

AUTOMOTIVE INDUSTRY IN EGYPT

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Source of Information

Egyptian Auto Feeders Association EAFA

<http://www.eafa-egypt.com/en/ShowPage.aspx?PageID=5>

<http://www.eafa-egypt.com/en/default.aspx>

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1. Abstract

The automotive industry form one of the pillars of industrial development in Egypt where it is one of the largest assembling industries that depend on a wide range of industries and various feeding industrials that belong to all the various types of industrial activities.

The Egyptian Automotive Feeding Industry is supplying the Car Assemblers and the after market in Egypt since 1950`s. Since 1990`s, it started its exports to the global market.

The Egyptian Auto Feeders Association (EAFA), established in 1995, assists its members and the Automotive sector in many fields: quality management, Country and Sector Image building, Export promotion, technical training, financial issues, cost analysis and cost control, business trade missions, benchmarking, inward and outward business programs, Foreign Direct Investment, lobbying, regulations and law modifications, official communications, etc.

Basic data

Automotive production Statistics 2010 in Egypt

Passenger cars 92,249
Commercial vehicles 32,090

<http://www.eafa-egypt.com/en/default.aspx>

Import value of cars in Egypt

<i>Year</i>	<i>Value in Billion LE.</i>
<i>2010</i>	<i>7.6</i>
<i>2011</i>	<i>7.02</i>
<i>2012</i>	<i>8.8</i>

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2. Introduction

the automotive industry is strengthen the economies of the countries, especially countries that are exporting to the Global markets, whether in the form of completed vehicles or in the form of components parts and spare parts, the last decades of the last century has seen, an unprecedented increase in the number of vehicles on the global level where the statistics indicate that the number of cars in all countries of the world in 1930 was about 30 million vehicles and reached the end of the last century about 640 million vehicles, an increase of 2033% It is expected that this number will reach about a billion cars by 2020 and statistics show to the following:

A - number of cars in the United States market alone, about 35% of the total number of cars on the global level.

B - most cars are concentrated in the industrialized countries and 6 countries the most important major (United States - Japan - France - Germany - England - Italy), and these six countries alone have nearly 65% of the total number of cars.

C - for developing countries, the biggest countries in terms of the number of cars is Brazil, where the rate reaches about 3% of the total number of cars in developing countries and south Korea also. As for Africa, the largest car in 8 countries by the equivalent of about 2% of the total number of cars on the continent.

D - car ownership rates vary in different countries according to economic developing growth and the GPA as follows:

- developing countries with limited GPA (1-5) Car / 1000 per Citizen
- developing countries with access Medium / High (100-100) Car / 1000 per Citizen
- industrialized countries (250- 450) Car / 1000 per Citizen

There is no doubt that the success of the automotive industry in any country depends mainly on its success in providing the appropriate atmosphere for the establishment of industry, feeding industry to them, feeding industries, are considered the backbone of the automotive industry it is about small industries serving large industry, and associated feeder industries very much linked to the automotive industry which are creating a demand, whether for production or spare parts. Automotive feeding industry in Egypt include, a large industrial base and expanded to serve about 20 major vehicles assembler and manufactures in Egypt more than 375 companies registered in the General Authority for Industrial Development is engaged in the Automotive industries and work equipment for cars and has a total annual production value ,about 15 billion Egyptian pounds. The Government is keen on the development of this strategic sector of industry and because of its following benefits:

- create new job opportunities.
- provision of foreign currency (to reduce imports and increase exports)
- a strong industrial base composition contributes to the increase in GNP.

3. Global Production of Cars

Statement	Number by Millions			
	2005	2006	2007	2008
Passenger Cars	46	49.9	53.2	52.6
Commercial vehicles	20.5	19.3	20.1	17.9
Total	46.5	69.2	73.3	70.5

4. Statement of The Companies Operating The Automotive Industry In Egypt

No	Company	Activity			
		Passenger cars	Microbus / Minibus	Buses	Transport
1	General Motors - Egypt	*	*		*
2	Daewoo Motors - Egypt	*	*		*
3	ITAMCO	*	*	*	*
4	Egyptian-German Auto (EGA)	*			
5	Arab American Vehicles (AAV)	*			
6	Lada Egypt	*			
7	Cairo Company for Development and the automotive industry (Peugeot Egypt)	*			
8	Bavarian company for the automotive industry	*			
9	Suzuki Egypt	*	*		*
10	NISSAN Egypt	*			*
11	Automotive Jet Egypt	*			
12	Engineering for auto industry	*			
13	Engineering Automotive Manufacturing		*	*	*
14	Egyptian manufacturing and transportation - Ghabbour Egypt		*	*	*
15	Industry and transport MCV		*	*	*
16	Egyptian automotive industry (JAC)		*	*	*
17	Gorica Egypt - Group		*	*	*
18	Tamsa Egypt			*	
19	Grand Motors				*
20	Modern automobile industry (Modcar)				*

5. CURRENT SITUATION OF AUTOMOTIVE FEEDING INDUSTRIES IN EGYPT

- The number of companies producing different kinds of vehicles in Egypt, are 20 companies
- Passenger cars with different models.
- Commercial and tourist buses.
- Van/mini bus / MIDI bus.
- light, medium and heavy trucks .

