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PUBLICATION:	Egyptian Gazette
DATE:	5-August-2015
COUNTRY:	Egypt
CIRCULATION:	60,000
TITLE :	Gov't to cut oil debt in August, re-pay rest by end-2016
PAGE:	02
ARTICLE TYPE:	General Industry News
REPORTER:	Staff Report

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Gov't to cut oil debt in August, re-pay rest by end-2016

THE government aims to reduce its debt to foreign oil companies to \$2.9 billion by the end of August, from \$3.5 billion, and would repay the rest by the end of 2016, Minister of Petroleum Sherif Ismail said yesterday, pushing back the deadline by about six months.

The government aims to complete its payments to foreign oil companies by the end of 2016, Minister Ismail told **Reuters** in an interview.

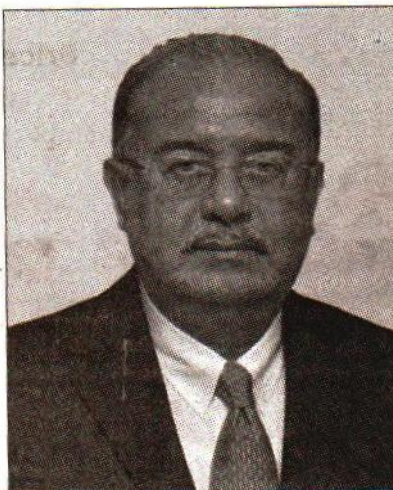
The Oil Ministry said in March that it aimed to fully repay its debts to energy companies by mid-2016, about a year later than previously indicated.

Ismail said that Egypt, which has turned from an energy exporter to a net importer, would no longer receive oil grants from Gulf Arab allies.

"Gulf oil grants are over. We are now talking about trade agreements where we pay for what we get either in the form of crude oil cargoes or in cash," he said.

The government is in talks with Saudi Arabia, Kuwait and the United Arab Emirates, seeking an agreement to secure its energy needs over the coming period, he said.

"We are talking about a year-long agreement over credit facilities and a grace period before repayment. We will reach a positive result with one of these countries in August, God



Sherif Ismail
Minister of Petroleum

willing," he added. The government will announce a new bid for a third floating liquefied natural gas import terminal in 2016. It needs a regasification terminal which converts super-cooled LNG into gas in order to import the commodity. The Egyptian Natural Gas Holding Company (E G A S) announced earlier

on Monday that Singapore-based Norwegian gas shipping company BW Gas has won a 5-year contract to provide Egypt's second terminal. Ismail said the deal was worth around \$60 million per year.

An import terminal from Norway's Hoegh LNG arrived in April, allowing Egypt to begin LNG imports. The third terminal would be brought in to satisfy demand from new electric plants scheduled to be built by Siemens, which signed a \$9 billion deal with Egypt in June to supply gas and wind power plants to boost electricity generation by 50 percent.

Ismail said that he expected the country to stop importing LNG by 2020 as energy deals signed with foreign companies and oil field development agreements come to fruition.

He said that the country produces 4.4 billion cubic feet of gas per day and aims to increase that to 5 billion by the end of the 2015-16 financial year.