

Egypt

Tobacco industry profile



World Health
Organization

Regional Office for the Eastern Mediterranean

COUNTRY PROFILE

INDUSTRY



Trends

Cigarette consumption rose from 39.2 billion in 1990 to 84.6 billion in 2007 (1).

In 2012, 46% of men and 0.4% of women aged 25–64 years smoked tobacco (2).

18.1% of boys and 8.2% of girls used any tobacco product in 2014 (3).



Products

Common forms of tobacco use include (1):

- cigarettes
- shisha (*gouza*, *bouri* and *shisha*, second most popular form)
- cigars
- smokeless tobacco



Finance

Egyptian cigarettes are among the cheapest in the WHO Eastern Mediterranean Region (4).

An estimated US\$ 616 million is spent annually to treat disease caused by tobacco use in 2005 (5).

In 2012, excise revenue on all tobacco products was 21 billion Egyptian pounds (2).

Total per capita expenditure on health was US\$ 594, 2014 (6).

Total expenditure on health in 2014 was 5.6% of gross domestic product (6).

DOMESTIC

Eastern Company SAE

- The Eastern Tobacco Company (ETC) is the dominant firm in the Egyptian cigarette market and one of the largest manufacturers in the Middle East (1).
- In 2015, ETC controlled 83% of the domestic market (7).
- In 2008, the Egyptian Government (represented by the Chemical Industries Holding Company) owned a 52.8% stake in the company (1).

Eastern Company's tobacco profits grew by 17% in 2014 (Source: Arab Finance)



INTERNATIONAL

Philip Morris Jordan Ltd Co.


- Major restructuring of its business in Egypt in 2014, including a new contract manufacturing agreement with the Eastern Company, the creation of a new Philip Morris International affiliate in Egypt and a new distribution agreement with Trans Business for Trading and Distribution LLC (8).
- According to its 2015 annual report, Philip Morris has a share of at least 15% of the cigarette market (8).

British American Tobacco Middle East

- Third biggest share in the cigarette market, with 10.7% of retail volume in 2015 (9).

Japan Tobacco Inc.

- Acquired largest waterpipe firm, Al Nakhla Tobacco Co, in 2013 (10,11).
- Signed a cigarette manufacturing agreement with ETC in 2014, launching the Winston brand (11).

