

AFRICA RISK CONSULTING

Egypt Monthly Briefing 25 April 2025

Egypt Summary 25 April 2025

Egypt takes centre stage leading the ceasefire negotiations between Israel and Palestinian Islamist political and military organisation Hamas. Egypt's strategic position with Israel and Hamas allows it to place pressure on both partners to accept a potential ceasefire deal. Trade uncertainty is taking its toll on Egypt's economy as a Reuters poll places its economic growth for 2024/25 at 3.8%, in line with the International Monetary Fund's (IMF) forecasts. Slowed economic growth is due in part to the conflict in the Red Sea, which is affecting traffic flows through the Suez Canal, an important economic lifeline for Egypt. Egypt presents itself as a mature and stable regional partner by strategically deciding not to engage in direct conflict with either the Houthi rebels or Somali pirates. Instead, Egypt opts for long-term peace by trying to address the root causes of conflict – the Israel-Gaza conflict and domestic political instability in Somalia.

Egypt remains at centre of ceasefire negotiations between Hamas and Israel

Egypt remains at the centre of ceasefire negotiations between **Israel** and **Palestinian Islamist** political and military organisation **Hamas**, proposing yet another ceasefire deal. On 22 April, Egypt, together with **Qatar**, proposed a new formula to end the conflict in **Gaza** by proposing a five- to seven-year truce; the release of all Israeli hostages in exchange for Palestinian prisoners held in Israeli jails; and Israel's complete withdrawal from Gaza.¹ Senior Hamas members including the head of political council, **Mohammed Darwish**, and the lead negotiator, **Khalil al-Hayya**, met in **Cairo** on 23 April with the mediators to discuss their possible acceptance of the ceasefire.

It is too early to tell whether the latest proposed ceasefire will be successful, considering that Hamas rejected Israel's proposal of a ceasefire which includes a six-week truce in exchange for the complete disarmament of Hamas. However, Egypt is playing a more prominent role by taking the lead in the current negotiations, compared to the negotiations in January.² Both the **United States (US)** and **Qatar** support this strategy, believing that Egypt has the capability to effectively pressure Hamas to accept the deal. Egypt's ability to place pressure on Hamas stems from its long-standing support for Palestinian people's rights and the establishment of an independent state in **Gaza** and the **West Bank**, with **East Jerusalem** as its capital.³

Egypt is also pushing to play a prominent role in the ceasefire negotiations because the Israel-Gaza conflict threatens its national security. Egypt is hesitant to allow Palestinian refugees into the country because of the public protests it could trigger. Although Egyptian public sentiment is supportive of Palestinian rights, the country has limited resources to support mass refugees, even temporarily.⁴ Egypt is thus eager to participate in the negotiations to ensure that all possible measures are followed through to prevent further escalation of the conflict.

Egypt is also in a unique position to lead the negotiations because it is one of the few **Middle Eastern** Arab countries that has diplomatic relations with Israel, despite its open support of Palestinian rights. Egypt will not be involved militarily in the conflict because of the 1979 peace agreement between

¹ BBC, 22 Apr 2025

² Times of Israel, 11 Apr 2025

³ [Stimson](#), 18 Apr 2025

⁴ [Stimson](#), 18 Apr 2025

Israel and Egypt, giving Egypt 46 years of experience of negotiating and mediating with Israel.^{5 6} Additionally, Egypt has close relations with the US, allowing it to balance the needs of Hamas with the requirements of Israel and the US.

However, this also puts Egypt on a diplomatic tightrope. It cannot risk upsetting either partner for fear of undermining the ceasefire negotiations and in turn risking its national security. Its game of high risk and high rewards could deepen its legitimacy and strength in the region if it successfully pushes through a ceasefire agreement. Alternatively, it risks escalating war in the region and undermining its own national security.

