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Egypt Summary 15 September 2025

Egypt formally warns the United Nations Security Council that Ethiopia's Grand Ethiopian Renaissance Dam (GERD) threatens its water security and violates international law. Central Agency for Public Mobilization and Statistics (CAPMAS) reports on 10 September that core consumer price index (CPI) inflation in Egypt decreased for a third month, with annual urban inflation in urban areas decreasing to 12% in August from 13.9% in July driven by a sharp slowdown in food and beverage prices. The Central Bank of Egypt (CBE) Monetary Policy Committee (MPC) also reduces the benchmark deposit rate to 22% and the lending rate to 23%, a cut of 200 basis points each. Emaar Misr, the local unit of the United Arab Emirates' (UAE) largest real estate developer Emaar Properties PJSC, and Egypt's Citystars Properties sign an EGP 900 billion (\$18.5 billion) deal to develop the Marassi Red Sea resort.

Egypt warns the United Nations over GERD threat to Nile water security

Egypt has escalated its long-running dispute with Ethiopia over its **Grand Ethiopian Renaissance Dam (GERD)**, formally [addressing](#) the **United Nations Security Council (UNSC)** on 10 September, warning that it threatens its water security by reducing its water share and emphasising that Ethiopia's "*unlawful unilateral action*" on the Blue Nile violate international law. In a letter delivered by foreign minister, **Badr Abdelatty**, Egypt stressed that it "*will not allow its water rights to be compromised*" and pledged to take all measures permitted under international law to defend its people's existential interests.

The warning came just a day after Ethiopia's prime minister **Abiy Ahmed** (2018-present) [inaugurated](#) the the \$4.5 billion GERD on 9 September after 14 years of construction. The ceremony was attended by several African leaders, including **Kenya's William Ruto** (2022-present), **South Sudan's Salva Kiir** (2011-present), **Djibouti's Ismail Omar Guelleh** (1999-present) and **Somalia's Hassan Sheikh Mohamud** (2022-present). Abiy described it as both a national and continental achievement, promising expanded domestic electricity access and surplus exports to neighbours. Once fully operational, the GERD will generate over 5,150MW of power, compared to the 750 MW currently produced. Local media hailed the dam as the "*pride of Africa*" and emphasised that unlike most large infrastructure developments on the continent, the dam was almost entirely financed domestically.

Egypt and **Sudan** did not attend the inauguration, reflecting their continued opposition to the project's filling and operation. Both countries insist on a legally binding agreement governing the filling and operation of the reservoir, warning that Ethiopia's unilateral approach threatens regional stability. Egypt, one of the world's driest countries, is particularly vulnerable, depending on the Nile for over 90% of its water needs, with 70% of that flow originating in Ethiopia. Its annual allocation of 55.5 billion cubic metres already falls short of national needs, leaving per capita availability of 660 cubic metres well below the global water scarcity threshold of 1,000 cubic metres per year. Studies warn that population growth and the GERD's impact could trigger a drinking water crisis as early as this year. Sudan has also pushed for a binding deal, though it stands to benefit from flood control and cheaper electricity.

Ethiopia, for its part, frames the GERD as a [sovereign right](#) and regional opportunity. Ethiopia has pressed ahead with reservoir filling since 2020 despite years of stalled **African Union (AU)** and international mediation efforts. Ethiopia's government views the GERD as a solution its chronic power shortages, a catalyst for its nascent manufacturing sector and a potential source of foreign revenue,

through excess electricity exports to Kenya, **Tanzania** and Djibouti. While the dam is a symbol of national pride for Ethiopia and represents a once-in-a-generation chance to transform its economy, Ethiopia's unilateral decision to inaugurate it without an agreement with Egypt and Sudan raises serious concerns for regional stability.

With the dam now officially launched and Egypt turning to the UN, the dispute enters a sharper phase. Ethiopia responded on 11 September in its own letter to the UNSC rejecting the Egyptian claims. However, the UNSC has not passed any binding resolution or mandate on the GERD dispute and has only acknowledged these communications. The situation remains one of diplomatic posturing rather than enforceable UN action. The implication is that Egypt and Ethiopia will still need to resolve the issue either through direct talks, AU-led mediation, or possibly international arbitration because the UN, at least for now, is not intervening beyond providing a platform for statements.

