



# ECONOMIC LENS

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## Impact assessment for the 9PM closure decree



### Background:

#### Energy Crisis and Mandatory Working Hours

The regional war that was launched by the US and Israel on Iran on February 28, 2026, fundamentally altered Egypt's fiscal landscape overnight. As global energy markets soared under the pressure of the war, the national gas import bill tripled within the first month alone, surging from approximately \$560 million to over \$1.65 billion as per government statements.<sup>1</sup> This sudden \$1.1 billion monthly increase forced the government into an emergency fiscal posture. In an effort to curb escalating costs and manage the domestic energy crisis, the Cabinet implemented a mandatory 9:00 PM closure for retail outlets, shopping malls, and cafes starting in late March with some exceptions. The policy was designed to be a high-impact, immediate measure to reduce energy consumption. However, the mandate was rescinded on April 27, 2026.

#### ECES Analysis: Rationale and innovative methodology

Since there was no independent Cost-Benefit Analysis conducted to estimate the impact of the closure on economic activity, the Egyptian Center for Economic Studies (ECES) attempted to estimate the impact of the policy on the Egyptian economy. To do that we utilized an innovative satellite-dependent methodology to provide an

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<sup>1</sup> Prime Minister Statement, "Natural Gas Bill Jumps from \$560 Million to \$1.65 Billion in One Month," Al-Masry Al-Youm (Video Report, 2026). Available at: <https://www.almasryalyoum.com/avideo/4225662>

objective assessment of these emergency measures. Satellite data offers a modern and transparent lens for evaluating policy outcomes; **by measuring nighttime light intensity from space, we can track economic fluctuations as they occur on the ground.**

This approach is now a standard tool for major global organizations, including the World Bank<sup>2</sup> and the International Monetary Fund (IMF)<sup>3</sup>. These entities rely on satellite imagery to monitor economic growth and recovery in environments where traditional statistical data may be delayed or unavailable.

To ensure high analytical accuracy, this study compared the average nighttime light intensity for the four days immediately preceding the closure decision against the four days following its implementation. This "before and after" window effectively isolates the direct impact of the policy mandate from broader economic trends.

### **Impact Analysis: Correlating Nighttime Light to Economic Vitality**

As illustrated in Figure 1, high-resolution satellite data reveals a localized but severe contraction in Nighttime Light (NTL) across Egypt's primary commercial corridors, reflecting a high level of compliance with the mandate. Our analysis focused on key hubs such as Downtown Cairo, Mohandessin, and Mahatet El Raml, which experienced declines exceeding 30% immediately following the 9:00 PM closure. These areas represent some of the densest concentrations of Egypt's retail and trade sector—an industry that employs approximately 5.2 million workers, or roughly 16% of the national labor force.

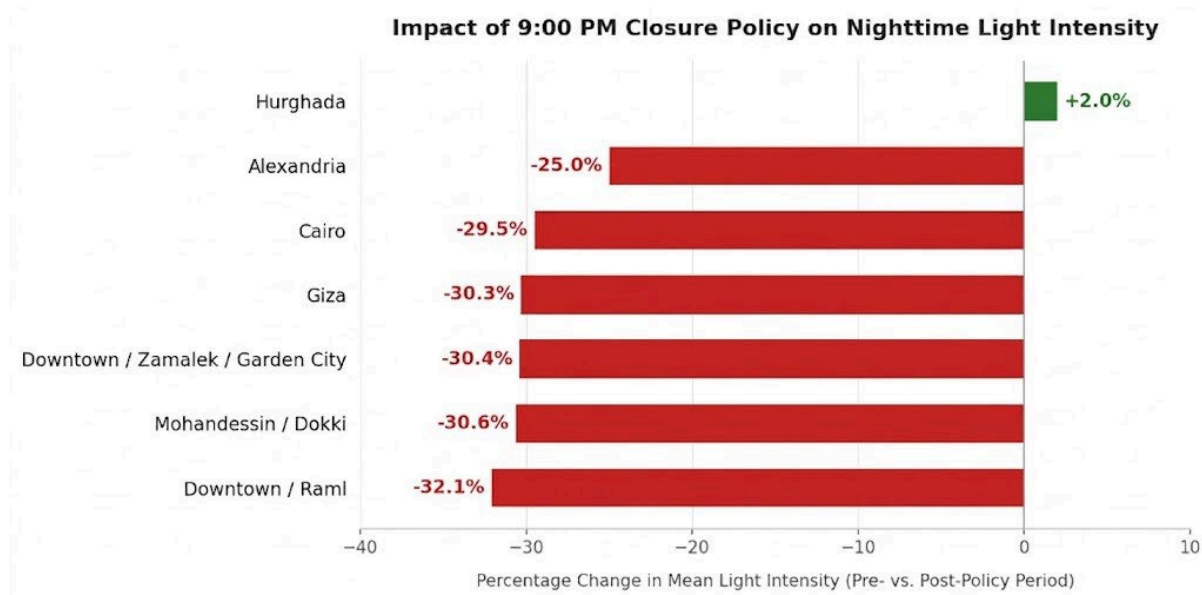
To validate that these declines were a direct result of the closure policy rather than broader seasonal or regional trends, the study utilized **Hurghada** as a control case. As a coastal city largely exempt from the strict closure hours, Hurghada showed no significant impact on its light intensity, confirming that the sharp contractions elsewhere were policy driven.

