DAIRY CHAIN IN THE EGYPTIAN MARKET

CLUSTER

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Empirical study was conducted based on data collected from respective sample of dairy supply chain members: farmers, small and medium processors, wholesalers, retailers and governmental bodies.

Phase one: Semi-structured Interviews

Phase two: structured interviews
RESULTS

1. Egyptian dairy SWOT analysis

2. A comparison between the essential missions and priorities of the dairy cluster from the two perspectives; the farmers and the producers

3. Benefits to be yield from the Egyptian dairy cluster
## SWOT ANALYSIS

### Strength

- Cheap workforce
- Egyptian traditional products
- The existence of the global demand on Ras/Romi cheese (conditioned demand)
- Raising cattle is considered one of the basic activities in the Egyptian culture in urban areas.

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## SWOT ANALYSIS

### Weakness
- Lack of cooperative activities
- Absence of governmental support services
- Quality, price, and quantity of animal feed
- Milking automation
- Breeds of animal
- Animal productivity
- Sanitary and hygiene measures
- Package vs. unpackaged milk
- Un-standardized specifications of traditional dairy products
- Complexity of export procedures
- Lack of logistical distribution centers

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## SWOT ANALYSIS

<table>
<thead>
<tr>
<th>Opportunities</th>
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<tbody>
<tr>
<td>• Increase the competitive positioning</td>
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<td>• Increase animal productivity</td>
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<tr>
<td>• Create cooperative relationship</td>
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<td>• Enhance the hygiene measures</td>
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<tr>
<td>• Establish advance and modern dairy farms</td>
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<td>• Upgrading the workers skills</td>
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<td>• Enhance the infrastructure to provide better milk quality</td>
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<td>• Improve marketing channels</td>
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<td>• Establish professional distribution centers</td>
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<tr>
<td>• Given the chance to the private sector to invest in the dairy industry</td>
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<tr>
<td>• Increase the quality and hygiene measures of the Egyptian</td>
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<tr>
<td>• Gaining the opportunity to export the Egyptian traditional dairy products</td>
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<tr>
<td>• The open global market for some of the traditional Egyptian dairy products (Romi cheese)</td>
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<td>• Opportunity to export and enhance the traditional Egyptian dairy product</td>
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## SWOT ANALYSIS

<table>
<thead>
<tr>
<th>Threats</th>
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<tbody>
<tr>
<td>Current political situation</td>
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<tr>
<td>Unclear or enforced regulation (anyone who works in the dairy industry should be registered in one of the governmental bodies)</td>
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<td>Rapid changes in technology used in the dairy industry</td>
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<td>High cost (with no funds/governmental subsidies) of dairy equipment, especially in relation to transportation.</td>
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<td>Guarantee a reliable time table to import animal feed (Soyabean and maize).</td>
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<td>EU export ban</td>
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CLUSTER MISSIONS AND PRIORITIES: FARMERS PERSPECTIVES

1st priority
Factories for fodders inside the area
Lower production cost
Improvement for farms
Support peasants
Training

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CLUSTER MISSIONS AND PRIORITIES: FARMERS PERSPECTIVES

2nd priority
Stabilizing prices
Marketing
Provide necessary technology
Subsidize fodders

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CLUSTER MISSIONS AND PRIORITIES: FARMERS PERSPECTIVES

3rd priority

Support production activity

Insurance

Advertisement for the producers
CLUSTER MISSIONS AND PRIORITIES: PRODUCERS PERSPECTIVES

1st priority
Packaging Milk
Distribution center
Better transportation means (refrigerated tankers)
Hygiene standards

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CLUSTER MISSIONS AND PRIORITIES: PRODUCERS PERSPECTIVES

2nd priority
Professional and trained workers
Governmental support services
Improving the Egyptian traditional dairy products
3rd priority
Exporting the Egyptian traditional dairy products
Governmental subsidies and facilitation

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BENEFITS TO BE YIELD FROM THE EGYPTIAN DAIRY CLUSTER

Cooperation between the university of agriculture for guidance, the chamber of commerce, professional distributors, packaging companies, marketing experts, other processor and nearby dairy farmers.

The majority of the interviewed players are interested clustering with regional and national supplier or even exporters.

The players believe that the traditional cheese and chilled desserts have to highest potential to benefit from clustering.

