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ECONOMIC LENS is meant to provide weekly, focused, and in-depth analysis on issues of high relevance to Egypt's economic landscape. Our coverage will span trade, financial markets, the business environment, the job market, and other critical economic dimensions.

AI and the Labor Market: Between Fear and Reality

Artificial Intelligence (AI) is no longer a futuristic concept; it is a present reality reshaping the mechanics of work across the global economy. Yet, the debate over its impact on jobs often lacks concrete evidence. Between fears of labor displacement and hopes for new opportunity creation, there is a pressing need for an analytical reading grounded in real-world data.

The Global Picture: How is AI actually affecting jobs?

Current evidence reveals a significant gap between AI's theoretical capabilities and its actual adoption within organizations. For instance, while AI can theoretically perform 94% of tasks in computer and mathematical occupations, its actual usage rate stands at only 33% on average. At present, AI exposure is highest in programming (74.5%), customer service (70.1%), and data entry (67.1%)—roles that primarily rely on systematic information processing (Anthropic, 2026)

*Key Indicator 1: International studies have not detected a structural increase in unemployment within the occupations most affected by AI. However, **there is evidence of a slowdown in hiring for the 22–25 age group** in these fields, signaling a gradual shift in the structure of labor demand.*

The Egyptian Picture: What does the local data show?

The Egyptian Center for Economic Studies (ECES) pioneered the analysis of companies' demand for skills in Egypt starting in September 2022. Through its quarterly reports, ECES has accumulated a rich dataset that provides a strong empirical foundation for studying

the impact of AI on the labor market. In January 2026, ECES analyzed 28,311 job advertisements in the Egyptian market, decomposing them into sub-tasks. The analysis reveals an average **Job Automatability Index** of 33.2%, indicating that roughly one-third of current job tasks in Egypt could be executed or accelerated by AI—a measure of how the **content of jobs may change**, rather than implying their outright elimination. (ECES, 2026)

Key Indicator 2: *The analysis shows that geographical distribution does not create fundamental difference in exposure. Automatability rates are remarkably similar acro Cairo (34.1%), Lower Egypt (38.7%), and Alexandria (36.7%), confirming that* ***professio activity, not location,*** *is the primary determinant of risks and opportunities.*

Who is most affected?

The most prominent finding is a sharp professional polarization. AI does not impact all workers equally; it creates clear winners and losers based on the nature of their tasks.

AI Automatability by Occupation in Egypt

Occupation Group	Automatability Index	Exposure Level
Clerical Support Workers	52.0	Very High
Technicians & Assoc. Professionals	40.6	High
Professionals	35.2	Moderate-High
Managers	25.8	Moderate
Service & Sales Workers	22.5	Low
Craft & Related Trades Workers	15.8	Very Low
Plant & Machine Operators	12.3	Very Low
Agricultural Workers	9.5	Minimal

Source: ECES's Analysis of 28,311 online job postings (2025)[2]

Clerical and office jobs are the most vulnerable due to their heavy reliance on data management and scheduling. Conversely, **occupations requiring physical skills or manual interaction in variable environments—such as agriculture and crafts—remain largely insulated from the current wave of automation.**

Sectorally, the legal services sector leads with 51.8% due to the intensive nature of text-based research and document drafting, followed by retail (42.9%) and the automotive sector (38.7%). Meanwhile, tourism and government services show greater resilience, as they rely heavily on direct communication and complex contextual tasks.

What should be done?

Global and local evidence points to three key priorities:

1. **Workforce Reskilling:** There is an urgent need to focus on workers in "exposed" occupations where automatability exceeds 50%. They must be equipped with complementary skills—such as critical thinking, effective communication, and AI literacy—which will define the "Hybrid Professional" of the future.
2. **Reforming the Educational System:** Approximately 97% of white-collar job postings in Egypt require a university degree, yet educational content is rapidly diverging from market demands. Universities must integrate AI tools into the core of their curricula.
3. **Leveraging AI as a Productivity Multiplier:** Evidence suggests that AI's primary near-term impact is the redefinition of work, not its elimination. For the Egyptian economy, tech-augmented workers could achieve significant breakthroughs in economic output, provided the appropriate regulatory and technical environment is in place.
4. **From Measurement to Action:** Utilize available labor market data to identify practical career pathways that help youth and workers navigate the transition. For example, with largely the same skill set, an administrative assistant could transition to an event coordinator role with minimal reskilling—moving from a higher-risk to a lower-risk occupation. *(Ongoing research by the Egyptian Center for Economic Studies.)*

Conclusion:

AI is not coming for jobs—it is coming for tasks. The real challenge lies not in the existence of the technology itself, but in the readiness of the state and institutions to manage this structural shift before gradual changes escalate into structural unemployment. Therefore, governments must provide the necessary policies and support to facilitate smooth transitions, while individuals need to adapt by upskilling and aligning their capabilities with the evolving demands of the labor market.

Sources:

1. Labor Market Transformations: Alternative Career Pathways for Jobs Threatened by AI. ECES, 2026. https://eces.org.eg/en/eces_event/demand-in-egypts-labor-market-q4-year-2025/
2. Labor market impacts of AI: A new measure and early evidence. Anthropic, 2026. https://www.anthropic.com/research/labor-market-impacts