product name | RCA-2012 | Distance | PCI | Target rank | World Trade ($) | Top Importers | Top Exporters |
|---|---|---|---|---|---|---|---|---|
| 8424 | Mechanical appliances for dispersing liquids or powders; fire extinguishers; spray guns; steam or sand blasting machines | 0.2 | 1.3 | 3.5 | 33 | 17 B | USA CHN DEU | CHN DEU USA |
| 6306 | Tarpaulins, awnings and sunblinds | 0.2 | 1.1 | -2.4 | 34 | 3 B | USA DEU FRA | CHN DEU PAK |
| 3916 | Monofilament | 0.5 | 1.2 | 1.5 | 35 | 5 B | FRA DEU USA | DEU TUR CHN |
| 6002 | Knit or crochet fabric, width < 30 cm > 5% elastomer | 0.9 | 1.1 | -2.6 | 36 | 21 B | HKG CHN VNM | CHN KOR TWN |
| 3304 | Beauty or make-up preparations | 0.2 | 1.2 | 0.5 | 37 | 28 B | USA GBR DEU | FRA DEU USA |
| 8432 | Agricultural, forestry machinery for soil preparation | 0.0 | 1.2 | 1.5 | 38 | 8 B | USA FRA RUS | DEU USA ITA |
| 8474 | Machinery for working earth, stone, and other mineral substances | 0.3 | 1.2 | 0.7 | 40 | 19 B | RUS USA CHN | DEU CHN USA |
| 6301 | Blankets and traveling rugs | 0.3 | 1.1 | -3.4 | 40 | 4 B | USA JPN SAU | CHN IND KOR |
| 1604 | Prepared or preserved fish | 0.0 | 1.1 | -3.0 | 40 | 16 B | USA JPN ITA | THA CHN ECU |
| 8716 | Trailers and semi-trailers | 0.1 | 1.2 | 1.1 | 42 | 22 B | CAN USA DEU | DEU USA CHN |
| 8413 | Pumps for liquids | 0.1 | 1.3 | 2.9 | 42 | 62 B | USA DEU CHN | DEU USA CHN |
| 2833 | Sulfates; alums; peroxosulfates (persulfates) | 0.3 | 1.2 | -0.7 | 44 | 3 B | USA BRA JPN | CHN DEU ESP |
| 5601 | Wadding of textile materials | 0.4 | 1.2 | -0.0 | 46 | 2 B | RUS FRA JPN | ITA CHN NLD |
| 6212 | Brassieres and parts thereof, not knit | 0.3 | 1.1 | -1.8 | 46 | 9 B | USA HKG JPN | CHN LKA IDN |
| 8531 | Electric sound or visual signaling apparatus | 0.1 | 1.3 | 2.6 | 46 | 15 B | USA DEU HKG | CHN USA DEU |
| 8437 | Machines for cleaning, sorting or grading seed; machinery used in the milling industry or for the working of cereals or dried leguminous vegetables | 0.0 | 1.1 | -1.4 | 48 | 2 B | IND RUS USA | CHN CHE ITA |
| 8434 | Milking and dairy machines | 0.0 | 1.3 | 2.5 | 48 | 2B | DEU FRA BLR | DEU NLD SWE |
| 8546 | Electrical insulators of any material | 0.3 | 1.3 | 1.9 | 50 | 3B | USA CHN SWE | CHN DEU ITA |

