

Untapped Potentials in the North African Market

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North Africa Region Outline

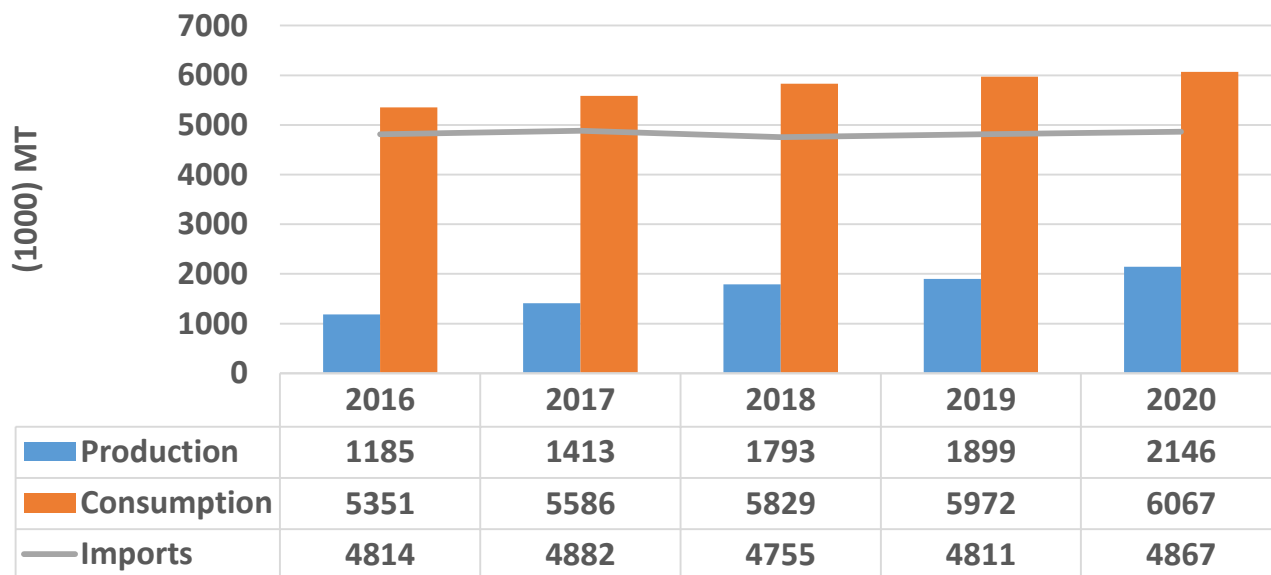
- The North Africa Region comprises of 10 countries with combined population of 386 million people.
- Heavy reliance on oils and fats imports.
- Increased demand for palm oil (Russia-Ukraine conflict)
- Per capita consumption ranges from 5 kgs to 28 kgs. (world average is 29kgs)

Country	Population (Mn)	Oils and Fats Sufficiency	Per Capita Consumption (kg)
Algeria	43.1	9%	24.8
Djibouti	0.9	na	na
Egypt	100.4	34%	24.1
Eritrea	5.3	na	na
Ethiopia	112.1	11%	4.8
Libya	6.8	8%	27.7
Morocco	36.5	30%	23.6
Somalia	15.4	na	11.7
Sudan	53.9	na	9.1
Tunisia	11.7	71%	32.2
	386.1		

