Egypt Oil and Gas Market - Growth, Trends, Covid-19 Impact, and Forecasts (2023 - 2028)

Market Report | 2023-01-23 | 95 pages | Mordor Intelligence

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Report description:

The Egyptian oil and gas market is expected to witness a CAGR of around 8% during the forecast period. The COVID-19 pandemic has significantly impacted the Egyptian market, with low crude oil prices in 2020. Lower crude oil prices created an unfavorable market atmosphere for all the crude oil producers in Egypt, collecting low revenue in 2020. For instance, the petroleum trade balance in H1 of 2019/20 was USD 733.3 million deficit, compared to USD 150.8 million surpluses in H1 2018/19. The Egyptian oil and gas market witnessed robust growth primarily due to the country's favorable government policies and high production rate. However, global inclination toward renewable fuels may also adversely affect the oil and gas demand in national and international markets, as the country exports most of its petroleum.

Key Highlights
The upstream segment will dominate the market growth during the forecast period, owing to the increased demand for natural gas and new discoveries made in the region.
The oil and gas industry has made 52 discoveries, including 39 crude oil discoveries and 13 gas discoveries, in the Western Desert, the Gulf of Suez, the Mediterranean, Sinai, and the Eastern Desert. The discoveries made are expected to boost the oil and gas production in the country and create ample business opportunities for the companies operating in the country's oil and gas sector.
International companies are also planning to invest in the country, which is expected to drive the market.

Egypt Oil & Gas Market Trends

Upstream Sector is Expected to be the Fastest Growing Sector

The upstream segment is expected to be the fastest-growing oil and gas sector during the forecast period. An increase in natural gas production and an increase in the number of new oil and gas discoveries made in the recent past may drive the segment's growth.
Natural gas production in Egypt was around 58.5 billion cubic meters(bcm) in 2020, witnessing a decrease in production level from 2019. However, an increase in the number of new discoveries and growing exports may drive natural gas production in the country. The high production will respond to increased natural gas demand in domestic and international markets, as the fuel is cleaner than oil.
In 2021, the country had the highest liquefied natural gas (LNG) export volume among all Arab countries. According to a report released by the Organization of Arab Petroleum Exporting Countries (OAPEC), Egypt exported around 1.4 million ton of LNG in the second quarter of 2021, with no exports in the same period in 2020. The country is expected to export even higher volumes in the coming years.
In April 2021, British Petroleum started production from the Raven gas field located in the Mediterranean Sea. The project was a part of the West Nile Delta development, which includes five gas fields across West Mediterranean Deepwater offshore concession blocks and North Alexandria.
In 2021, the upstream companies in Egypt made 52 discoveries, including 39 crude oil discoveries and 13 gas discoveries, in the Western Desert, the Mediterranean, the Gulf of Suez, Sinai, and the Eastern Desert.
Hence, such developments are expected to propel the upstream segment's market growth during the forecast period.

Increasing Investment in the Oil and Gas Sector is Expected to Drive the Market

Increasing investment in the oil and gas sector from international companies has proved to be the most effective driver for the Egyptian petroleum industry's growth, owing to the liberal investment policies of the nation and the vast number of oil and gas fields present in the country. The total rig count due to private investments reached 2,375 as of 2021
Foreign Direct Investment (FDI) in the oil and gas sector increased from USD 9 billion in FY 2014/2015 to USD 47.8 in FY 2019/2020.
Additionally, the petroleum sector had the most significant share (44.5%) in July-September 2020-21. As for the other sectors, most foreign direct inflows went to the services sectors, i.e., 25.7%.
In 2021, in Egypt, seven oil and gas production agreements were signed with a total signature bonus of USD 16 million. About 17 development contracts with a signature bonus of USD 7 million were signed for the Eastern Desert and the Western Desert. Generally, this move came from international companies.
A joint venture of APA, a US-based upstream company, and Sinopec was approved by the Egyptian Ministry of Petroleum and Mineral Resources for a production sharing contract (PSC) in Egypt to carry out drilling in a concession. The venture will increase gross spending by around USD 235 million in Egypt in 2022 and increase production by at least 13% every year. The development contract is signed for 20 years.
In January 2022, Eni, the Italy-based oil and gas company, clinched an exploration contract in five blocks in Egypt. The blocks are located in the Eastern Mediterranean Sea, Western Desert, and Gulf of Suez. The company will be partially investing in the projects with other companies.
Thus, due to such developments, the Egyptian oil and gas market is expected to be overwhelmed by foreign investments in the coming years.

Egypt Oil & Gas Market Competitor Analysis

The Egyptian oil and gas market is moderately fragmented. Some of the key players are BP PLC, Shell PLC, Total Energies SE, Eni SpA, and ExxonMobil Corp.

Additional Benefits:

The market estimate (ME) sheet in Excel format
3 months of analyst support

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