 <p>Mortality</p>	<p>Of approximately 170 000 tobacco-related deaths annually, more than 90% are male (1).</p> <p>Noncommunicable diseases account for approximately 85% of total deaths, with tobacco as a leading risk factor (12).</p> <p>Cancer makes up 14% of all mortality, (12) with 80–90% of all lung cancer cases due to tobacco use (13).</p> <p>The proportion of deaths attributable to tobacco in 2004 was 6% of the overall population (14).</p>	<p>Major cigarette companies and market share (9)</p> <table border="1"> <thead> <tr> <th rowspan="2">Global brand owner</th> <th colspan="3">Market share (%)</th> </tr> <tr> <th>2010</th> <th>2012</th> <th>2014</th> </tr> </thead> <tbody> <tr> <td>Eastern Co SAE</td> <td>56.80</td> <td>57.30</td> <td>55.90</td> </tr> <tr> <td>Philip Morris International Inc.</td> <td>12.30</td> <td>13.60</td> <td>18.40</td> </tr> <tr> <td>British American Tobacco Plc</td> <td>10.60</td> <td>11.80</td> <td>12.00</td> </tr> <tr> <td>Imperial Tobacco Group Plc</td> <td>0.80</td> <td>0.70</td> <td>3.30</td> </tr> <tr> <td>Others</td> <td>18.00</td> <td>15.30</td> <td>8.70</td> </tr> </tbody> </table>	Global brand owner	Market share (%)			2010	2012	2014	Eastern Co SAE	56.80	57.30	55.90	Philip Morris International Inc.	12.30	13.60	18.40	British American Tobacco Plc	10.60	11.80	12.00	Imperial Tobacco Group Plc	0.80	0.70	3.30	Others	18.00	15.30	8.70
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	First	Top growth tobacco market (by volume) in the world (15).																											
	Fifth	Forecast to become the fifth largest tobacco market in the world (15).																											
	Ninth	Ninth largest raw tobacco importer in the world (1).																											
	34.9%	Percentage of students who were exposed to tobacco smoke at home in 2014 (3).																											
TRADE	CORPORATE SOCIAL RESPONSIBILITY																												
<p>Egypt is one of the most significant producers of finished cigarettes in the Middle East/North Africa region (16).</p> <p>Trade flow, 2015 (17)</p> <p>Export (million US\$)</p> <table border="0"> <tr> <td>Cigarettes</td> <td>2.00</td> </tr> <tr> <td>Unmanufactured tobacco</td> <td>4.83</td> </tr> </table> <p>Import (million US\$)</p> <table border="0"> <tr> <td>Cigarettes</td> <td>75.59</td> </tr> <tr> <td>Unmanufactured tobacco</td> <td>188.60</td> </tr> </table>	Cigarettes	2.00	Unmanufactured tobacco	4.83	Cigarettes	75.59	Unmanufactured tobacco	188.60	<p>Corporate social responsibility is an inherent contradiction, as the industry's core functions are in conflict with the goals of public health policies with respect to tobacco control.</p> <p>Corporate social responsibility activities have been reported. However, countries are encouraged to abide by Article 5.3 of the WHO Framework Convention on Tobacco Control, protecting public health policies with respect to tobacco control from commercial and other vested interests of the tobacco industry, through banning corporate social responsibility activities by the tobacco industry, which are often used to circumvent laws regulating the industry.</p>																				
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<p>0 Employed in farming (no tobacco farming) (1).</p> <p>0.06% Percentage of the population employed in ETC cigarette production in 2006, of overall</p>	<p>There is a lawsuit pending against the Eastern Tobacco Company by the Government to have its operating license withdrawn and close its tobacco production plants on the basis of Islamic law and for health reasons (18).</p>																												

employment (1).

MARKETING

- Despite a robust law banning advertising and promotion, 10.5% of adults reported exposure to tobacco advertising in 2009 (5).
- 6 in 10 students noticed tobacco advertisements or promotions when visiting points of sale (3).

INDUSTRY INTERFERENCE

Previously confidential industry documents illustrate a long history of the industry lobbying in the country (see “Voice of truth” (20), a WHO report highlighting the unethical behavior of the tobacco industry in the Middle East).

“One effect of the Arab Spring will certainly have been to put smoking control regulations on the back burner”.

Golden Leaf Tobacco Co, Ltd Website (19)

“META (Middle East Tobacco Association) primarily concerned itself with regulatory and political issues in the countries of the Gulf Cooperation Council, Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates. While never formally extended to Egypt, it was charged with monitoring “threats emanating from the WHO office in Alexandria and any other threat ...” (20).

“The tobacco industry enlisted prominent political figures in the Middle East to provide information and lobby for them, including an Egyptian Member of Parliament, a former Assistant Secretary General of the Arab League and even, at one point, the Secretary General of the Gulf Cooperation Council Health Ministers” (20).

According to a 1981 Philip Morris memo, “ ... MP assured us that no draft law related to industry or trade could pass Parliament without the advice of his Committee” (20).

A Philip Morris corporate affairs document from 1993 lays out a comprehensive strategy to defeat proposals put forward by (name deleted) to ban all forms of tobacco advertising and promotion (20).

NEXT STEPS

As a Party to the WHO Framework Convention on Tobacco Control (WHO FCTC), Egypt should continue to make progress in implementing tobacco regulation. It is recommended that Egypt focus on:

- fully operationalizing the Guidelines of Article 5 of the WHO FCTC at national level;
- introducing a multisectoral approach to the implementation of Article 5.3, within the implementation of the WHO FCTC;
- putting in place a mechanism to monitor the tobacco industry activities and report publicly on that if and when possible.

References

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11. [Japanese business activities in Egypt](#)
12. [Noncommunicable diseases country profiles: Egypt, 2014](#)
13. [Global epidemic – Egypt](#)
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