Source: Oilworld, Worldbank

Oils & Fats Market Scenario

Supply & Demand of Oils & Fats

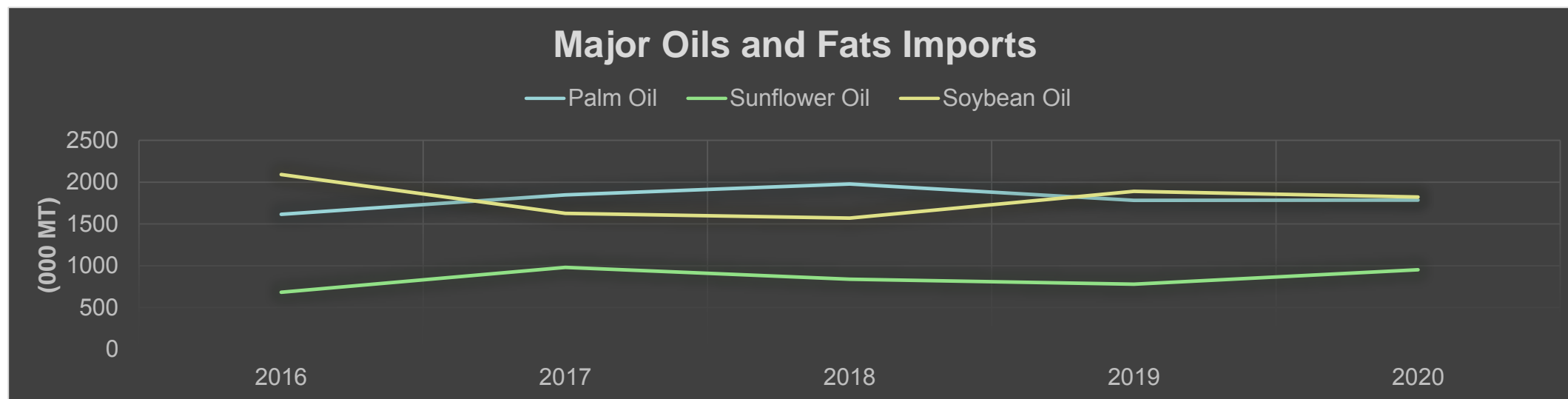


- The region is far from self-sufficiency. Local production stands at 2.1 Mn MT, merely meets 34% of the local demand.
- Total consumption of oils and fats is 6.1 Mn MT, mostly met through imports.
- Total imports of oils and fats amounted to 4.9 Mn MT.

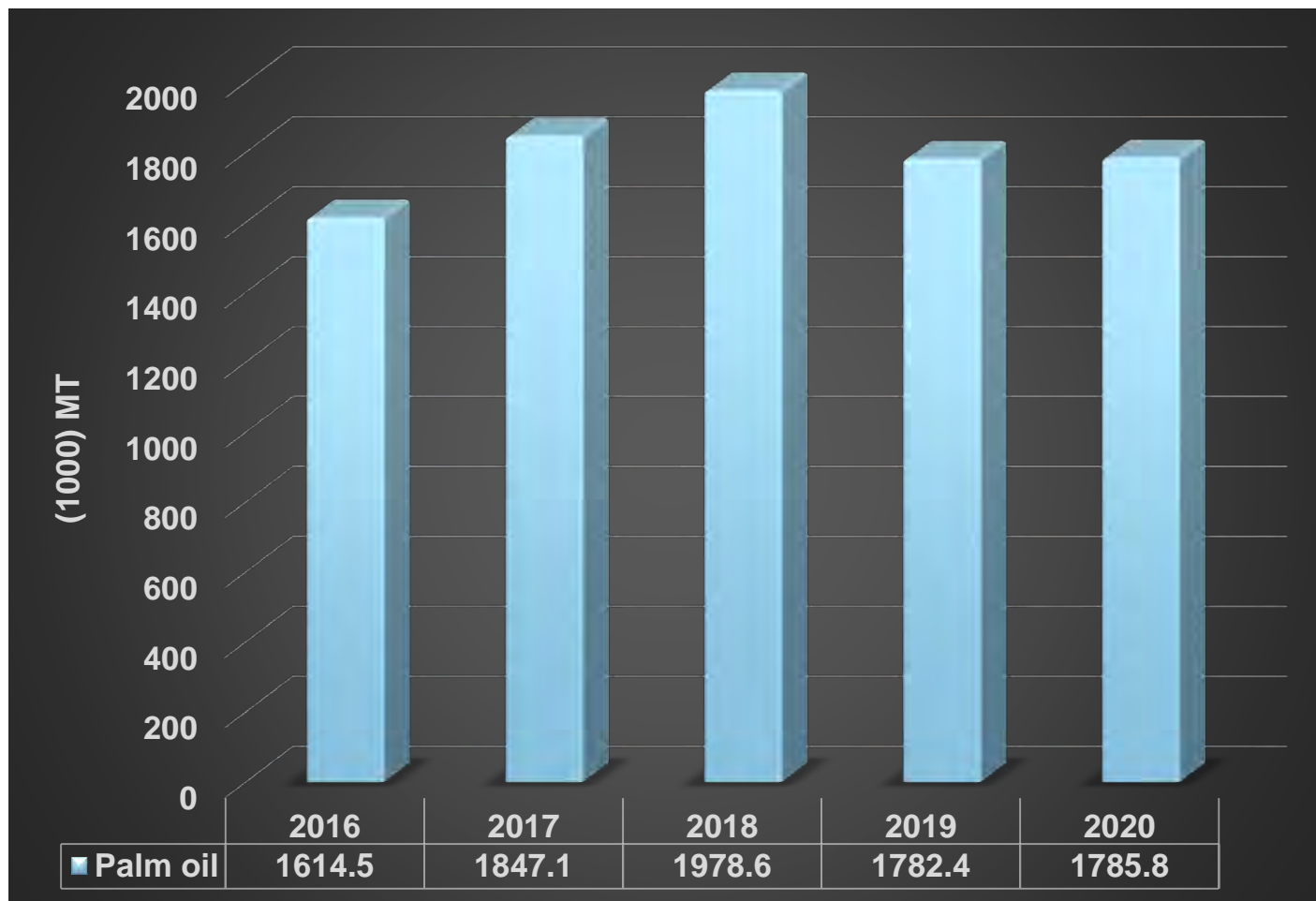
Country	Consumption Volume	% of Region's Consumption
Algeria	1,073	18
Egypt	2,445	40
Ethiopia	602	10
Morocco	857	14
Libya	200	3
Sudan	504	8
Tunisia	386	6
Total	6,067	