Trade uncertainty hangs over economy

Escalating trade uncertainty looms large over Egypt's economy given its economic dependence on world trade. Egypt's officials revealed on 16 April that **Suez Canal** revenue dropped by two-thirds in 2024, due to regional tensions and conflict impacting key waterways.⁷ The **Suez Canal Authority** stated that the canal generated an annual revenue of \$3.991 billion in 2024, down from \$10.25 billion in 2023.⁸ Only 13,213 ships passed through the canal in 2024, compared to 26,000 ships in 2023.⁹ The Suez Canal generated toll revenue for Egypt of \$9.4 billion between 2022 and 2023, making it one of Egypt's economic lifelines.¹⁰

Among the greatest disruptors of trade through the Suez Canal are the **Yemen**-based **Houthi** rebels, who attack cargo vessels heading to Israel in an effort to stop the conflict between Israel and Gaza. Reportedly, between November 2023 and January 2024, shortly after the initial October 2023 Hamas attacks and Israeli counter-attacks, the Houthis targeted over 100 merchant vessels.¹¹ If Egypt succeeds in implementing a lasting ceasefire, it is highly likely to benefit it economically, given that the Houthis are likely to stop their attacks once the attacks on Gaza stop, as seen after the initial ceasefire in January.¹²

US president **Donald Trump's** (2017-2021;2025-present) volatile implementation of tariffs is also impacting Egypt's economy. Although his announcement on 2 April of 10% tariffs on Egyptian goods was not as detrimental to the country as the 135% tariff on Chinese imports, increased tariffs on global trade will have serious repercussions for Egypt.¹³ A **Reuters** poll showed that economists have trimmed their forecasts for Egypt's economic growth from 4% for the 2024/25 financial year to 3.8%.¹⁴ Economists specifically pinned their slashed economic growth predictions on the conflict in Gaza and its effects on Suez Canal revenue, but also on slowed tourism to the country.

In contrast, the **International Monetary Fund's (IMF)** most recent growth expectation for Egypt, released in late April, is an increase from 3.6% for 2024/25 to 3.8% for 2024/25, and a decrease for 2025/26 from 4.3% to 4.1%.¹⁵ While the IMF did not explain its positively adjusted forecasts, it said the country's strong manufacturing and tourism sector must not be overlooked.

Until June, when the financial year ends, Egypt's economic growth rate for 2024/25 remains uncertain, as well as the impact that changes in global trade will have on its economy. Experts are divided on the impact of trade uncertainty and the Israel-Gaza conflict on the economy, further motivating Egypt to succeed in a ceasefire negotiation between Israel and Gaza.

⁵ The Conversation, 16 Oct 2023

⁶ NPR, 2 Mar 2025

⁷ AP News, 16 Apr 2025

⁸ AP News, 16 Apr 2025

⁹ AP News, 16 Apr 2025

¹⁰ [Atlantic Council](#), 20 Mar 2025

¹¹ AP News, 16 Apr 2025

¹² Al Jazeera, 18 Jan 2025

¹³ The New Arab, 8 Apr 2025

¹⁴ Reuters, 23 Apr 2025

¹⁵ Middle East Economy, 23 Apr 2025

Egypt presents itself a stable regional partner

President **Abdel Fattah Al-Sisi** (2014-present) visited **Djibouti** on 23 April to meet his counterpart, **Ismail Omar Guelleh** (1999-present), and discuss ways to mitigate the economic impact of Red Sea trade route disruption.¹⁶ This is the first time an Egyptian president has visited Djibouti since the country's independence in 1977.

The two leaders focused on **Somalia**, as some of the disruptions in the Red Sea are caused by Somali pirates. Both leaders expressed their commitment to send troops to the new **African Union Support and Stabilization Mission in Somalia (AMISOM)**, to support Somalia's security and stability and combat terrorism. Al-Sisi and Guelleh discussed broader security matters regarding the **Horn of Africa**, such as the importance of securing the **Bab el-Mandeb Strait**, which connects the Red Sea and the **Gulf of Aden**.¹⁷

Although both countries are determined to see an end to the instability in the Red Sea, Egypt remains hesitant to use military force against either the Houthi rebels or Somali pirates. Egypt plays an important part as mediator in the conflict between Israel and Gaza and any expansion by Egypt of the Middle Eastern conflict to the Red Sea would undermine its efforts as mediator.

Egypt is acting strategically in how it chooses to engage with conflict in the region, even though the conflict is negatively affecting its economy. Its decisions in how it handles conflict, such as the Houthis and Somali pirates, reflects its foreign policy strategy: With both the Houthis and pirates, Egypt prefers to address the root causes, such as the conflict in Gaza or domestic instability in Somalia, rather than engaging with the side-effects of the conflict. This bolsters Egypt's integrity as a mediator and underlines its position in the region as a strong and dependable partner.