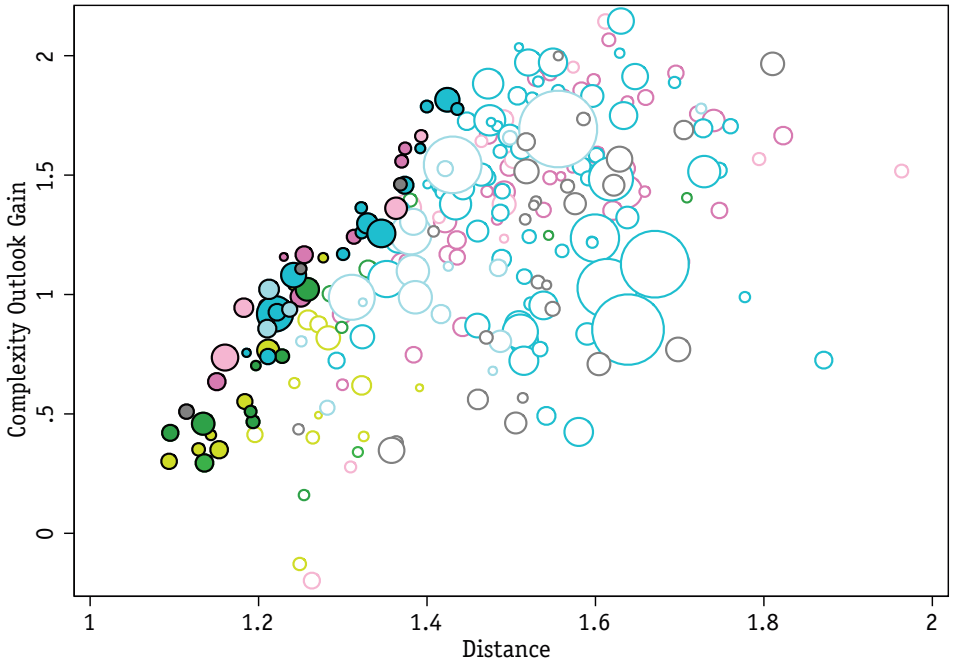
**K = thousand, M = million, B = billion**

The previous exercise is now repeated for the year 2000 to identify target products given a hybrid rank that combines the ease and attractiveness of the product and to compare its results with data from 2010 to analyze whether they were developed. It can be observed from the figures above that Egypt has diversified into approximately 30% of the products that are on the target list for year 2000 (red), which validates our approach. Additionally, Egypt developed several (yellow) products that are not among identified target products but are relatively close to products selected according to the methodology. Nevertheless, there are several products (in blue) that have high attractiveness and are also relatively easy to conquer that were not developed in Egypt by 2010. These are interpreted as missed opportunities. These blue products warrant special attention as they might also hint to the presence of market failures in the country. As can be seen in figures 6a and 6c, most of them are in the machinery and chemical cluster. A detailed description of these products is provided in table 3.

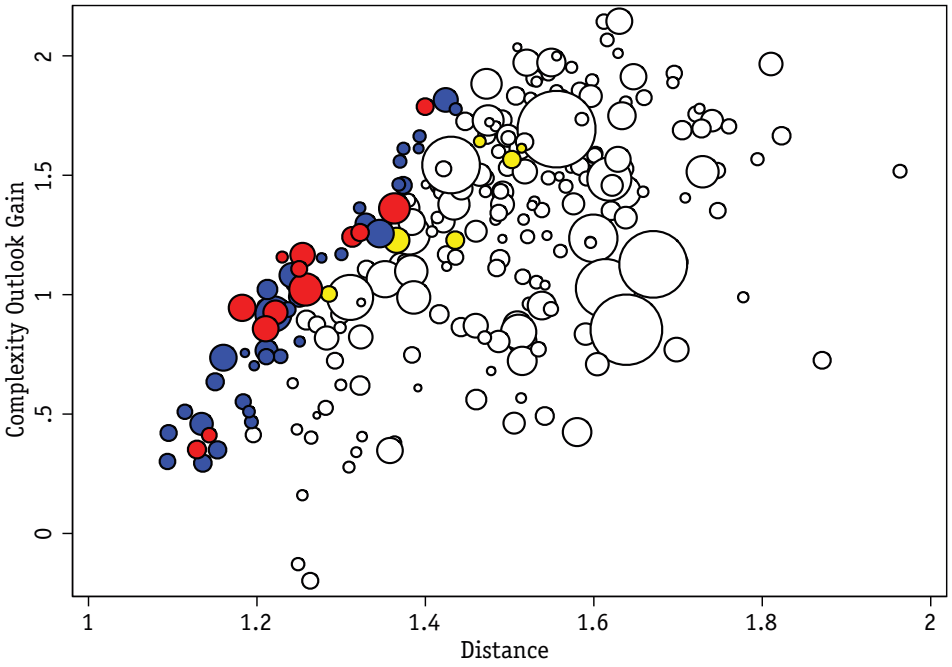
From the table below, it should be highlighted that most blue products (those that do not reach our benchmark RCA>1) increased their revealed comparative advantage value significantly but not enough to claim these industries as 'conquered' by Egypt. Only four products (out of the 50 identified) decreased their RCA from 2000 to 2010.