Inflation cools for a third month to 12%

The **Central Agency for Public Mobilization and Statistics (CAPMAS)** [reported](#) on 10 September that core consumer price index (CPI) inflation decreased for a third month, with annual urban inflation in urban areas decreasing to 12% in August from 13.9% in July and 14.9% in June, coming in below market expectations of 12.7%. This marked the lowest inflation rate since March 2022 and was driven by a sharp slowdown in food and beverage prices, the largest single component of Egypt's inflation basket, which decreased to its lowest level since May 2021 (2.1% vs 3.4% in July).

Price increases moderated across several categories, including transport (26.8% vs 41.5% in July), restaurants and hotels (13.8% vs 15.2%), clothing (14.8% vs 14.9%), and miscellaneous goods and services (12.0% vs 13.6%). However, prices quickened for housing (16.2% vs 15.9%) and furnishings (13.4% vs 12.9%). Meanwhile, inflation remained steady for communications at 12.1%. Overall consumer prices increased by 0.4% month-on-month in August, rebounding from a 0.5% decline in July, and marking the first monthly increase in three months. Annual core inflation, which strips out volatile and regulated items such as energy, rose to 10.7% in August from 11.6% in July.

The drop in inflation in August, which is less than half of Egypt's peak of 38% registered in September 2023, defied expectations as price pressures were expected to fall to around 12.7% in August. Some had also expected inflation to increase after the government on 17 July passed amendments to its Value-Added Tax (VAT) law, including a 12% increase on cigarettes, a 15% increase on alcoholic beverages and the introduction of a flat tax of 10% on crude oil. While these measures were aimed at boosting revenues under Egypt's **International Monetary Fund (IMF)** programme, it was thought that the VAT increases could lead to higher inflation. However, the slowing inflation over the last two months prompted the **Central Bank of Egypt (CBE) Monetary Policy Committee (MPC)** to cut the interest rate for the first time since May and the third time this year. The MPC [announced](#) on 28 August that it had decided to reduce the benchmark deposit rate by 22% and the lending rate to 23%, a cut of 200 basis points each, citing:

"Favorable outcomes —alongside improving underlying dynamics relative to previous months, and more supportive exchange rate developments—have created room for a measured resumption of monetary easing".

Egypt cut interest rates in April for the first time in almost five years and did so again a month later in May, slashing rates by a combined 325 basis points (*see ARC Briefing Egypt Aug 2025*). The MPC paused its cutting cycle in July, adopting a cautionary approach to the possibility of fresh inflationary pressures resulting from increases to VAT. However, last month's inflation reduction tamed those concerns when consumer price growth slowed for a second month to 13.9% in July from 14.9% in June and 16.8% in May. The Egyptian pound has also been trading significantly stronger from May to August, potentially cooling price pressures in the import-dependent nation. These combined factors pushed the MPC to resume its rate-cutting cycle and the latest inflation statistics provided further justification, bolstering expectations that the MPC will continue easing into the year-end to stimulate growth. The looming possibility of a **United States (US) Federal Reserve** (central bank) rate cut in September also gave the MPC scope to resume its monetary easing.

Lowering rates further will allow Egypt to push ahead with its plans for an economic revival and to ease some of the **Middle East's** highest debt-servicing costs, particularly after devaluing the pound about 40% last year to tackle a foreign-currency drought. Doing this helped Egypt secure an expanded \$8 billion **International Monetary Fund (IMF)** loan that was key to a \$57 billion global bailout. However, Egypt is also notably a magnet for foreign investors looking to invest in local debt due to the country having one of the world's highest interest rates. But the latest rate cut is mild enough that it most likely will not dent its attraction, still offering one of the world's highest returns.

