Building Opportunity from Challenge: MIGA and Şişecam's Transformation of Egypt's Glassware Industry

A World Bank Group Political Risk Insurance Guarantee

HIGHLIGHTS

- In 2018, MIGA issued a $16.2 million guarantee to Paşabahçe Türkiye for its first-ever investment in Egypt, supporting the acquisition and revitalization of the struggling Pearl Glass Manufacturing S.A.E. plant via its subsidiary.
- In 2020, following Paşabahçe Türkiye's merger with its parent company Şişecam, the guarantee was transferred to Şişecam as the new guarantee holder.
- The guarantees cover 90 percent of the investment for up to 15 years against the risks of transfer restriction, expropriation, and war and civil disturbance.
- The project turned a loss-making facility into a regional export hub, leveraging Egypt's strategic trade agreements and cost advantages.
- The investment created hundreds of jobs, transferred advanced manufacturing know-how, and positioned Egypt as a key player in the fast-growing Middle East and Africa glassware market.

THE CHALLENGE

In the heart of Cairo's industrial zone stood a glass manufacturing plant with untapped potential. Originally incorporated in 2005 as Pearl Glass Manufacturing S.A.E., the facility only began operations in 2014 after years of delay. However, operational delays, management missteps, and financial losses plagued the plant, and by 2016, it was on the brink of closure.

For Paşabahçe, a leading glassware producer in Türkiye, and the third-largest globally, the plant represented a gateway to the Middle East and Africa, a chance to bring world-class manufacturing to Egypt, and an opportunity to create lasting development impact. The Middle East and Africa glassware market was booming, with a $560 million market size and 4% annual growth. Egypt, with its low labor and energy costs, abundant raw materials, and unrivaled access to global markets through trade agreements, was the ideal location for expansion.

Yet, the risks were real. Türk Eximbank, the official export credit agency in Türkiye, did not offer investment insurance, which made investing in a loss-making facility 1,200 km from Istanbul a challenge. Paşabahçe needed a partner to help turn risk into opportunity.

FINANCIAL SOLUTION

MIGA stepped in, providing a 15-year guarantee to cover Paşabahçe's equity investment against risks of transfer restriction, expropriation, and war and civil disturbance. This support was critical as not only did it safeguard the company's capital, but it also signaled international confidence in Egypt's investment climate.

With MIGA's backing, Paşabahçe acquired the Pearl Glass Manufacturing S.A.E. plant and launched a sweeping modernization program:

- Outdated furnaces were replaced with energy-efficient models, slashing natural gas consumption.

- Automated and advanced production processes and ISO-certified quality controls were introduced, improving quality standards, raising output, and reducing waste.
- Local supply chains were strengthened, with 70% of raw materials (sand, soda ash, and natural gas) sourced from Egypt's sand and mineral reserves.

The World Bank Group's partnership with Şişecam spans over five decades, with IFC and MIGA supporting the company's evolution from a domestic glass manufacturer into an industry leader. Through strategic investments, advisory services, and risk guarantees, this collaboration has enabled Şişecam to modernize production, expand into new markets, and adopt sustainable practices that strengthen competitiveness and create thousands of jobs worldwide. Today, Şişecam employs nearly 24,000 people across its global operations, driving inclusive growth alongside industrial transformation.

IMPLEMENTATION AND IMPACT

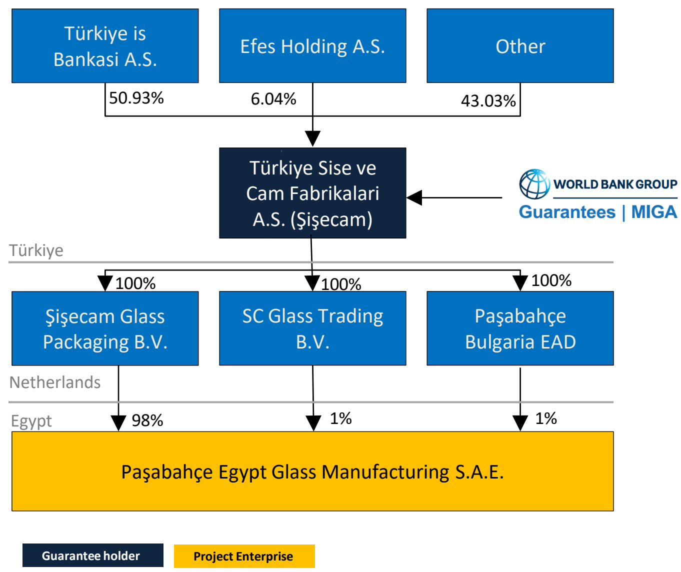
The transformation of Pearl Glass Manufacturing into Paşabahçe Egypt Glass Manufacturing S.A.E. is a story of industrial renewal and inclusive growth. Before the investment, the plant operated far below capacity and faced imminent closure, symbolizing missed opportunity for the local workforce and community.

With MIGA's guarantee Paşabahçe invested confidently, and following the 2020 merger, Şişecam continued to modernize the facility and introduce advanced manufacturing techniques. This safeguarded existing jobs and created hundreds of new opportunities, particularly for skilled engineers and technicians. The project also catalyzed local supply chains, with a significant share of raw materials now sourced from Egypt's mineral reserves, supporting domestic mining and logistics sectors. The transformation was profound. Within months, the once-struggling plant was revitalized:

- Production line utilization increased significantly
- Over 200 direct jobs were projected to have been created in engineering, production, and quality control, with another 1,500 indirect jobs in logistics, mining, and services.
- Employees received training in advanced glassblowing and engineering, transferring Turkish expertise to Egyptian hands.

The impact extended far beyond the factory gates. Leveraging Egypt's network of trade agreements, the revitalized plant became a gateway for Egyptian glassware to access markets across the Middle East, Africa, Europe, and North America. This export brings valuable foreign exchange to Egypt and strengthens its role as a regional manufacturing hub.

Summary of Contractual Structure (after the merger with Şişecam in 2020)



For Paşabahçe, the project was more than a business expansion, it was a chance to write a new chapter for Egypt's manufacturing sector. With MIGA's support, the investor turned around a failing asset, transferred Turkish expertise and technology, and demonstrated the power of international partnership and innovation. The project brought jobs, skills, and global market access to Egypt, advancing the country's 2030 Sustainable Development Strategy.

LOOKING AHEAD

MIGA's support has laid the foundation for further expansion, both in Egypt and across Africa. This partnership is more than a business success—it's a blueprint for how targeted guarantees can unlock industrial transformation, create jobs, and drive sustainable growth in emerging markets. The story of the Paşabahçe plant in Egypt under Şişecam is a testament to what's possible when risk is managed, vision is shared, and development is put at the heart of investment.