Figure 6 **Strategic bets for Egypt in year 2000**

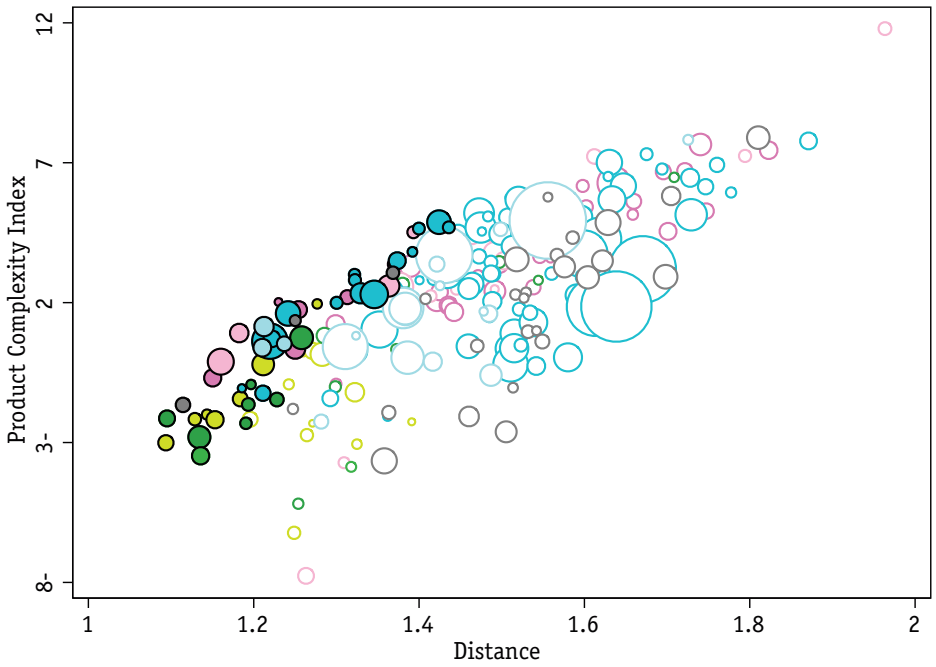
a **Opportunity Gain Index 2000**



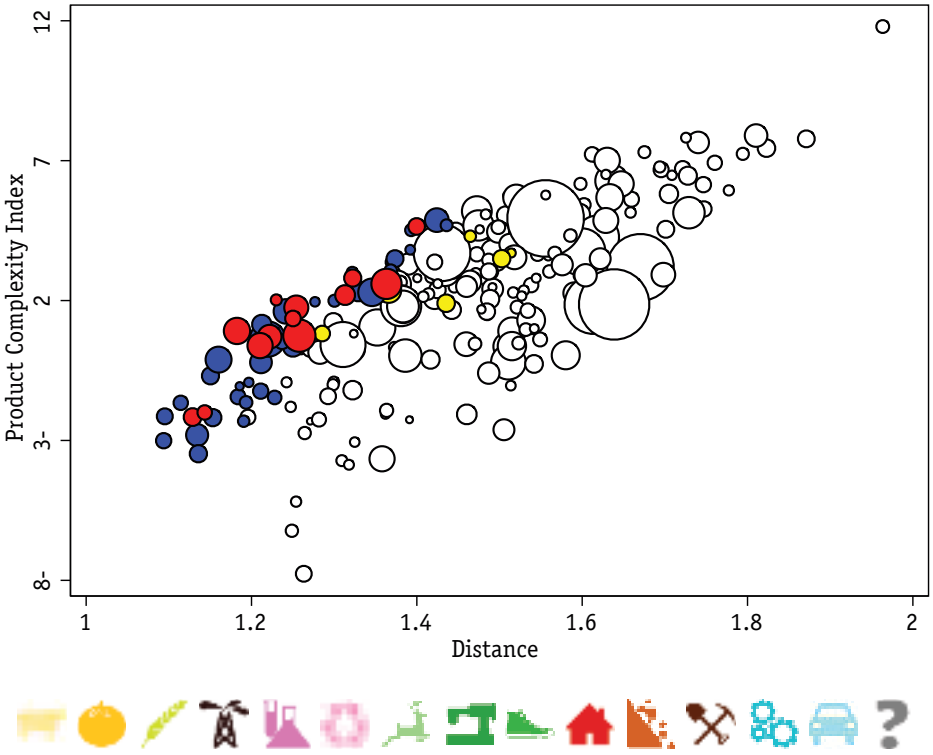
b **Opportunity Gain Index 2010**




c **Product Complexity Index 2000**



d **Product Complexity Index 2010**




Note **Own calculation using HS4-level trade data from United Nations COMTRADE. Node size is proportional to world trade. The nodes are colored according to the communities that they belong to in (a) and (c). In figures (b) and (d), Red nodes are conquered by Egypt and were also in our target list, Blue nodes are not conquered by Egypt and were in our target list. Finally, Yellow nodes are conquered but were not in the target list.**

Table 3 **Strategic bets for Egypt in year 2000**

| HS4 | Product name | RCA-2000 | RCA-2010 | Distance | PCI | COG | World Trade ($) | Target rank |
|---|---|---|---|---|---|---|---|---|
| 3814 | Organic composite solvents and thinners | 0.6 | 3.4 | 1.2 | 2.0 | 1.2 | 707M | 1 |
| 3917 | Tubes, pipes and hoses and fittings | 0.1 | 1.2 | 1.2 | 0.9 | 0.9 | 7 B | 2 |
| 8716 | Trailers and semi-trailers | 0.3 | 0.5 | 1.2 | 1.1 | 1.0 | 8 B | 3 |
| 3209 | Paints and varnishes, aqueous | 0.1 | 1.1 | 1.2 | 0.7 | 1.0 | 2 B | 4 |
| 8418 | Refrigerators, freezers | 0.6 | 1.3 | 1.2 | 1.6 | 1.1 | 15 B | 5 |
| 8432 | Agricultural, forestry machinery for soil preparation | 0.0 | 0.0 | 1.3 | 3.0 | 1.4 | 2 B | 6 |
| 2105 | Ice cream | 0.0 | 0.3 | 1.2 | 1.4 | 1.0 | 1 B | 7 |
| 3208 | Paints and varnishes, nonaqueous | 0.5 | 1.8 | 1.3 | 1.7 | 1.2 | 6 B | 8 |
| 3923 | Packing of goods | 0.3 | 0.9 | 1.2 | -0.1 | 0.7 | 17 B | 8 |
| 3809 | Finishing agents for dyeing | 0.1 | 0.7 | 1.4 | 3.5 | 1.6 | 2 B | 10 |
| 8504 | Electrical transformers | 0.2 | 0.2 | 1.2 | 0.6 | 0.9 | 39 B | 11 |
