



Egypt's Economic Brief Updates

Consulate of the Arab Republic of Egypt
in Mumbai

March 2026

Economy & Finance:

Afreximbank breaks ground on African Trade Centre, headquarters in Cairo.

African Export–Import Bank (Afreximbank) has officially commenced the construction of the African Trade Centre and its new headquarters in Cairo, marking a significant event attended by government officials and diplomats.



The Centre, as part of a broader network, will serve as a multifunctional hub for trade and investment, featuring office spaces, conference facilities, and a hotel. Prime Minister, Dr. Mostafa Madbouly, emphasized its role in enhancing African economic integration and intra-continental trade, highlighting Egypt's strategic importance in connecting Africa with the Middle East and Europe, and supporting the goals of the African Continental Free Trade Area.

CBE & Afreximbank sign MoU to launch pan-African Gold Bank program in Egypt.



The Central Bank of Egypt (CBE) and Afreximbank signed an MoU to create a pan-African Gold Bank program. This initiative aims to formalize gold value chains, enhance central bank reserves, and reduce Africa's dependency on foreign refining. The program will include a feasibility study to develop an integrated Gold Bank ecosystem in Egypt, featuring an accredited gold refinery and secure vaulting. The initiative targets deeper cooperation among African countries, promoting economic integration and sustainable gold trade across the continent.

Egypt aims to double \$12 billion annual FDI through sweeping economic reforms.

Egypt attracts \$12 billion in foreign direct investment (FDI) annually, with potential to double this through structural reforms, according to the Minister of Investment and Foreign Trade. He outlined efforts to restructure economic policies, simplify the tax system, and enhance foreign trade by reducing customs clearance times and operating ports week round. Over the past year, tax revenues rose by 35%, the highest since 2005, due to improved relations with the private sector. The government aims to streamline licensing procedures from 24 months to under 90 days, by consolidating services onto a single digital platform.

Finance Minister targets higher spending on industry, exports, and human development.

Minister of Finance, Ahmed Kouchouk, stated that the Egyptian economy is improving, with the Ministry committed to balanced fiscal policies that do not burden investors or citizens. Kouchouk highlighted positive developments in the new budget, which aims to boost industrial and export activities as well as human development. Kouchouk noted a significant increase in IT service exports and emphasized the government's efforts to enhance revenues through improved services, a broader tax base, and increased private sector involvement. He underscored the importance of establishing a stable business environment with fair competition and effective incentives. He also noted a significant rise in private investment and tax compliance due to recent reforms. The government aims for a 27.7% growth in tax revenues in FY25/26 and seeks to broaden the tax base and modernize tax administration without introducing new taxes, guided by recommendations from the IMF.



Finance Ministry introduces new VAT facilitations to support taxpayers.

The Minister of Finance has issued two decrees introducing two new facilitation measures for taxpayers under the Value Added Tax (VAT) system,



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aiming to enhance trust and certainty between the government and businesses. The first decree amends VAT Law regulations, while the second establishes a new accounting framework for VAT on contracting and construction. The amendments broaden the definition of indirect inputs allowed for VAT deduction, now including financing and construction costs. These measures are part of the Finance Ministry's efforts to simplify tax procedures and create a transparent, investment-friendly business environment.

Egypt eyes ranking among top 3 global producers in the next 5-7 years.

Egypt is collaborating with an international consulting firm to determine 6 key industries where it could become a top global producer within 5-7 years, as stated by Minister of Industry, Khaled Hashem. The government plans to create investment funds to direct savings into the industrial sector and introduce regulatory changes to expedite industrial investment by allowing investors to lease land more swiftly. The industrial sector is a priority in Egypt's Economic Development Narrative, focusing on increasing its GDP contribution from 14-20% by 2030.

Energy:

EU commits \$147 million to green hydrogen, grid expansion projects in Egypt.

The European Commission has pledged \$147 million to Egypt to bolster its green hydrogen initiatives and enhance grid infrastructure. This funding comprises \$41 million allocated for the Sokhna Green Ammonia project and \$106 million for the Egypt Grid Modernization and Expansion program. These initiatives were unveiled at the "Egypt's Sustainable Energy Outlook 2040: Cooperation for Shared Prosperity" Conference held in Cairo, co-hosted by the European Union and the Egyptian government.

EIB offers \$150 million financing for Africa's largest hybrid solar PV project in Egypt.

The European Investment Bank (EIB), through its development arms EIB Global, has announced a \$150 million financing package for Egypt's Obelisk solar

photovoltaic project, coinciding with the inauguration of its first phase in Qena.



The project, developed by Scatec, features a 1.1 GW solar power plant combined with a 100 MW/200 MWh battery energy storage system, marking it as Africa's largest hybrid solar PV initiative. EIB's support is seen as crucial for advancing Egypt's renewable energy goals and enabling the country to achieve its target of 42% electricity generation from renewable sources by 2030. The project has been praised by officials for its potential to create jobs and facilitate the energy transition in Egypt.