¹⁶ Egypt Today, 23 Apr 2025

¹⁷ Daily News Egypt, 27 Mar 2025

Planner

8-10 May 2025 **Cairo (Egypt)** French Foreign Trade Advisors (CCE) MENA Forum;
 2025 **Ras El-Hekma (Egypt)** Construction to begin on the \$35-billion Ras El-Hekma project;
 2025 **Cairo (Egypt)** Further subsidy reductions expected;

Chronology

22 Apr 2025 **Beijing (China)** *Daily News Egypt*. **Egypt's** minister of housing, utilities and urban communities, **Sherif El-Sherbiny**, meets with **China State Construction Engineering Corporation (CSCEC)** chairperson **Zheng XueXuan** to discuss ongoing and future collaboration;

22 Apr 2025 **Washington D.C. (United States)** *Daily News Egypt*. Planning, economic development and international cooperation minister **Rania Al-Mashat** meets with **International Finance Corporation (IFC)** managing director **Makhtar Diop** to discuss initiatives to increase private sector participation in development;

21 Apr 2025 **Shenzhen (China)** *Daily News Egypt*. **Egypt Healthcare Authority** chair **Ahmed El-Sobky** participates in the 2025 **Shenzhen-Cairo Economic and Trade Exchange Forum** to advance economic and investment ties between the two countries and signs a Memorandum of Understanding with China-based diagnostic company **Snibe**;

21 Apr 2025 **New Administrative Capital (Egypt)** *Daily News Egypt*. Public enterprises minister **Mohamed El-Shimy** meets with **Italy**-headquartered **Technip Energies** to discuss avenues for cooperation between Technip Energies and the ministry;

16 Apr 2025 **Riyadh (Saudi Arabia)** *Daily News Egypt*. **Egyptian** industry and transportation minister **Kamel Al-Wazir** meets with Saudi Arabian transport and logistics services minister **Saleh Al-Jasser** to advance cooperation in transportation and logistics sectors of the two countries;

15 Apr 2025 **Kuwait City (Kuwait)** *Daily News Egypt*. **Egypt's** President **Abdel Fattah Al-Sisi** concludes a state visit to Kuwait, where he meets with the Emir of Kuwait, **Sheikh Mishal al-Ahmad Al-Jaber Al-Sabah**, to discuss bilateral relations;

15 Apr 2025 **Cairo (Egypt)** *Daily News Egypt*. Petroleum and mineral resources minister **Karim Badawi** meets with **Organisation of Arab Petroleum Exporting Countries (OAPEC)** secretary general **Jamal Issa Al-Loughani**, and discusses advancing Arab cooperation in the oil, gas and energy sectors;

14 Apr 2025 **New Administrative Capital (Egypt)** *Daily News Egypt*. Prime minister **Mostafa Madbouly** meets with senior **Saudi** business leaders and discusses joint cooperation opportunities;

13 Apr 2025 **Cairo (Egypt)** *Daily News Egypt*. Foreign minister **Badr Abdelatty** holds a series of phone conversations with his counterparts in **Oman, Iran** and the **US Special Envoy to the Middle East** to focus on regional security developments;

12 Apr 2025 **Cairo (Egypt)** *Daily News Egypt*. President **Abdel Fattah Al-Sisi** receives his **Indonesian** counterpart, **Prabowo Subianto**, in a landmark visit to deepen bilateral relations between the two countries;

9 Apr 2025 **Cairo (Egypt)** *Daily News Egypt*. Environment minister **Yasmine Fouad** meets with the **Swedish** Ambassador to Cairo, **Dag Juhlin-Dannfelt**, to explore opportunities for strengthening bilateral cooperation;

8 Apr 2025 **Cairo (Egypt)** *Daily News Egypt*. Foreign affairs minister **Badr Abdelatty** receives a call from **Japan's** foreign affairs minister, **Takeshi Iwaya**, to discuss the reconstruction of **Gaza** and strengthening bilateral ties;

8 Apr 2025 **Cairo (Egypt)** *Daily News Egypt*. Cairo hosts the signing of four new healthcare cooperation agreements between Egypt and **France** marking a significant step forward in the strategic partnership between the two countries;

7 Apr 2025 **Cairo (Egypt)** *Al Jazeera*. France's President **Emmanuel Macron** and Egypt's President, **Abdel Fattah El-Sisi** hold a press conference whereby they jointly call for a **Gaza** ceasefire and the release of both **Israeli** and **Palestinian** captives;

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