THE WAVERLEY SERIES

EGYPT

An Insight of Investment, Trade and Economy

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For Advisory & Partnership

LORD WAVERLEY

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EGYPT — AT A GLANCE

Capital	Cairo
Population	≈ 110 million — the most populous Arab country
Real GDP growth	5.1% in FY2025/26, accelerating from 4.4% the prior year and beating the IMF's 4.6% forecast, though marginally below the EBRD's 5.3% projection
GDP per capita	≈ USD 3,904 (nominal, 2026)
Currency	Egyptian pound (EGP), unified in March 2024; traded near 50.95 per US dollar as of early September 2026 after a sharp single-month slide to around 52.34 in March 2026 tied to regional-conflict capital outflows
IMF programme	An active Extended Fund Facility, with $5.2 billion disbursed entering 2026 and a further $1.8 billion added following the July 2026 seventh review; the programme is due to expire in December 2026
Private investment	Now accounts for 63% of total investment, according to the Finance Minister, following a 32% rise in private investment the prior year and a 77% increase the year before that
Key sectors	Services (51.6% of GDP), industry (32.7%) and agriculture (10.6%); the Suez Canal, tourism, and a substantial military-linked business sector alongside the formal private economy
Governing framework	President Abdel Fattah al-Sisi, in power since 2014; re-elected in 2023 with 89.6% of the vote in a contest critics described as a foregone conclusion; 2019 constitutional amendments permit him to remain in office until 2030

Egypt's economy delivered its strongest growth in years, 5.1% in FY2025/26, anchored by a genuinely striking shift toward private-sector-led investment, which the Finance Minister says now accounts for 63% of total investment following two consecutive years of sharp private-investment growth. This economic momentum unfolds under continued IMF programme conditionality that specifically targets the Egyptian military's outsized business role, a reform the government has only partially and unevenly implemented, while President Abdel Fattah al-Sisi's government, in power since 2014 and re-elected in 2023 in a vote critics called a foregone conclusion, continues to draw sustained international human-rights criticism for its treatment of political dissent. Investors should weigh Egypt's genuine economic scale and reform momentum against this specific competitive-fairness concern and the broader governance context.

1. INVESTMENT & FDI

A genuinely striking multi-year shift toward private-sector-led investment defines Egypt's current growth story, even as the military's parallel economic footprint remains a specifically flagged IMF concern.

Minister of Finance Ahmed Kouchouk told an open dialogue with the business community at the American Chamber of Commerce in Cairo on 21 September 2026 that the private sector now accounts for 63% of Egypt's total investment, becoming the largest contributor to economic growth following a 32% rise in private investment the prior year, which itself followed a 77% increase the year before that. Separately, at the AIM Investment Summit in Dubai on 9 September 2026, Minister of Planning and Economic Development Ahmed Rostom met executives from Standard Chartered, Abu Dhabi Islamic Bank and First Abu Dhabi Bank to discuss a new Infrastructure Financing Guarantee Mechanism intended to reduce financing risks and encourage banks and private companies to invest in public-private partnerships.

- **A genuinely sustained three-year private-investment trend:** the progression from a 77% rise, to a 32% rise, to now a 63% total investment share represents a credible, multi-year shift in Egypt's growth composition that government officials are actively and consistently promoting to international investors.
- **A new PPP risk-reduction mechanism:** the proposed Infrastructure Financing Guarantee Mechanism, discussed directly with major regional banks, represents a concrete structural tool aimed at unlocking additional private capital for public infrastructure specifically.
- **Continued IMF programme support with a firm deadline:** the $5.2 billion already disbursed, plus the $1.8 billion added following the July 2026 seventh review, provide meaningful near-term financing certainty, though the December 2026 programme expiry leaves limited room for policy slippage before a successor arrangement must be negotiated.
- **New foreign manufacturing investment:** Chinese company Jieya Egypt's $67 million investment to establish an integrated manufacturing facility, announced in late August 2026, illustrates continued specific foreign direct investment interest alongside the broader private-sector trend.

2. TRADE & BUSINESS

A recovering Suez Canal and a stabilising currency continue underpinning Egypt's external position after a volatile start to 2026.

The Egyptian pound weakened sharply to around 52.34 per US dollar in March 2026, a 10.19% single-month slide tied to capital outflows during a regional conflict, before recovering to trade near 50.95 per dollar by early September 2026. The Suez Canal has restored several shipping services following earlier disruption linked to regional maritime attacks, while net international reserves and net foreign assets have both improved and the non-oil Purchasing Managers' Index has risen close to the 50-point expansion threshold.