SUMED pipeline remains key route for Gulf crude oil exports to global market.

Minister of Petroleum and Mineral Resources Karim Badawi said on March the Arab Petroleum Pipelines Company (SUMED) remains a cornerstone in the system for transporting and trading Gulf crude oil, providing a strategic and secure route linking the Gulf region with the Mediterranean. SUMED pipeline offers a vital pathway for transporting crude oil from the Arabian Gulf to the Mediterranean, enabling supplies to reach European and global markets efficiently and quickly. It is worth mentioning that SUMED transported about 50 million tons of crude oil in 2025, equivalent to around 365 million barrels, reflecting strong operational and financial performance despite challenges facing the global energy sector.

Trade & Investment:

IFC to invest \$1.2 billion in Egypt during FY2026

The International Finance Corporation (IFC) is set to invest around \$1.2 billion in Egypt in FY2026, an increase from last year's \$915 million, as reported





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by Cheick Oumar Sylla, IFC Director for North Africa. With about \$1 billion already committed this year, the IFC's cumulative investments in Egypt over 7 years total \$6.5 billion. The IFC aims to sustain \$1 billion annually, supporting economic development across sectors. The financial sector represents 47% of investments, with infrastructure, renewable energy, and transport at 32%, while manufacturing, tourism, and real estate account for 12%. Additionally, IFC offers \$27 million in advisory services, mainly in the financial sector and public-private partnerships, emphasizing sustainability and strategic development goals.

PM expands industrial investment incentives with up to 50% tax deductions.

Egypt has broadened the range of industrial activities eligible for investment incentives to stimulate local manufacturing and deepen supply chains. Under Decree No. 503 of 2026, Prime Minister introduces new strategic sectors tied to specific geographic areas. Projects in designated "Sector A" regions can receive a 50% deduction on investment costs from net taxable profits, while "Sector B" projects receive a 30% deduction. Investment and Foreign Trade Minister Mohamed Farid Saleh announced that these deductions will be applicable over 7 years, limited to 80% of the paid-in capital. This initiative aims to facilitate localization of industry; address investors' demands and prioritize the increase of value-added production while reducing import dependence. The incentives particularly target the automotive sector, including traditional and electric vehicles, the manufacturing of electric motors, and components for appliances. Additional activities incentivized include producing pipes, fruit and vegetable concentrates, and concentrated sulfuric acid.

Egypt private investment grows 73% as government flags further tax cuts.

Private investment in Egypt has surged by 73% in the last fiscal year and 42% in the first quarter of the current fiscal year, signaling the impact of governmental reforms aimed at bolstering private sector engagement. Officials highlight that these figures reflect recent economic reforms fostering private investment. In response, the government is

crafting a new tax reform package designed to enhance the business climate and alleviate the tax load on companies. Key proposed measures include an "excellence card" for compliant taxpayers, offering benefits like expedited tax refunds and streamlined inspections. There is also a focus on expanding simplified tax regimes and modernizing tax administration via digital enhancements and specialized support centers for investors. Furthermore, additional tax incentives are in consideration, potentially reducing value-added tax on medical equipment, offering exemptions for specific digital payment services, and altering taxation rules related to dividends and real estate transactions. Collectively, these initiatives aim to bolster private sector competitiveness and ensure sustained economic growth.

Egypt's FRA launches digital factoring portal to curb financing risks.



Egypt's Financial Regulatory Authority (FRA) has introduced a digital factoring system on its portal in collaboration with e-finance to mitigate double financing risks and enhance sector oversight. The initial phase enables factoring companies to electronically check invoices against prior funding through connections with the Ministry of Finance and the Egyptian Tax Authority, ensuring data integrity. FRA Chairperson highlighted the system's role in advancing the digital transformation of non-banking financial services, improving transparency and service speed. With factored securities increasing by 77.8% in 2025, the new process allows firms to reserve invoices until funding is disbursed. A future phase aims to digitalize the entire factoring cycle, streamlining operations and improving liquidity access for businesses.



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Egypt to launch unified digital business platform to streamline procedures, cut timelines.

Minister of Investment and Foreign Trade announced Egypt's initiative for digital transformation in government and investment services, featuring a unified digital business platform. This platform aims to consolidate various processes, streamline procedures, enhance transparency and efficiency, and build trust between the state and investors. The outlined strategy aims at improving the investment and trade climate, thus focusing on expanding exports to African markets as well as on competitive economic policies. It is worth noting that customs reforms have drastically reduced clearance times and costs, with efforts to remove non-tariff barriers saving the economy over \$1.5 billion. Plans for deeper trade integration with Africa were emphasized, including support from the African Continental Free Trade Area and COMESA.