\$18.5 billion Red Sea tourism development deal sealed

The government [announced](#) on 7 September that **Emaar Misr**, the local unit of the **United Arab Emirates' (UAE)** largest real estate developer **Emaar Properties PJSC**, and Egypt's **Citystars Properties** signed a EGP 900 billion (\$18.5 billion) deal to develop the **Marassi Red Sea** resort. The resort will span more than 2,500 acres, feature 12 luxury hotels and is expected to generate up to 170,000 construction and hospitality jobs. The government said that the project is expected to be completed within four years.

Emaar Misr's chairman, **Jamal Bin Theniyah**, said on 7 September that once operational, it is projected to generate between \$100m to \$200m in annual revenue from tourist activities. Emaar Properties founder, **Mohamed Alabbar**, also added that the project will lift the company's total investments in Egypt to about \$35 billion. Alabbar further revealed that Emaar Misr and Citystars will each hold a 50% share in the Marassi Red Sea resort.

The development further cements Egypt's success in attracting Gulf capital, particularly from the UAE. The deal follows last year's [record](#) \$35 billion investment by **Abu Dhabi's** sovereign wealth fund **ADQ**, which led a consortium to develop a 170-square-kilometre area on Egypt's **Mediterranean** coast. The new megaproject underscores the government's push to expand tourism infrastructure and deepen economic ties with **Gulf** investors, a critical strategy amid ongoing fiscal pressures.

Planner

Sep/Oct 2025 **Cairo (Egypt) International Monetary Fund (IMF)** to complete fifth and sixth review of Egypt's \$8 billion **Extended Fund Facility (EFF)** programme;

2025 **Ras El-Hekma (Egypt)** Construction to begin on the \$35-billion Ras El-Hekma project;

2025 **Cairo (Egypt)** Further subsidy reductions expected;

Chronology

14 Sep 2025 **Cairo (Egypt) Reuters**. The petroleum ministry says Egypt signed three investment agreements worth more than \$121m for oil and gas exploration in the Western desert, **Suez Gulf** and north of **Sinai**;

12 Sep 2025 **Cairo (Egypt) Reuters**. The **United States (US)**, **Saudi Arabia**, the **United Arab Emirates (UAE)** and Egypt call for a three-month humanitarian truce in **Sudan**, followed by a permanent ceasefire;

11 Sep 2025 **Cairo (Egypt) Daily News Egypt**. **Chinese** tyre manufacturer **Sailun Group** begins construction of a \$1 billion factory in Egypt's **Suez Canal Economic Zone**, one of the largest Chinese industrial investments in Egypt;

10 Sep 2025 **Cairo (Egypt) Daily News Egypt**. **Azerbaijani** deputy foreign minister **Yalchin Rafiyev** announces that Egypt and Azerbaijan will hold the sixth session of their joint committee in Cairo in October, alongside a business forum to boost private sector cooperation;

9 Sep 2025 **Cairo (Egypt) Reuters**. A looming end to \$1 a month home rentals, a longtime rent cap has kept homes affordable but stifled landlord profits, stokes worries in Egypt;

9 Sep 2025 **Cairo (Egypt)** *Bloomberg*. **United States (US)** auto manufacturer **Chevron's** president for global gas, **Freeman Shaheen**, says the company is working to boost supplies of **Israeli** natural gas to Egypt to meet an "insatiable appetite" for the fuel;

9 Sep 2025 **Cairo (Egypt)** *Daily News Egypt*. Egypt formally warns the **United Nations Security Council** that **Ethiopia's Grand Ethiopian Renaissance Dam** threatens its water security, emphasising that unilateral actions by Ethiopia violate international law and could reduce Egypt's Nile water share;

8 Sep 2025 **Cairo (Egypt)** *Reuters*. **United Kingdom**-headquartered energy giant **BP** signs a preliminary agreement with the **Egyptian Natural Gas Holding Company (EGAS)** to drill five new deepwater gas wells in the **Mediterranean Sea**;

8 Sep 2025 **Cairo (Egypt)** *Daily News Egypt*. President **Abdel Fattah Al-Sisi** meets with prime minister **Mostafa Madbouly** and petroleum minister **Karim Badawy** to review Egypt's energy and mining sectors, stressing incentives to attract further investment;

