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The Impact of the Increase of Fuel Prices on Some Aspects of Health Services in Egypt



Background and Rationale: Why Analyze Unregulated Services-Markets?

In macroeconomic policy discourse, inflation is too frequently reduced to a single headline figure—a consumer price index (CPI) that combines very different economic realities into one national average. This national average is then used for most macroeconomic analysis. When inflation has a sectoral focus, public and policy attention is also routinely focused on tangible commodities like fruits and vegetables when discussing the cost of living.

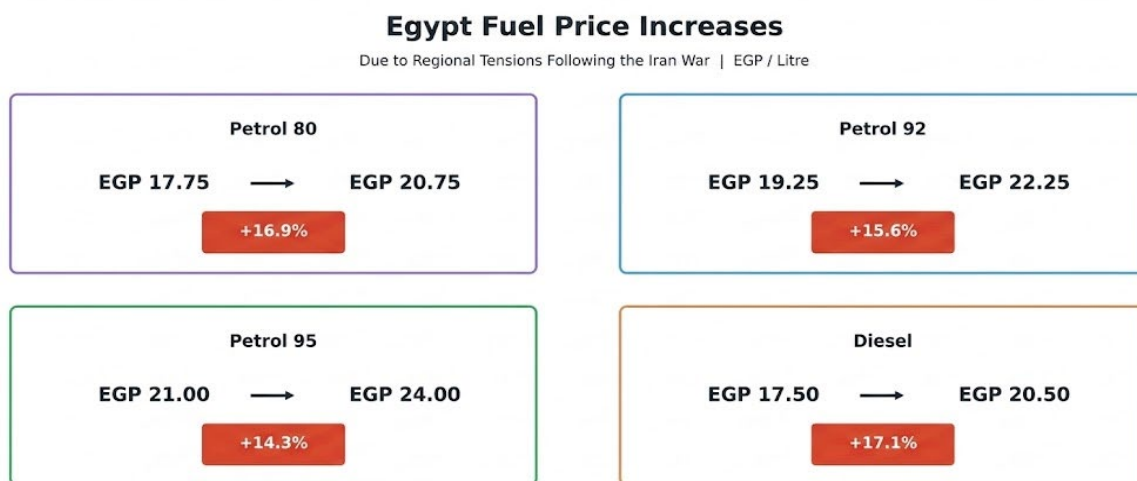
However, the real and continuous erosion of household purchasing power for the middle and lower classes is also strongly driven by increases in prices of basic, unavoidable services. Therefore, Assessing the real welfare impact of macroeconomic shocks requires looking beyond the headline number and examining localized, unregulated service markets more closely.

In Egypt, transactions in largely unregulated sectors—such as private tutoring (el-doroos el-khosooseya) and private doctor consultation fees (kashf)—are not optional luxuries; they are basic life essentials. Because these fees can be adjusted instantly by individuals without state oversight, they act as real-time indicators of economic pressure that ordinary citizens cannot avoid. When macroeconomic shocks hit, these essential service markets immediately absorb the shock and pass it directly to citizens, creating an immediate and direct drain on household budgets that standard policy measures do not fully capture or respond to.

What ECES Did to Contribute to Measuring the Impact of Macroeconomic Shocks on Egyptians

ECES conducted a study aimed to examine the inflationary pressures caused by the March 10, 2026, government-mandated fuel subsidy reform, during which domestic gasoline and diesel prices increased sharply by as much as 17% as seen in figure 1, and how these pressures affected doctor consultation markets. The study tracked the pricing behavior of (12,180) private medical practitioners across Egypt by observing clinic consultation fees at two different periods: Observation 1 at the beginning of 2026 and Observation 2 at the end of March. This allowed the study to capture the impact of the March 10, 2026, fuel subsidy reform on consultation fees.