| 8417 | Industrial or laboratory furnaces and ovens, including incinerators | 0.1 | 1.4 | 1.4 | 4.6 | 1.8 | 2 B | 12 |
| 8702 | Motor vehicles for the transport of > 10 persons | 0.7 | 1.7 | 1.2 | 0.4 | 0.9 | 6 B | 14 |
| 8474 | Machinery for working earth, stone, and other mineral substances | 0.3 | 1.0 | 1.2 | 0.7 | 0.9 | 5 B | 14 |
| 9028 | Gas, liquid or electricity supply or production meters | 0.0 | 2.4 | 1.3 | 1.4 | 1.1 | 2 B | 14 |
| 3105 | Mineral or chemical fertilizers, mixed | 0.0 | 1.1 | 1.2 | -0.7 | 0.6 | 6 B | 16 |
| 9404 | Mattress supports; articles of bedding | 0.2 | 0.2 | 1.1 | -1.7 | 0.5 | 4 B | 17 |
| 3214 | Glaziers' putty | 0.2 | 0.6 | 1.4 | 3.4 | 1.6 | 3 B | 18 |
| 6115 | Panty hose, tights, stockings, socks and other hosiery | 0.2 | 0.4 | 1.1 | -2.1 | 0.4 | 5 B | 19 |
| 1601 | Sausages | 0.0 | 0.0 | 1.3 | 2.0 | 1.2 | 1 B | 20 |
| 8437 | Machines for cleaning, sorting or grading seed; machinery used in the milling industry or for the working of cereals or dried leguminous vegetables | 0.3 | 0.3 | 1.2 | -1.1 | 0.8 | 823 M | 21 |
| 8705 | Special purpose motor vehicles | 0.0 | 0.2 | 1.2 | 0.5 | 0.9 | 4 B | 22 |
| 4010 | Conveyor or transmission belts of vulcanized rubber | 0.1 | 0.2 | 1.4 | 4.5 | 1.7 | 2 B | 23 |
| 8419 | Machinery, plant or laboratory equipment involving a change of temperature such as heating, cooking, roasting | 0.2 | 0.1 | 1.4 | 4.9 | 1.8 | 14 B | 24 |
| 8462 | Machine tools for working metal by forging; machine tools for working metal by bending, folding, straightening or flattening | 0.2 | 0.1 | 1.4 | 3.5 | 1.5 | 6 B | 25 |
| 8402 | Steam or other vapor generating boilers | 0.0 | 1.6 | 1.3 | 2.8 | 1.3 | 2 B | 26 |
| 9306 | Bombs, grenades, torpedoes, mines, missiles and similar munitions of war | 0.0 | 0.2 | 1.4 | 3.1 | 1.5 | 2 B | 27 |