7 Sep 2025 **Cairo (Egypt)** *Bloomberg*. **United States (US)** tech giant **Microsoft** says it is no longer detecting issues with its **Azure** cloud platform after multiple international cables in the **Red Sea** were cut;

6 Sep 2025 **Cairo (Egypt)** *Daily News Egypt*. **Central Bank of Egypt** issues new regulations allowing banks to set up service units outside traditional branches to expand financial access across all governorates;

5 Sep 2025 **Cairo (Egypt)** *Reuters*. Egypt says it will not tolerate mass displacement of **Palestinians** and what it described as genocide, continuing to ratchet up its criticism of **Israel's Gaza** offensive;

3 Sep 2025 **Cairo (Egypt)** *Daily News Egypt*. Egypt and **South Korea** mark 30 years of diplomatic relations and plan to deepen ties through the new **R.I.S.E-EKO Vision**, emphasising renewal, innovation, synergy and excellence in economic, cultural and technological cooperation;

2 Sep 2025 **Cairo (Egypt)** *Daily News Egypt*. Leading financial services group **CI Capital** successfully completes a securitised bond issuance worth EGP 1.3 billion (\$26.78m) for **Al-Tameer Leasing and Factoring**, structured in three tranches with tenors ranging from 25 to 48 months and ratings from A to AA+;

31 Aug 2025 **Cairo (Egypt)** *Daily News Egypt*. Planning, economic development and international cooperation ministry says government plans to invest EGP 144.8 billion (\$3 billion) in agriculture and irrigation in the 2025/206 financial year, allocating EGP 17.5 billion (\$362 m) from public funds and EGP 127.4 billion (\$2.63 billion) from private investments;

30 Aug 2025 **Cairo (Egypt)** *Reuters*. The petroleum ministry says Egypt has signed four agreements with international firms worth more than \$340m to explore oil and gas in the **Mediterranean** and **Nile delta**;

30 Aug 2025 **Cairo (Egypt)** *Finance ministry*. Finance minister **Ahmed Kouchouk** says Egypt's real gross domestic product grew by 4.5% in the 2024-25 financial year, up from 2.4% the previous year, boosted by reforms tied to **International Monetary Fund (IMF)** financing and increased manufacturing activity;

28 Aug 2025 **Cairo (Egypt)** *Reuters*. Prime minister **Mostafa Madbouly** discusses activating a \$7.5 billion "partnership package" with his **Qatar**;

27 Aug 2025 **Cairo (Egypt)** *Daily News Egypt*. **Central Bank of Egypt (CBE)** announces that remittances from Egyptians abroad hit a record \$36.5 billion during FY2024/25, up 66.2% from \$21.9 billion in FY2023/24;

27 Aug 2025 **Cairo (Egypt)** *Reuters*. Egypt signs a \$220m contract with investors from the **United Arab Emirates (UAE), Bahrain and China** to build an integrated complex for producing solar cells, panels and energy storage systems in the **Suez Canal Economic Zone**;

26 Aug 2025 **Cairo (Egypt)** *Daily News Egypt*. Foreign minister **Badr Abdelatty** briefs his **Spanish** counterpart **José Manuel Albares** on a proposed **Gaza** ceasefire deal and urges the **European Union (EU)** to pressure **Israel** to comply with international law;

26 Aug 2025 **Cairo (Egypt)** *Reuters*. The petroleum ministry says work is underway at three new wells in the **Zohr** gas field in the **Mediterranean** in the current financial year;

24 Aug 2025 **Cairo (Egypt)** *Daily News Egypt*. Petroleum minister **Karim Badawi** meets with **Chile's** ambassador **Roberto Ebert**, and representatives from Chilean oil and gas company **ENAP Sipetrol** to discuss increasing mining and oil cooperation;

21 Aug 2025 **Cairo (Egypt)** *Daily News Egypt*. Foreign ministry says it welcomes recent international diplomatic efforts aimed at resolving the **Ukraine** crisis, including the **United States (US)-Russia Summit** on 15 August and a **US-Ukraine** meeting on 18 August;

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