Oils and Fats Import ('000 MT)

Product	2016	2017	2018	2019	2020
Palm Oil	1,615	1,847	1,979	1,782	1,786
Sunflower Oil	683	981	841	780	954
Soybean Oil	2,092	1,627	1,570	1,890	1,823
Corn Oil	196	247	160	165	105
Butter Fat	88	50	58	50	51
Palm Kernel Oil	83	77	74	83	93
Others	58	53	73	61	55
Total	4,813.80	4,881.50	4,754.70	4,810.80	4,866.90



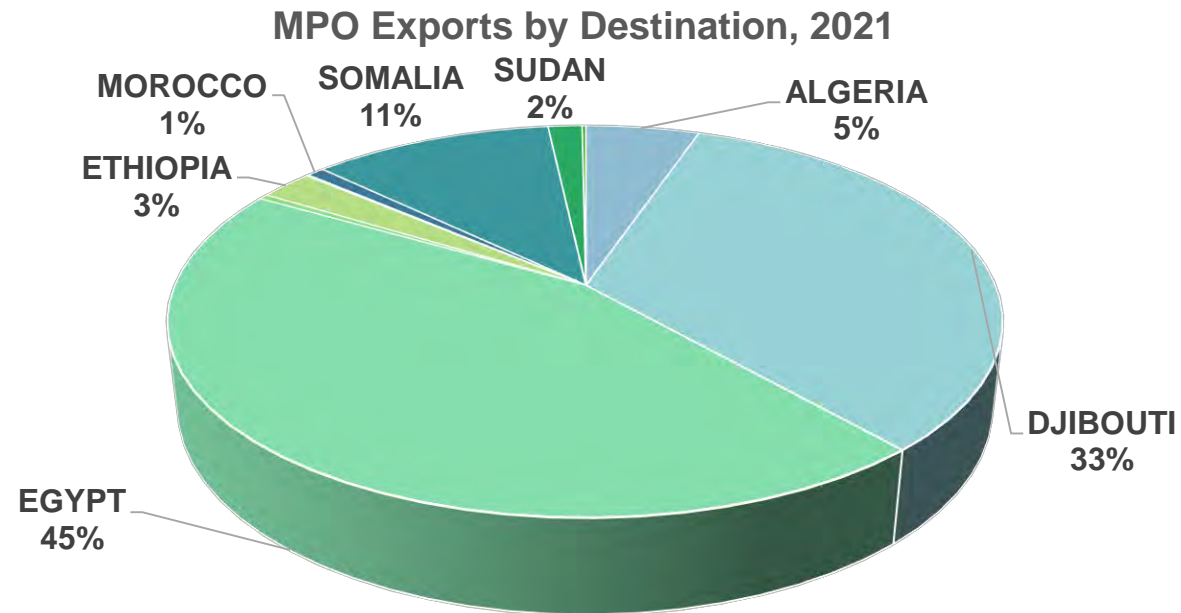
Palm Oil Imports



- Palm oil is one of the largest imported edible oil in the region.
- Total palm oil imports amounted to 1.78 Mn MT in 2020, it represent 37% of the total oils and fats imports.

MPO Exports to Region

- Total MPO exports to the region in 2021 amounted to 490K MT.
- Egypt is the biggest importer of MPO in the region. It contributes to 45% of the total MPO exports, followed by Djibouti 33%, Somalia 11%, Algeria 5%, Ethiopia 3%, Sudan 2% and Morocco 1%.
- Total MPO exports to the region Jan-Jun 2022 increased by 88% compared to the same period last year.