| HS4 | Product name | RCA-2000 | RCA-2010 | Distance | PCI | COG | World Trade ($) | Target rank |
|---|---|---|---|---|---|---|---|---|
| 1902 | Pasta | 0.4 | 2.9 | 1.1 | -2.2 | 0.4 | 2 B | 28 |
| 6002 | Knit or crochet fabric, width < 30 cm > 5% elastomer | 0.5 | 0.7 | 1.1 | -2.8 | 0.5 | 11 B | 29 |
| 2008 | Fruit, nuts and edible plants preserved with sugar | 0.3 | 1.1 | 1.1 | -3.0 | 0.3 | 4 B | 30 |
| 2208 | Alcoholic preps for beverages | 0.0 | 0.0 | 1.2 | -0.2 | 0.8 | 11 B | 31 |
| 1901 | Malt extract | 0.1 | 0.2 | 1.2 | -1.4 | 0.6 | 4 B | 31 |
| 3506 | Glues and adhesives | 0.3 | 1.7 | 1.3 | 2.2 | 1.2 | 3 B | 33 |
| 2002 | Tomatoes, prepared or preserved | 0.4 | 1.4 | 1.1 | -2.0 | 0.4 | 1 B | 34 |
| 8546 | Electrical insulators of any material | 0.0 | 0.6 | 1.4 | 3.8 | 1.6 | 1 B | 35 |
| 3304 | Beauty or make-up preparations | 0.2 | 0.3 | 1.3 | 0.4 | 1.0 | 9 B | 36 |
| 6309 | Used clothes and textiles | 0.1 | 0.1 | 1.2 | -0.9 | 0.7 | 1 B | 36 |
| 5402 | Synthetic filament yarn | 0.9 | 1.4 | 1.3 | 0.7 | 1.0 | 12 B | 38 |
| 8425 | Pulley tackle and hoists; winches and capstans; jacks | 0.2 | 0.1 | 1.3 | 2.0 | 1.2 | 2 B | 39 |
| 8480 | Molding boxes for metal foundry | 0.1 | 0.3 | 1.3 | 2.3 | 1.3 | 9 B | 40 |
| 3902 | Polymers of propylene or of other olefins, in primary forms | 0.1 | 1.4 | 1.4 | 2.6 | 1.4 | 10 B | 41 |
| 8452 | Sewing machines | 0.1 | 0.1 | 1.2 | -1.2 | 0.7 | 4 B | 42 |
| 1604 | Prepared or preserved fish | 0.1 | 0.0 | 1.2 | -2.2 | 0.3 | 6 B | 43 |
| 5101 | Wool | 0.0 | 0.6 | 1.2 | -1.6 | 0.5 | 3 B | 44 |
| 6404 | Footwear, with textile body | 0.1 | 0.1 | 1.1 | -3.5 | 0.3 | 6 B | 45 |
| 5210 | Woven fabrics of cotton of < 85% weighing < 200 g/m$^2$ | 0.1 | 0.4 | 1.2 | -2.3 | 0.5 | 2 B | 46 |
| 8455 | Metal-rolling mills | 0.2 | 0.1 | 1.4 | 4.7 | 1.8 | 2 B | 47 |
| 5516 | Woven fabrics of artificial staple fibers | 0.3 | 0.8 | 1.2 | -1.5 | 0.7 | 3 B | 48 |
| 8501 | Electric motors and generators | 0.1 | 0.1 | 1.3 | 2.3 | 1.3 | 20 B | 49 |
| 8609 | Containers for carriage by one or more modes of transport | 0.1 | 0.4 | 1.3 | 0.4 | 0.8 | 1 B | 50 |