- **Demonstrated currency resilience after a genuine shock:** the pound's recovery from its March 2026 low illustrates a degree of underlying stability, though the scale of the initial slide confirms that currency risk remains real despite the IMF anchor.
- **Suez Canal recovery restoring dollar cash flow:** the restoration of shipping services represents a genuine, if still partial, recovery of one of Egypt's most important sources of foreign-currency revenue.
- **High nominal yields with real-return uncertainty:** deposit rates near 19% offer attractive nominal returns, though investors should note that real returns will depend materially on Egypt's future inflation trajectory.

3. MAJOR ECONOMIC DEVELOPMENTS

Egypt's strongest growth in years continues under an IMF programme whose December 2026 expiry leaves little room for policy slippage, even as the government's governance record continues drawing sustained international criticism.

Egypt's economy grew 5.1% in FY2025/26, according to Minister of Planning Ahmed Rostom, exceeding forecasts from major international financial institutions. This growth continues under an active IMF Extended Fund Facility whose December 2026 expiry approaches, with the completed seventh review reducing immediate default risk but leaving limited room for further slippage before a successor programme must be agreed. Politically, President Sisi, in power since 2014, was re-elected in 2023 with 89.6% of the vote in a contest critics described as a foregone conclusion, and 2019 constitutional amendments permit him to remain in office until 2030. Human Rights Watch's 2026 World Report describes continued authorities' crackdowns on peaceful critics, severely curtailed civic space, and thousands of detainees held in lengthy pretrial detention, while parliamentary elections held in August and November were criticised for the absence of genuine competition amid a general state of repression.

- **Growth that has outpaced institutional forecasts:** the 5.1% FY2025/26 outturn beating the IMF's own 4.6% projection represents a genuine, verifiable positive economic surprise, even as it remains marginally below the EBRD's more optimistic estimate.
- **A firm IMF programme deadline shaping near-term policy space:** with the current arrangement expiring in December 2026, the government's ability to avoid further currency or fiscal slippage over the coming months will directly determine the terms on which any successor programme can be negotiated.
- **Sustained, well-documented human-rights concerns:** Human Rights Watch's tracking of thousands in lengthy pretrial detention, severely curtailed civic space, and parliamentary elections conducted amid a general state of repression represents a serious, sourced governance concern directly relevant to Egypt's broader political-risk profile.
- **A notable but qualified clemency gesture:** President Sisi's pardon of prominent activist Alaa Abdel Fattah, detained almost continuously since 2014, represented a significant individual case resolution, though Abdel Fattah was reportedly prevented from leaving the country at Cairo International Airport shortly afterward, illustrating the limits of the gesture.
- **Continued targeting of economic-policy critics specifically:** the five-year sentence given to economist Abdel Khaleq Farouk over criticism of government economic policy, and a renewed wave of prosecutions against online content creators, illustrate that scrutiny of economic commentary itself carries genuine legal risk in the current environment.

4. MAJOR PROJECTS & INFRASTRUCTURE

A new Infrastructure Financing Guarantee Mechanism aims to unlock private and bank capital for public-private partnerships, building on continued Suez Canal recovery.

- **Infrastructure Financing Guarantee Mechanism:** discussed directly with major regional banks at the Dubai AIM Summit, this new mechanism is specifically designed to reduce financing risk and crowd in private capital for public infrastructure projects.
- **Suez Canal service restoration:** the recovery of shipping services described in Section 2 represents concrete, ongoing infrastructure and revenue-recovery progress for one of Egypt's most strategically significant assets.

5. CONFERENCES, FORUMS & EXHIBITIONS

Egyptian officials engaged directly with Gulf and international financial institutions at a major Dubai investment summit this month.

- **AIM Investment Summit, Dubai:** held 9 September 2026, where Minister Rostom held direct meetings with Standard Chartered, Abu Dhabi Islamic Bank and First Abu Dhabi Bank executives specifically to discuss financing and investment opportunities in Egypt.

- **EnterpriseAM Egypt Forum:** scheduled for 5 October 2026 in Cairo, this invitation-only forum is dedicated specifically to the implications of artificial intelligence for Egyptian companies and the broader economy.

6. BUSINESS & INVESTMENT EVENTS

Egypt's Finance Minister made a direct, data-backed case to the American business community this month for the country's private-sector investment momentum.

- **American Chamber of Commerce dialogue:** Minister Kouchouk's 21 September 2026 open dialogue with Cairo's business community, centred on the 63% private-investment share figure, represented a direct, credible engagement with the American business community specifically.
- **Foreign ministerial engagement:** Foreign Minister Badr Abdelatty's separate meetings with counterpart ministers in late August 2026 reflect continued high-level diplomatic engagement supporting Egypt's broader investment and trade relationships.

7. GOVERNMENT & INTERNATIONAL PARTNERSHIPS

Egypt's regional standing has been reinforced by its central role in Gaza-related diplomacy, even as sustained human-rights criticism continues shaping its relationship with Western governments and institutions.