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<sup>2</sup> World Bank, "Tracking Economic Activity in Response to COVID-19 Using Nighttime Lights: The Case of Morocco," Middle East and North Africa Household Survey and Data (2020). Available at: <https://www.worldbank.org/en/region/mena/publication/tracking-economic-activity-in-response-to-the-covid-19-using-nighttime-lights-morocco>

<sup>3</sup> Yuanyuan Chen and Jiaxiong Yao, "Bright Lights, Big Data," *Finance & Development*, International Monetary Fund (September 2019). Available at: <https://www.imf.org/en/publications/fandd/issues/2019/09/satellite-images-at-night-and-economic-growth-yao>

The economic implications of this 30% drop are substantial when viewed through the lens of academic literature. Established economic models suggest that for every **10% decrease in light intensity, localized economic activity typically falls by 3% to 6.5%**. In this context, a 30% reduction in intensity suggests an active-hour economic slowdown of nearly **9% to 19.5%** within these commercial districts.



Source: ECES Analysis

## Discussion

As mentioned earlier, Research indicates a robust linkage between nighttime light (NTL) intensity and economic vitality, when applying this correlation to the 30% drop observed in Cairo's commercial hubs, we can conclude that the localized economic slowdown is substantial. Meanwhile, it was estimated by experts that the impact of the closure was a 0.5% reduction in energy consumption. This highlights a significant disproportionality between the high level of public compliance and therefore loss of economic activity and the resulting technical gains.

This economic contraction directly impacts the retail and trade sector, which employs approximately 5.2 million workers, or roughly 16% of the national labor force. Even a partial disruption to this workforce creates a negative multiplier effect, as reduced operating hours lower the income-generating capacity of millions of households and dampen overall consumer demand. Not to mention the vast informal sector, which lacks the social safety nets to weather such a contraction and depends heavily on

peak evening hours for survival, making the loss of income for these undocumented workers an immediate blow to economic resilience.

Furthermore, the policy, although it was only applied for a short period, may create offsetting fiscal pressures that undermine its original intent. A contraction in retail activity leads to lower collections of Value Added Tax (VAT) and income tax, potentially creating a fiscal loss that might outweigh the savings achieved on the energy import bill. Given that the measure only resulted in a 0.5% saving in national energy consumption.

### **Conclusion**

The 2026 energy crisis demonstrates that emergency policy must be grounded in a holistic Cost-Benefit Analysis that transcends narrow financial metrics. While the 9:00 PM closure was a response to a sudden \$1.1 billion deficit, the lack of a pre-emptive assessment led to a policy where the economic costs likely outweighed the estimated marginal 0.5% energy saving. A comprehensive analysis must account for the socioeconomic disruption to 5.2 million workers and the resulting fiscal loss in VAT and income tax collections that would otherwise sustain the budget. By utilizing modern tools like Nighttime Light intensity to monitor localized contractions, policymakers can ensure that future strategies protect the broader economic ecosystem while managing immediate technical crises. More generally, cost benefit analysis needs to be done for all public policies before implementation to minimize the chances of error and unfairness.