The feeding industries represent to the automotive industry in Egypt, a large industrial base, has widened the base of this industry in Egypt in recent years due to increased number of factories and companies operating in the compilation and production of different kinds of cars

In Egypt, where there are currently 20 major company registered in the General Authority for Industrial Development work in this area during the physical construction companies and companies operating in the processing of cars. The number of major companies working in the field of car feeding industries registered about 375 originated in the General Authority for Industrial Development employs about 50 thousand workers and has a total annual output value of about 3 billion Egyptian pounds.

Auto industry as an aggregate and depend on a wide range of industries feeder that belong to all types of industries (metal - chemical - engineering - electrical – and electronic - Textile and Leather)

For example:

Metal Industries:

Iron and steel - Pipes - castings - non-ferrous alloys - Forgings - aluminum profiles....

Engineering industries:

Piston - alloys and bearings and hubs - injection pump - Sprayers - Petrol Pumps, - pumps - oil pumps - all kinds of Filters - radiators - Cylinders Brake and Master's - Springs - brake lining - chairs - Bearings - Gearboxes - axes and boots - Groups of Steeling - Groups suspension - steering wheel - RIM and spark plugs -- Air Condition

Chemical industries:

Tires - Battery - Paint - Plastic Parts - Rubber parts - the adhesive insulating material - foam - glass - fiberglass

Electric and electronic industries:

Generators - Starters - lamps - lanterns - voltage regulators and power - ignition coil - circuit breaker - switches - counters ...

Textile and Leather Industries:

Livery car - interior trim - pedals – Sun.. protection .

It is no doubt that the success of the automotive industry in any country depends on its success in providing the appropriate atmosphere for the establishment of feeder industries to provide their own appropriate size of the demand for its products from components and spare parts and that the required quality and competitive price of similar import.

6. MISSION

The Egyptian Automotive Feeding Industry is supplying the Car Assemblers and the after market in Egypt since 1950`s. Since 1990`s, it started its exports to the global market.

The Egyptian Auto Feeders Association (EAFA), established in 1995, assists its members and the Automotive sector in many fields: quality management, Country and Sector Image building, Export promotion, technical training, financial issues, cost analysis and cost control, business trade missions, benchmarking, inward and outward business programs, Foreign Direct Investment, lobbying, regulations and law modifications, official communications, etc.

However, the sector export to the Global is still limited.

Recently, Egypt has signed the Euro-med agreement and new opportunities have started.

The EU market is a very attractive and wide market for Export, and is open for new reliable suppliers to face the competition and enlarge the global sourcing. However, it is a tough market, targeted from Asian and Euro Med regions. The customer requirements are very high in quality, cost, delivery and specifications.

Our mission is to assist our members, the Egyptian Auto Feeders, to build their capacity and use their competitiveness edges and tools in becoming main players in the Global Automotive Parts Market.

Based on our success in supplying the local OEM, and looking for the global market, we are targeting the following segments:

- Tear 1 suppliers,
- Spare Parts Mega distributors
- SME companies for partnership and sharing JIT orders

We believe that we can deliver the satisfaction of European customers. We know the global language of quality, Prices, JIT, and reliability.

Overview of the current Look

There are about 335 companies working in the automotive sector in Egypt. Most of them are SME`s, employing ~ 50000 employees in total.

The total annual turn over of this sector is ~ US 530 million.

The total annual exports is ~ US 350 million, representing 8% of the total national exports, (including oil)

These figures have a great opportunity for increase.

There are 20 vehicle assemblers in Egypt. Most of them are working under license of international famous Brands.

Some companies are competing in the Global market, mainly to UK, and Germany.

There are exports to MENA Region (Middle East and North Africa)

The sector covers many products, such as: Glass, Wire Harnesses, Filters, Brake Linings, Plastic Parts, Wheel Trims, Seats, Internal Trims, Radiators, Air Conditioners, Tires, Rubber Parts, Tubes and Hoses, etc.