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FUTURE OUTCOMES
FROM CLUSTER

Improved production quality.
Reduced cost for packing materials.
Reduced cost and improved quality of animals’ feeding.
Improved veterinary services.
Stabilizing raw materials prices (Fodders and Fertilizers)
Stabilizing prices

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India was chosen as a role model for the dairy clustering success due to similarities to Egyptian dairy industry.

1) Micro farms scattered all over the agricultural land which in turn results in difficulties in the distribution channel.

2) Both countries are classified as developing countries with large but low-income populations.

3) India had similar problems and constrains related to the dairy industry as in Egypt; absence of hygiene measures, lack of integration of key drivers of growth such as finance, training, facilitation and creation of market linkages.

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LESSONS FOR THE GOVERNMENT FROM INDIA CLUSTER

Develop/strengthen local governance institutions and other bodies.

Remove entry / exit barriers in industries related to cluster.

Remove avoidable regulatory burdens that prevent firms from functioning efficiently and yet ensuring uniform regulations on environment and labor across the cluster to avoid distortions.

Develop existing institutions that provide to the collective R&D needs of firms in the cluster.

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LESSONS FOR THE GOVERNMENT FROM INDIA CLUSTER

Develop and/or strengthen existing institutions that offer specialized skills for competitiveness.

One-stop shop for dissemination of public information on products and markets.

Facilitate export promotion and attracting Foreign Direct Investment (FDI).

Develop provisions for basic provisions such as land, labor, and capital as well as advanced factors such as skilled labor, technology and equipment, faster / cheaper transportation, etc.,

Ensure financing of enterprises by linking up with banks and support to receive finances.

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EGYPTIAN CLUSTER
LACTIMED CO. FOR DAIRY PRODUCTS

- Overall 1,000,000 EGP invested by 6 main shareholders
- The cluster legal framework was established in Feb, 2015 (documents and Bank Deposits)
- The cluster construction started in Dec-2014
- The construction phase done by Feb-2015
- LACTIMED Co. will be the focal company (tier) in the cluster
- The cluster contains (Milk collection units Capacity 5,000 Liter of raw milk - medical unit-lap and training Class)

- **Current situation**: Finalizing (painting and Ceramics) according to the health and safety standards

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Next Step:

- The training for the cluster staff and the farmers will be held in the next half of April-2015

- Cluster equipment sponsored by LACTIMED project represented by GAFI (tanks, lab instruments and other staff related to the core business of the cluster) estimated to be received by the second half of April.
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MEASURES OF CLEAN MILK IN THE EGYPTIAN CLUSTER

1. Animal Management at farm level
   - Feeding
   - Housing
   - Animal Health

2. Cleanliness of Milking equipment

3. Hygienic milking practices

4. Cooling

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علاء عز: نحافظ على أسواقنا التصديرية رغم الحظر
الاحد 2015/03/29 19:50 من
حازم محمد

قبل الدكتور علاء عز أمين عام اتحاد الغرف المصرية والأوروبية، إذ "لنا استمرار حظر الاتحاد الأوروبي على صادرات مصر من منتجات الألبان، وذلك منذ انتشار مرض الحمى القلاعية في دول شمال أفريقيا بما فيها مصر، إلا أنه تم تفعيل مشاركة مصر بعد من المعارك الدولية، من خلال استثمار مصانع تلك الدول وتوزيع معها المصنع المصري من مواد التغليف في تلك المعارض لتم تصنيع منتجات الألبان المصغرة في الداخل الأوروبي، وذلك للحفاظ على التواجد المصري بالمعرض، وحافظ على التواجد بكل الأسواق استعدادًا لرفع الحظر في الفترة القادمة.

أضاف أن "ذلك المشاركة تمت في المعارض المتخصصة في إيطاليا والنرويج العام الماضي. وفي الفترة من في الفترة من 27 مارس - 29 مارس، مهرجان فنون الطهي مونتيبليه (M.A.D) الفرنسي، والذي يليه تجربة ثانية للمشاركة في المعرض الرئيسية في مدينة مرسيليا بفرنسا عقب المعرض".

وأشار إلى أن ذلك يتم في إطار مشروع دعم صناعات الألبان التقليدية بالبحر الأبيض. "Lactimed"، والذي يجمع شركات من مصر ولبنان وتركيا وإيطاليا واليونان، والذي يتكاملك مع عدد من المشاريع الإقليمية الأخرى التي تهدف لتنمية الصادرات وجدب الاستثمارات والتعاونات بين الشركات من نظري البحر الأبيض.
THANKS FOR LISTENING