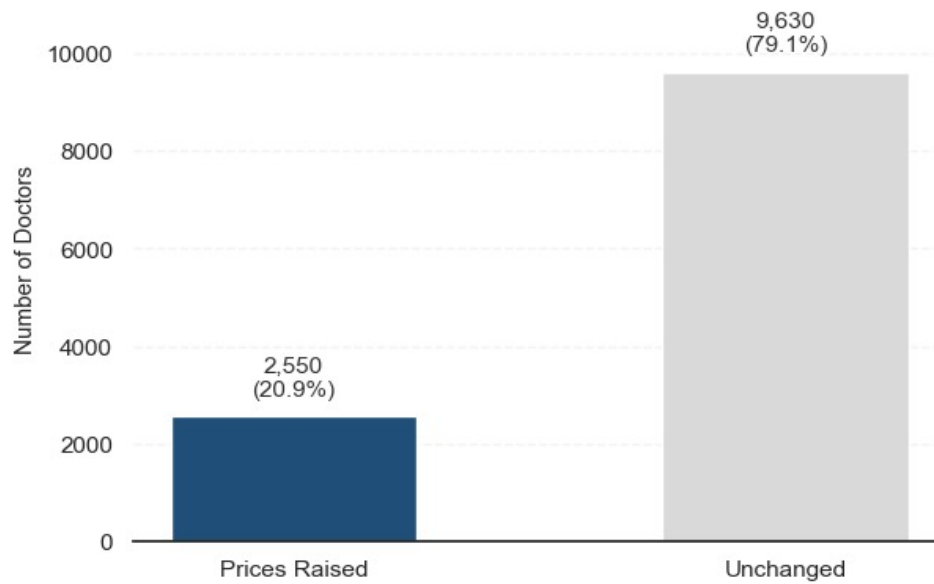
Figure 1. Egypt Fuel Price Increases



Source: Ministry of Petroleum and Mineral resources

Results

1. Consultation fees increase for high-risk medical specialties: Short-term price stability was observed in 80% of the sample, whereas 20% of monitored physicians actively increased their consultation fees within the three-month window (Figure 2). Strikingly, this pricing pressure was not uniform across all fields; the data reveals that the top three specialties driving these rapid increases were (obstetrics and gynecology), psychiatry and orthopedics –sectors representing non-discretionary, essential care and frequent use for families and vulnerable individuals.

Figure 2. Total Doctors Surveyed: 12,180

Source: ECES analysis

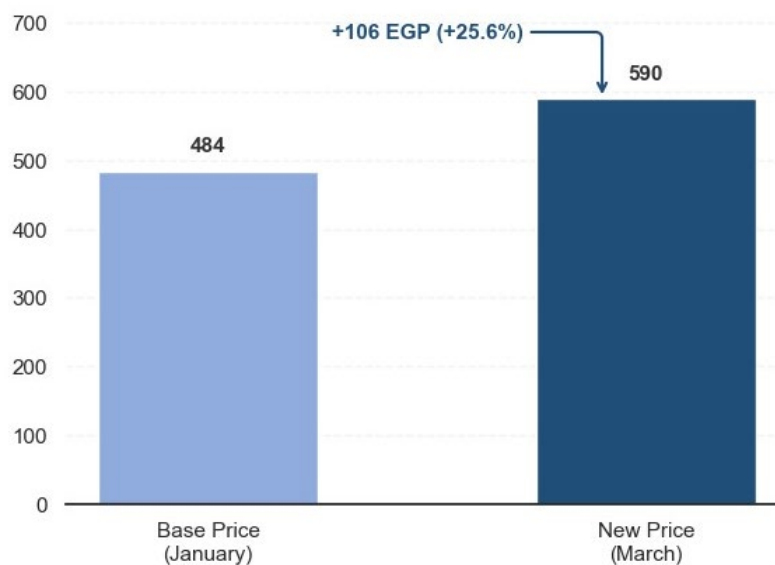
2. The amount of the increase is not entirely justifiable: As seen in Figure 3 below, among the group that increased their fees, the average increase was 106 Egyptian Pounds (EGP), representing an approximate 25% surge in the cost of a consultation. This increase may be attributed to the fact that private consultants operating private clinics typically rely on Gasoline 95 or 92 for their daily commutes, in addition to bearing the additional inflationary pressures resulting from higher fuel prices. Although some increase in consultation fees would be reasonable, the observed increase remains unexplained and disproportionately high for the following three critical reasons:

- **First, it exceeds the actual fuel shock:** The 25% fee adjustment outpaced the actual percentage price hikes of both Gasoline 95 and 92. This discrepancy indicates that physicians did not merely pass through their exact transport costs; they added a premium to buffer themselves against anticipated future inflation.
- **Second, the cost burden is asymmetric:** While a physician incurs the increased fuel cost for only a single daily commute to the clinic, the 106 EGP fee hike is charged to *every single patient* seen throughout the day. By multiplying this price increase across an entire day's patient load, the revenue

generated vastly exceeds the doctor's actual increase in travel expenses, shifting the financial burden disproportionately onto the consumer.

- **Third, it completely outpaced official inflation indices:** This 25% surge lands well past the monthly headline inflation figures reported by the central bank during the first four months of 2026, which ranged between a much lower 1% and 3% monthly. This shows how sharply unregulated service sector inflation can deviate from national average inflation.

Figure 3. Average Consultation Fee Increase (EGP)



Source: ECES analysis

What This Means: The Policy Dilemma of Basic Life Essentials

Because public sector alternatives fail to offer a comparable level of quality or accessibility, citizens have no viable escape route. They are forced to absorb this heavy financial burden entirely out-of-pocket. This reality underscores why the government must actively monitor and address structural imbalances in unregulated, essential service markets, where households are left with no choice but to pay whatever fees individual providers decide.

Evaluating a service shock of this scale highlights a critical vulnerability in Egypt's market oversight. While the Consumer Protection Agency (CPA) exists to safeguard citizens, its operational model is inherently reactive and built around individual complaints. Filing a complaint requires an official receipt—a document all patients in this market simply do



not receive. This makes the agency structurally unable to manage widespread price hikes that unfold across deeply fragmented, unmapped markets. When a massive macro-shock like a 17% fuel hike hits, individual regulatory bodies cannot possibly contain the sudden, decentralized inflation that follows.

This conclusion is not an attack on private physicians, who act as rational economic agents adjusting to systemic cost shocks. Instead, it poses a fundamental structural question: how can Egypt keep essential healthcare affordable for patients without destroying the financial viability of private practices?

ECES intends to expand its analysis in future projects to capture the effects of inflation on additional service sectors across the Egyptian economy. These upcoming studies will aim to provide a broader understanding of how inflationary pressures affect the pricing dynamics of essential services and their implications for citizens' welfare.