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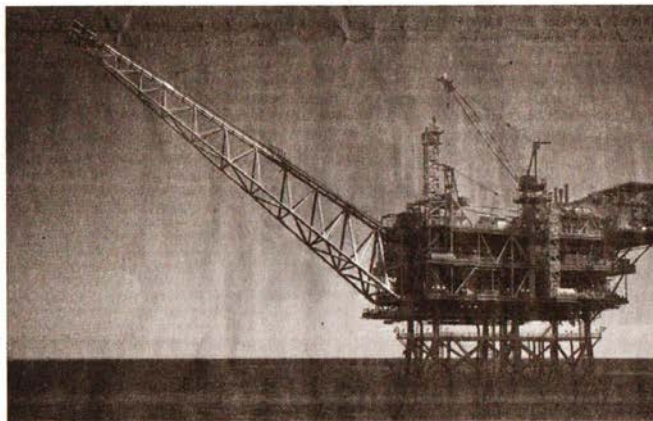
Massive gas find promises to ease nation's energy crisis

THE discovery of a huge gas field off Egypt's coast promises to ease a long-running fuel crisis and boost the economy after years of unrest, but it will take years to develop and won't bring Gulf-style riches to the Arab world's most populous country, experts told **The Associated Press** (AP).

The new "supergiant" offshore Zohr field, revealed on August 30 by Italy's Eni SpA and billed as the "largest-ever" found in the Mediterranean Sea, could alleviate Egypt's need for gas imports in the coming years, when a booming population will lead to a spike in domestic demand.

The latest discovery – potentially 30 trillion cubic feet of gas – represents about half of Egypt's current needs, and would add to its current 65 trillion cubic feet reserve, cut its trade deficit and bring in tax revenue when it comes online in some five years, said Angus Blair of investment advisory firm Signet.

"It's a very useful positive economic factor in Egypt," he said. "Obviously, it will help President (Abdel Fattah) El Sisi and the govern-



ILLUSTRATIVE photo of a natural gas field in the Mediterranean Sea.

ment, but to look at it very practically, and economically, it has just come at a very good time."

The country is making a gradual economic recovery from the years of chaos that followed the 2011

Revolution. Rolling power cuts have been a regular feature of life since the overthrow of former president Hosni

Mubarak. However, this summer Cairo was largely spared the outages.

President Sisi has staked his legitimacy on fixing the economy, and has made energy projects a priority. Last March, the authorities signed a \$4.6 billion contract with Germany's Siemens AG to build a new 4.4-gigawatt power plant in southern Egypt and generate 2 gigawatts of wind power.

Combined with other agreements signed with Siemens, and the US firm General Electric, Cairo hopes to boost electricity generation by a third. The new gas discovery would be used to generate electricity but also would fuel industry, whose growth has been lagging due to shortages.

Petroleum Ministry spokesman Hamdi Abdel Aziz said the monetary value of the gas has yet to be determined, but that it would be extracted for domestic consumption only. "We hope to become self-sufficient by 2020," he said.

Given the country's surging population of 90 million, growing at over 2 per cent per year, Egypt desperately needs new energy sources. Until the latest discovery, that would have

meant importing gas from the Gulf and neighbouring Israel.

The new Egyptian field is small compared to the vast reserves of Gulf countries such as Qatar, with over 860 trillion cubic feet, and the United Arab Emirates, with 215 trillion – both countries with tiny populations and thus large amounts available for export.

"The gas find is a windfall, but it doesn't take Egypt into the league of major gas producers," said Simon Kitchen, a strategist at Egypt's EFG Hermes bank. "It should support a recovery in Egypt's industrial output, (but) the risk is that the windfall income created by the find leads Egypt to freeze much-needed economic reforms."