

EIC COUNTRY REPORT EGYPT



Executive summary

Egypt's energy sector is currently facing multiple challenges as it tries to strike a balance between production, domestic consumption and exports, while trying to maintain political and economic harmony. However, in recent years Egypt has made significant strides towards becoming a nation with a well-developed and diverse energy sector with the potential to become a net exporter of energy once again.

Egypt is developing into a regional energy hub which presents vast opportunities across multiple sectors. The availability of natural resources and a strategic geographical location should enable it to become a key MENA player across the oil and gas, power and renewables sectors.

Recent highlights from across all Egypt's sectors include:

- Several dozen oil and gas exploration concessions have been finalised after three years of stagnation
- Discoveries of multiple offshore gas fields. The Zohr gas field alone will increase the country's gas reserves by 40% (30Tcf)
- US\$14.5bn funding for the five-year downstream sector plan approved

- Substantial progress is being made towards 20% of

power generation mix coming from renewables by 2022

- Work is underway for wind energy to make up 12% (7.2 GW) of the power generation mix by 2022
- Financing approved for at least 29 solar feed-in-tariff projects out of 41
- Mass reduction in fuel subsidy and debt to international oil companies
- Introduction of new investment law and electricity law to boost business confidence and ease of doing business

Egypt's energy sector has attracted vast amounts of interest where both BP and Eni have indicated that Egypt is their top country for investment over the next five years. In addition, Egypt's oil and gas sector accounts for 15% of national GDP and 31% of foreign direct investment.

Opportunities are present across all O&G segments. Approximately 20 upstream projects are expected to come online by mid-2020, bringing 40Tcf of gas into production representing a total CAPEX of US\$21bn. Downstream is making huge advancements, with 18 projects in the pipeline, where petrochemical and refinery plants represent the biggest opportunities with the US\$10.6bn Tahrir petrochemical complex and the US\$3bn Suez petrochemical and refinery

complex, both expected to come online by 2021.

Substantial opportunities are also present in the power and renewables sectors, as Egypt faces frequent blackouts and soaring electricity prices. A push for combined cycle power plants is being witnessed in Egypt where CAPEX exceeds US\$8bn. In terms of renewables, Egypt is considered to be a prime location enjoying strong winds, 9-11 hours of sunshine daily and an abundance of unoccupied land (only 7% of its territory is inhabited). Opportunities are present in the wind and solar sectors where multiple wind farms will commence operations in 2020. Of significant note is the Benban project which envisages a complex of 41 solar farms.

International oil companies are not the only ones enjoying the re-emergence of Egypt's energy industry: Siemens has won an EPC contract worth US\$8bn for the construction of three power plants denoted as the Egypt Mega Project, While Technip bagged a US\$1.7bn EPC contract for the Midor Refinery Expansion II project.

Going forward Egypt presents numerous opportunities for the entire supply chain across multiple sectors, as the country seeks greater foreign investment by reducing entry restrictions and increasing the ease of doing business.

Get the complete Country Report

EIC members can download the full report via EICDataStream

Not an EIC member?

To buy a copy of the report, please contact Neil Golding, Head of Oil & Gas and Business Development

Email: neil.golding@the-eic.com