Egypt prioritizes SME support and digital reform to boost investment: Minister of Investment

Egypt is implementing structural and institutional reforms to enhance the investment climate and boost export growth, particularly for small and medium-sized enterprises (SMEs). These initiatives aim to create a competitive business environment by simplifying regulations, improving financing access, and modernizing government services through digital platforms. Efforts include expediting export subsidy payments and enhancing coordination among economic institutions. The government is also engaging with businesses, strengthening entrepreneurship ecosystems, and focusing on workforce development to align skills with economic demands. These measures contribute to a broader strategy for promoting investment and long-term economic growth.

MSMEDA, EBank sign protocol to boost SME exports, industrial growth.

The Micro, Small, and Medium Enterprises Development Agency (MSMEDA) has signed a cooperation protocol with the Export Development Bank of Egypt (EBank) to



enhance financial and technical support for small and medium-sized enterprises (SMEs). The agreement aims to boost entrepreneurs' export capabilities and support industrial projects accessing international markets by providing financing options, including Egyptian Pounds loans for working capital and domestic expansion, as well as foreign currency loans—primarily in US dollars—to cover production inputs and export-related operations. Additionally, it includes training programs on export readiness and marketing, and plans for future agreements targeting producers seeking to export. The initiative will also offer technical and digital support to promote financial inclusion and improve global competitiveness.

Industry Minister issues decision to facilitate factory leasing in industrial zones.

The Minister of Industry has implemented regulatory amendments to simplify the leasing of industrial facilities within designated zones for factory owners. Previously, a three-year operational requirement was necessary before leasing; this has now been reduced to one year. The intent behind this change is to enhance investor flexibility and expedite the productive use of underutilized industrial assets. However, factories are still obligated to comply with essential regulatory standards, including completing construction according to approved licenses and acquiring the requisite operating and industrial registrations. This initiative is part of a wider strategy to boost industrial activity and improve the efficiency of existing industrial infrastructure usage.

Egypt is Africa's largest recipient of private foreign investment for fifth year.

Egypt has maintained its position as Africa's largest recipient of private foreign investment for the fifth year, according to Finance Minister, Ahmed Kouhouk. At a conference, he highlighted a 73% increase in private investment for the 2024/2025 fiscal year, alongside improved economic growth, rising exports, declining inflation, and foreign exchange reserves exceeding





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\$50 billion. Kouchouk emphasized the importance of tailored economic and fiscal reforms while expressing Egypt's willingness to share its economic experiences with other African nations. He also noted that sustainable development relies on robust private sector activity and highlighted ongoing efforts by the Egyptian Tax Authority to simplify processes and foster trust within the business community.

Egypt non-oil private sector expands for third consecutive month: S&P Global.

Egypt's non-oil private sector output grew for the third consecutive month in January, according to S&P Global, marking the longest expansion since late 2020. The S&P Global Egypt Purchasing Managers' Index (PMI) slipped to 49.8 from 50.2, indicating slight overall contraction; however, it remains above the long-term average, suggesting robust GDP growth. The government plans to increase private sector participation in the economy to account for 72% of total investment by 2030, as part of its broader economic development narrative, while maintaining positive economic indicators despite regional pressures, including supply chain disruptions.

Egypt strengthens garment quality testing to support exports.

Egypt has signed a cooperation protocol to enhance quality inspection and laboratory testing in the textile and ready-made garments sector. This initiative, concluded by the General Organization for Export and Import Control (GOEIC) and industry representatives, aims to bolster export growth and improve the international competitiveness of Egyptian products. The protocol focuses on expanding cooperation in inspecting textiles and garments according to both Egyptian and international standards, ensuring better coordination between regulatory authorities and industry producers to enhance product quality and facilitate access to export markets. GOEIC will offer laboratory testing services utilizing advanced technologies and qualified staff, conducting thorough analyses of samples and providing technical reports promptly to expedite inspection and improve quality assurance for domestic and international markets. Additionally, a digital platform will be established to facilitate the electronic exchange of laboratory data,

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streamlining processes and enhancing management of testing information. This initiative is part of the Ministry of Investment and Foreign Trade's broader strategy to reinforce Egypt's industrial foundation and elevate the quality infrastructure supporting national exports, particularly in high-value manufacturing sectors such as ready-made garments and home textiles, which are crucial for Egypt's export growth.

SCZone:

SCZONE attracts \$15 billion in investments, 70% foreign: Chairperson.



Walid Gamal El-Din, Chairperson of the Suez Canal Economic Zone (SCZONE), announced that the authority has attracted about \$15 billion in investments, with 70% being foreign and 30% domestic, from 28 countries. This highlights the growing international confidence in the investment climate of the SCZONE, which covers approximately 455 km² and includes four integrated industrial zones: Sokhna, Qantara West, East Ismailia, and East Port Said. The zone features six seaports that help establish it as a key regional hub for manufacturing and reexport activities. Key factors driving SCZONE's performance include flexible one-stop-shop services for investors, ready infrastructure and utilities meeting international standards, and institutional integration among its industrial zones and ports. Ongoing efforts to enhance infrastructure and utility projects are critical to meeting rising investment demands, bolstering the zone's reputation with global financial and business communities.