The sector is given great care from the Industry Modernization program, and from the Export Promotion Programs.

There are many official and Institutional organizations which are supporting our sector, such as: General Organization for Industrialization, General Organization for Investment, Federation of Egyptian Industries, Industry Modernization Program, Organization of Quality and Specifications, Organization of Industry Auditing, Universities and Institutes, etc. Egypt has some competitiveness edges in this field, such as:

- High Technical Background Engineers
- Reasonable Technician and Labour Skills
- Low Cost Labour
- Excellent Reputation with the Mother Companies working in the local market
- Familiar with different brands and specifications, since many assemblers are working in Egypt
- from USA, Germany, Japan, France, Italy, Turkey, Korea, And China.
- Some EAFA members have excellent reputation as suppliers to some EU markets
- Freight Charges from Egypt to EU are much cheaper.
- Delivery Time from Egypt to EU is almost half of the Far Eastern, the South African and American ones.

Our Association, together with Egyptian Automotive Manufacturers association EAMA, and The Industry Modernization Centre in Egypt, have put a strategic plan for upgrading the automotive sector for the coming 15 years. The output of this plan has 3 objectives:

- Attracting Foreign Direct Investment,
- Increase Exports, and developing companies.
- Modernize the auto feeders companies.

We believe that these factors could be used to realize a successful Export Marketing Plan.

7. PROFILE

Egyptian Auto Feeders Association (EAFA) has been established in 1996 as a non-for-profit association. And now we are having 107 members, and serving More than 360 automotive feeding companies, supplying 20 international car manufacturers already acting in Egypt, having an average of 60% local parts.

EAFA helps members in:

- Fairs, exhibitions, inward buyers programs, etc.
- Benchmarking
- Business Missions
- Technical Training
- Research and Development
- Raising the quality level
- Enhancing productivity
- Reducing cost
- Representing the Egyptian Auto Feeders in all official contacts with car manufacturers, official authorities, and press
- International conferences and meetings

EAFA is the trade point of Egyptian Automotive Components

- Most companies are certified ISO 9000, ISO 14000,ISO 18001 and many are Certified ISO TS 16949.

EAFI is targeting the development of international cooperation by:

- Creating and enabling environment for FDI's
- Stimulate sector-focused economic growth
- Sustain employment
- Integrate into global industry
- Expand exports

8. CHAIRMAN MESSAGE

Since a few thousand years, Egypt made the first car in the world for military and civilian uses, the power of the number two horse, friendly environment in the fuel and emissions.

In the thirties of the twentieth century; returned Egypt began in the compilation of commercial vehicles, passenger cars, and then added in the fifties.



Since 2005 began a new era in the automobile industry in Egypt, where the reduced reliance on tariff protection, and succeeded in the face of free competition, and increased domestic production and keep the pro rata participation in growing markets.

The client who decides to buy a car made in Egypt, to prove his confidence in the automotive industry and its feeder industries at the hands of Egyptian and international quality.

The car containing more than ten thousand part, the Egyptians by providing them with auto feeding nearly four hundred plant, satisfy customers on the domestic market and export markets, and confirms the confidence that the top of the car manufacturers in the world are determined to continue in a global race.

The Egyptian craftsman than the production of the buses on the major countries, a high proportion of domestic manufacture, exported to clients in Europe, Africa, Asia and Arab countries.

The investment climate in Egypt encouraged many global companies to build factories in Egypt, and export them.

We have succeeded the Egyptians in the establishment of a comprehensive system in the different kinds of cars, commercial and private, including industrial companies, business organizations and organs of consumer protection in conjunction with the Government and its various bodies for industrial development, specification, quality, and industrial control and modernization of industry and the Federation of Egyptian Industries, and deepen the domestic manufacturing. Everyone involved in the

development of specifications and enact laws and draw up strategies and plans, and the opportunity for local cars to replace old cars, and the financing of marketing policies and local and international exhibitions, shared financial institutions, banks, insurance companies and financial leasing.

The auto industry in Egypt is preparing for its launch major, to invite international companies and investors to benefit from the expertise and the Egyptian historical, geographical location and growing domestic market, export markets open and free trade agreements and to enjoy the climate of stability and investment.

The Egyptian Association for Feeding Industries for cars to reach out to all who wish to work in Egypt, the identification of plants and production potential, and to assist in marketing studies, and communication and explain the regulations and local laws, and to overcome any obstacles that investors may find them.

8. EXHIBITIONS IN 2014

Automech Formula 2014 (International Motor Show)

13 -18 March 2014 in CICC – Cairo, Egypt