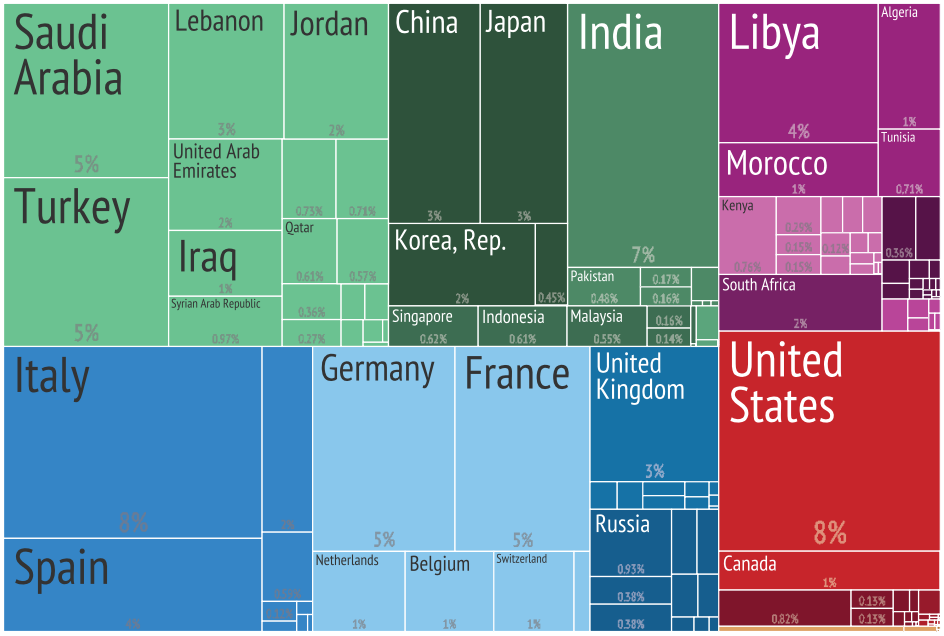
**K = thousand, M = million, B = billion**

## Egypt's export destinations

Lastly, possible markets for the country's exports are analyzed. As can be observed in figure 7a, Egypt mainly exports to countries in Western and Southern Europe as well as the Middle East. Nevertheless, no country accounts for more than 8% of Egypt's export destinations. The two major destinations of Egypt's exports are Italy and the United States (both accounting for 8%), followed by India (7%), while Saudi Arabia, Turkey, Germany, and France all account for 5% each. Figure 7b shows that exports to North Africa are relatively low, but have been consistently growing in recent years. The share to Middle Eastern countries has also been rising.

