

EGYPT



COUNTRY ASSESSMENTS

HIGHLIGHTS

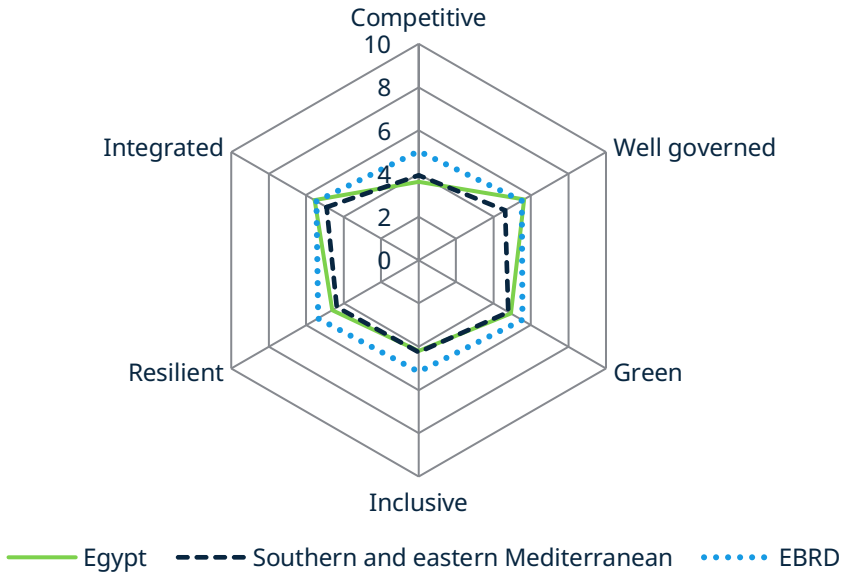
- **Economic recovery has continued despite regional pressures.** Real gross domestic product (GDP) grew 5.2 per cent in the first three quarters of fiscal year 2026 (July 2025 to March 2026), driven by private consumption. Inflationary pressures have remained contained despite a rise in global energy prices. Remittances and tourism revenues have been key sources of foreign-exchange receipts.
- **The fiscal and monetary policy environment has been stable.** Egypt has maintained its flexible exchange-rate regime and tight monetary stance, and continues to implement fiscal consolidation policies by raising tax revenues and maintaining a cap on public investment.
- **Egypt is approaching the end of its International Monetary Fund (IMF) programmes**. It has completed seven of its eight IMF Extended Fund Facility reviews and two of its three Resilience and Sustainability Facility reviews, drawing down US$ 7.3 billion (€6.3 billion) in total disbursements. The final reviews are scheduled for the end of 2026.

For more information about country macroeconomic developments, please consult our latest Regional Economic Prospects report.

KEY PRIORITIES FOR 2027

- **Diversify the energy mix.** Accelerating the rollout of additional solar and wind energy capacity would reduce the economy's reliance on imported gas and soften the impact of energy price shocks due to geopolitical tensions. Prioritising public investment in the grid and continuing to implement regulatory reforms would enable further rollout.
- **Speed up state-owned enterprise (SOE) reform.** Faster operationalisation of the newly established SOE Unit and implementation of the State Ownership Policy, in line with the government's sectoral priority matrix, would improve competitive neutrality and the business environment for the private sector. Undertaking reforms at key SOEs and accelerating divestments would enable a stronger recovery in business investment.
- **Advance fiscal consolidation and debt reduction.** Boosting revenues, maintaining discipline over public investment and allocating divestment proceeds to debt reduction would improve Egypt's fiscal position and reduce its reliance on short-term foreign investment flows.

ASSESSMENT OF TRANSITION QUALITIES (1-10)



For more on reforms and transition qualities, see Chapter 5 of the Transition Report 2026-27.

KEY REFORMS AND POLICY DEVELOPMENTS[1]

SOE reform

- A law was enacted in August 2025 establishing an SOE Unit to centralise oversight of the SOE portfolio. The government published the second edition of the country's State Ownership Policy in June 2026 (covering 2026-30), outlining portfolio management principles, monitoring frameworks and a sectoral priority matrix.

1 From the fourth quarter of 2025 to October 2026.

- The government has completed several transactions under its divestment programme: a US$ 420 million (€365 million) deal for the management of the Gabal El Zeit wind farm, the sale of a minority stake in military-owned Wataniya Petroleum to an affiliated company, and the sale of a minority stake in Banque du Caire through an initial public offering.

Renewable energy and carbon markets

- The government rolled out private-to-private renewable electricity trading through the national grid, with four projects totalling 400 MW approved to sell directly to industrial off-takers.
- The government issued regulations on how green certificates are issued and recognised, aiming to make it easier to procure clean energy, enable carbon trading and support readiness for the European Union Carbon Border Adjustment Mechanism.

Environmental regulation

- Egypt enacted a new law in September 2025 to strengthen the regulatory framework for water and wastewater services, introducing principles to improve efficiency and cost recovery.
- The Central Bank of Egypt issued a regulatory framework on environmental and social risk management in June 2026, including implementation guidelines.

Tax policy

- The government has implemented a package of tax reforms, including narrowing value-added tax (VAT) exemptions, introducing a surcharge on SOE profits, expanding real-estate taxes and strengthening the transfer-pricing regime.
- Tax administration reforms have expanded the tax base. Measures include simplifying the tax regime, expanding registrations, digitalising services and introducing a new dispute resolution mechanism.

Competition policy

- Parliament approved amendments to the country's Competition Law in April 2026, giving the Egyptian Competition Authority (ECA) technical, financial and administrative independence, similar to that of the Central Bank of Egypt or the Financial Regulatory Authority.
- The amendments raise the caps on fines for Competition Law violations and give the ECA the authority to impose direct administrative sanctions without the need for criminal proceedings.

Fiscal and monetary framework

- The flexible exchange-rate regime has held up throughout episodes of market stress resulting from conflicts in the Middle East. The Egyptian pound has fluctuated in line with portfolio inflows and outflows from domestic debt markets, while the parallel foreign-exchange market has remained inactive.
- Reforms of the Treasury Single Account framework have given the Egyptian Treasury full legal control over legacy Economic Authority deposits.

Trade integration

- Parliament adopted amendments to the Customs Law in June 2026, aiming to shorten customs clearance times by making advance customs clearance mandatory. Previous efforts were successful in reducing processing times from 14 days to about 6-8 days by the end of 2025, and the government is aiming to reduce this further to 2 days by the end of 2026.