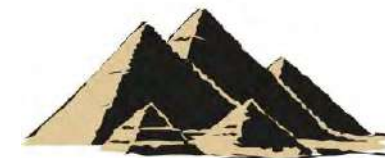
Country	Jan - Jun				JAN - DEC
	2022	2021	Diff	%	2021
ALGERIA	10,965	15,243	-4,278	-28	25,657
DJIBOUTI	119,068	90,299	28,769	32	162,890
EGYPT	213,489	58,077	155,412	268	219,719
ERITREA	-	1,948	-1,948	-100	2,073
ETHIOPIA	3,653	6,830	-3,177	-47	12,056
LIBYA	334	322	12	4	522
MOROCCO	518	686	-168	-24	3,970
SOMALIA	35,286	30,803	4,483	15	54,413
SUDAN	10,569	4,724	5,845	124	7,695
TUNISIA	106	-	106	100	859
Grand Total	393,988	208,932	185,056	89	489,854

Market Drivers for Palm Oil

Oils and fats Profile	<ul style="list-style-type: none">• Insufficient local production• Increasing demand• Dependency on imports
Growing Market	<ul style="list-style-type: none">• Populous region• Large, growing, and young population• Large consumer market with a strategic location
Policies	<ul style="list-style-type: none">• Several regional free trade agreements• Governments direction to encourage the local production
Industrial Progress	<ul style="list-style-type: none">• Wide variety of palm oil applications• Well established and fast-growing Food Industries• Growing HORECA Sector



Market in Focus - Egypt



Market Position

- A large consumer market and a distinct distribution of population estimated at 106 Mn. people.
- Distinct strategic location and a gateway to Arab and African investments with a strong infrastructure and an integrated network of roads and Transportation.
- Egypt's Trade Agreements make it a potential hub for re-export.
- Establishment of Suez Canal Economic Zones and Industrial & Investment Zones

Market Opportunities

- The food processing industry and the growth of the HoReCa sector.
- Vegetable ghee is an important segment for palm oil usage.
- Confectionery, especially chocolate is enjoying relatively stable volume growth.
- Cheese is a potential market for palm oil usage.
- Palm olein is widely used in the cooking oil blend.
- Palm-based olechemicals for the production of detergents and personal care products.

Market Leads

- Partnership with Holding Company for Food Industries (HCFI). It is one of the largest Egyptian companies operating in the field of the food industry. HCFI produces around ,700-800K MT of blended cooking oils
- The Gov. has principally approved the blending of 10% of palm olein in government subsidy oil. The inclusion of palm olein may increase MPO exports to Egypt to 100K annually.
- Establishing storage facilities and setting up a refinery/processing plant for local sales and exports.



Market in Focus - Algeria



Market Position

- Algeria is a leading market with a population reaching over 44 million.
- Algeria holds a strategic geographical position, located in Northern Africa, it is positioned at the point of convergence of three worlds: Mediterranean, Arabic, and African.
- Algeria is the third-largest economy in the Middle East and North Africa (MENA) zone. Food accounts for an average of 42% of Algerian household spending. Among food products, the largest market segment is confectionery and snacks
- Oils and fats self-sufficiency is still far away, production amounted to 252K tonnes whereas total consumption stood at 1.06 Mn tonnes

Market Opportunities

- Palm oil is in a superb position due to the huge and increased demand for palm-based fats for the manufacturing of shortening and margarine to cater to the large confectionery and snacks market segments
- Palm oil that can be further explored is cheese production which started to emerge in the market.
- There is a window for palm olein to get some share in industrial frying.

Market Leads

- Market expansion for MPO was recognized through the collaboration with Cevital Spa which is the largest private conglomerate in Algeria, The company is looking into the possibility of importing crude palm oil to establish a fractionation plant and a production facility for specialty fats.
- Opportunity was realized through the cooperation with Ruberec Corporation which is specialized in the production and trading of a wide range of foodstuff. The company is establishing a palm oil factory in Constantine in Algeria, it is planning a daily production of 500 tonnes of palm oil products including cooking oils, ghee, table, and puff pastry margarine, and shortening to meet the growing local demand in Algeria and for export to other markets.

Conclusion

- The North Africa Region is far from self-sufficiency. Local production only meets 34% of the local demand. It is a potential market for MPO development due to the serious dependence on oils and fats imports including palm oil.
- Palm oil is well-accepted oil in the region, total palm oil imports amounted to 1.78 Mn MT in 2020, representing 37% of the total oils and fats imports.
- Egypt is the biggest importer of MPO in the region, the developing food industries and HORECA sectors in Egypt provide a great opportunity for higher MPO imports. Opportunities through establishing a partnership with HCFI, establishing storage facilities, and setting up a refinery/processing plant for local sales and exports.
- In Algeria a leading market segment is confectionery and snacks. Palm oil is in a superb position due to the huge and increased demand for palm-based fats for the manufacturing of shortening and margarine to cater to the developing confectionery market.
- MPOC is actively working with key stakeholders (oils and fats industry players, associations, and government affiliates) and undertakes promotion programs and activities to support MPO market development in the North African region.