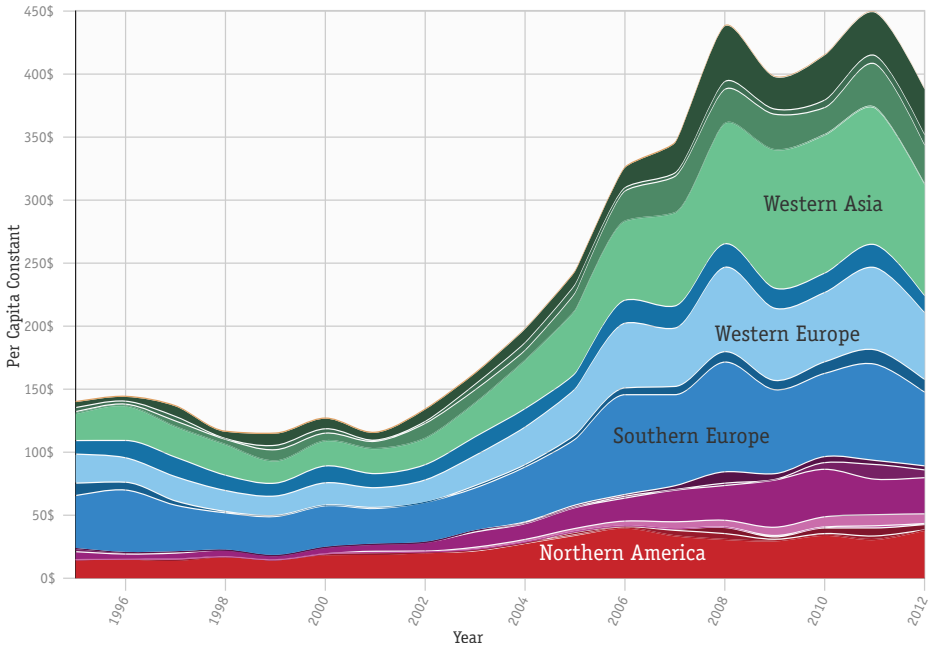
Figure 7 **Egypt trade partners (2012)**

a **Export destinations**




**Egyptian exports totaling approximately $34.9 billion**

b **Evolution of export destinations**




Note **Own calculation using HS4-level trade data from United Nations COMTRADE. Products are colored according to the communities that they belong according to the following legend:**



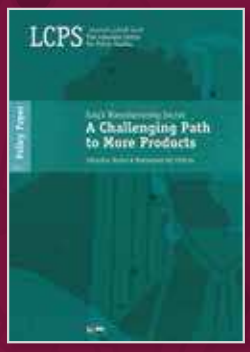
When taking into account the current trade of countries in eligible products versus potential, it is possible to identify top export destinations for the country. Table 4 presents potential trade with those export destination countries as well as the potential of other countries included in this report. From the table it follows that Egypt's trade with Middle Eastern countries has been healthy and Egypt has room to improve its trade with European and East Asian countries.

Table 4 **Trade potential**

| Importer | Trade Health | Number of Eligible Products | Potential in Eligible Products ($) | Current Trade in Eligible Products ($) | Total Trade ($) |
|---|---|---|---|---|---|
| ARE | 0.9 | 69 | 22 M | 187 M | 236 M |
| CHL | 0.2 | 7 | 15 M | 6 M | 10 M |
| CHN | 0.3 | 3 | 44 M | 20 M | 115 M |
| DEU | 0.2 | 60 | 235 M | 340 M | 411 M |
| DZA | 2.9 | 45 | 1 M | 76 M | 117 M |
| FRA | 0.3 | 56 | 147 M | 531 M | 571 M |
| GBR | 0.5 | 53 | 85 M | 565 M | 669 M |
| IRQ | 4.1 | 31 | 5 M | 58 M | 93 M |
| JOR | 16.8 | 62 | 1 M | 118 M | 150 M |
| JPN | 0.0 | 19 | 118 M | 9 M | 24 M |
| KWT | 2.0 | 49 | 4 M | 39 M | 50 M |
| LBN | 8.6 | 66 | 973 K | 105 M | 126 M |
| LBY | 6.8 | 62 | 4 M | 128 M | 169 M |
| RUS | 0.1 | 46 | 83 M | 21 M | 26 M |
| SAU | 3.7 | 57 | 14 M | 277 M | 414 M |
| SYR | 15.2 | 50 | 4 M | 97 M | 134 M |
| TUN | 4.8 | 38 | 2 M | 56 M | 71 M |
| TUR | 1.7 | 49 | 8 M | 347 M | 390 M |
| YEM | 3.3 | 50 | 2 M | 51 M | 96 M |

**K = thousand, M = million, B = billion**

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