- **United States:** Egypt hosted the Sharm el-Sheikh Peace Summit in October 2025, where President Trump, President Sisi and other world leaders jointly signed a declaration endorsing the Gaza ceasefire, reinforcing Egypt's renewed regional diplomatic relevance; the Suez Canal's strategic value for expedited US Navy transit remains a significant, ongoing element of the bilateral relationship.
- **Gulf states:** the UAE's earlier $35 billion Ras al-Hikma North Coast development deal remains a defining reference point for Gulf investment scale in Egypt, with continued engagement evident at this month's Dubai investment summit specifically.
- **IMF:** the active Extended Fund Facility, approaching its December 2026 expiry, remains Egypt's central multilateral economic relationship and the primary external anchor for its ongoing reform programme.
- **China:** growing investment presence, illustrated by Jieya Egypt's new manufacturing facility, reflects a deepening economic relationship alongside broader China-Africa cooperation dynamics.
- **Sudan:** discussions on developing joint agricultural projects on Sudanese land, reported in mid-September 2026, represent a notable, concrete regional cooperation initiative distinct from Egypt's broader Gulf and Western relationships.

8. SME & PRIVATE-SECTOR DEVELOPMENTS

A genuinely sustained multi-year private-investment boom is reshaping Egypt's growth composition, even as the military's parallel economic footprint remains a specific, unresolved competitive concern.

Following 2024 tax reforms removing state-owned enterprises' tax exemptions, Egypt's Ministry of Finance data shows these entities contributed EGP 67 billion (about $1.4 billion) in tax revenue in FY2024/25, with EGP 87 billion (about $1.7 billion) projected for FY2025/26; independent tracking by Human Rights Watch notes that most of this revenue has come from a relatively small number of military-linked businesses specifically, including cement factories and military social and sporting clubs. Independent analysis continues to describe the military's broader business role as benefiting from an uneven playing field and limited civilian oversight, identifying this as one of the issues insufficiently addressed within the current IMF-supported reform programme.

- **A concrete, verifiable step on military-business taxation:** the documented EGP 67 billion to a projected EGP 87 billion in new tax revenue from state enterprises, substantially from military-linked businesses, represents genuine, measurable progress on a specific IMF-conditioned reform, even if the underlying competitive-fairness issue remains only partially addressed.
- **A persistent, independently flagged competitive-fairness concern:** the military's continued expansion into consumer markets without full civilian oversight remains a specific, sourced concern that private-sector and foreign investors should factor into their competitive positioning analysis when entering sectors where military-linked businesses are active.

9. NEW INVESTMENT OPPORTUNITIES / PROJECTS ANNOUNCED

Infrastructure guarantee mechanisms, AI-sector partnerships and continued Gulf-linked mega-projects define Egypt's newest formally promoted investment channels.

- **Infrastructure Financing Guarantee Mechanism:** described fully in Sections 1 and 4, this represents the clearest new structural investment channel formally introduced this period.
- **Artificial intelligence sector agreements:** Egypt's Minister of Communications and Information Technology witnessed new agreement signings in this space in mid-September 2026, pointing to an emerging digital-economy investment channel distinct from Egypt's traditional infrastructure and manufacturing base.
- **Continued Chinese manufacturing investment:** Jieya Egypt's $67 million facility offers a concrete, recent example of the kind of foreign manufacturing investment Egypt continues attracting.
- **Potential for further Gulf-linked mega-projects:** continued engagement with UAE-based banks at the Dubai summit suggests the possibility of further large-scale investment agreements building on the precedent set by the Ras al-Hikma development.

SUMMARY ASSESSMENT

Egypt's economy delivered its strongest growth in years, 5.1% in FY2025/26, anchored by a genuinely remarkable, sustained multi-year shift toward private-sector-led investment that now accounts for 63% of the total, a trend government officials are actively and credibly promoting to international investors from Dubai to Cairo. A new Infrastructure Financing Guarantee Mechanism and continued IMF programme support add further structural reinforcement to this growth story.

Set against this: Egypt's military retains an outsized, only partially reformed economic footprint that independent analysts continue to flag as constraining fair competition, even as recent tax-code changes have begun extracting real, measurable revenue from military-linked businesses specifically. More broadly, President Sisi's government, in power since 2014 and re-elected in 2023 in a vote critics called a foregone conclusion, continues to draw sustained international human-rights criticism for its treatment of political dissent, including the continued detention of individuals specifically targeted for criticising government economic policy.

Investors should weigh Egypt's genuine economic scale and reform momentum directly against this specific competitive-fairness concern and the broader governance context, watching closely how the IMF

programme's December 2026 expiry and any successor arrangement address the military's business role specifically, and whether the currently sustained private-investment trend continues through any renewed period of currency or regional volatility.