

How does Egypt face the negative effects of the Russian-Ukrainian war on the energy sector in the state budget 22/23

Mohamed Abd Elmenam Elshawarby

Professor

Department of Accounting

High Institute of Computer Science and Information Systems

New Cairo Academy, Cairo, Egypt

Abstract

The Ongoing War in Ukraine, With Its Repercussions and Risks to Energy Insecurity, Has Forced Many Countries to Reconsider Their Current Policies Regarding This Vital Sector. That Turbulence at Markets Gas Globalism May Be Help Egypt on Investigation Her Ambitions at What Regard Export Gas, At the Time Which Looking in Europe on Sources Alternative for Energy. Mortgage The Bank European This the Shift “Share Europe Actively Larger at Solve Tensions Current, And Facilitate Access to Lines Pipe”. The Egyptian State Is Trying to Achieve Self-Sufficiency in Oil, Through What Achieved It in Sector Petroleum and Wealth Metal on Approach Outstanding and Strategy Flexi, Which Works with This Sector the Vital Were Succeeded at Skip Many from Challenges and Achieve Number Big from Achievements She Was Numbers Output and Search and Exploration and Signature Conventions and Enter Companies Globalism and Volume Investments Good Guide on That Achievements.

Keywords: energy insecurity, strategy flexi, exploration, companies Globalism.

Introduction:

The ongoing war in Ukraine, with its repercussions and risks to energy insecurity, has forced many countries to reconsider their current policies regarding this vital sector. Russia occupies an important area of the world energy map as the largest exporter of oil and gas combined worldwide. (Merezhko, 2015) Following Russia's invasion of Ukraine and the subsequent sanctions imposed on Moscow, the issue of providing other sources of oil and gas in the future was raised. As for the United States, it announced a ban on importing oil from Russia. Meanwhile, the European Commission has begun planning to reduce its dependence on Russian gas by two-thirds this year. Therefore, the Russian invasion of Ukraine and the reactions of other countries in the world, which translated into the imposition of sanctions on Russia, led to the destabilization of energy supplies.” The geopolitical climate and the continuing uncertainty in the general situation lead to a global increase in energy prices.

First: The Impact of The Russian-Ukrainian War on The Energy Sector in Egypt

Engineer Tarek El Molla, Minister of Petroleum and Mineral Resources, affirmed that the volume of development and modernization that has been achieved in the petroleum sector projects, especially the refining industry, during the last few years is unprecedented. And pumping unprecedented large investments, pointing out that the volume of new investment budgets for public sector oil companies for

the first time reached 30 billion pounds in the budget for the fiscal year 2022-2023 within the framework of the ongoing development of these petroleum edifices. This came during El Molla's presidency, the first work of the general assemblies of public sector oil companies to approve planning budgets for the next fiscal year 2022-2023.

He touched on the most important targeted policies and reform measures, the most important assumptions and priorities governing the general budget for the next fiscal year, and budget estimates in light of the priorities and assignments and the repercussions of the current complex shocks, including the overall picture of public expenditures and revenues. y (IMF, 2022).

Al-Mulla pointed to the ministry's efforts to raise the efficiency of petroleum projects in various activities, especially the development of old refineries in all respects and to move forward with digital transformation within the framework of a comprehensive program for development and modernization that the ministry has adopted since 2016 to confront industry variables and tighten follow-up and control over the production process.

Al-Mulla stressed that the successful steps and projects that have been accomplished in the field of environmental compatibility for petroleum companies are of utmost importance in order to comply with environmental standards, in coordination with the Ministry of Environment and the Environmental Affairs Agency, noting that the ministry attaches the utmost importance to environmental aspects, and he also emphasized giving training to the component Human being is a top priority for the continuation of the desired performance.

A few days ago, the Egyptian government lowered its economic growth forecast for the next fiscal year 2022-2023 to the level of 5.5 percent, compared to a previous forecast of 5.7 percent that was before the outbreak of the Ukraine war.

The Egyptian Cabinet had approved the draft state budget for the fiscal year 2022-2023, which was presented by Mohamed Maait, Minister of Finance, in preparation for referring it to the House of Representatives for discussion, in accordance with the rules governing the constitution and the law.

The Minister of Finance reviewed the state's draft general budget for the fiscal year 2022-2023, in light of the priorities of financial and economic policy, assignments and the repercussions of external shocks, addressing in this regard the most important objectives and priorities of fiscal policy in the medium term of the draft budget.

The Minister of Finance said that the government aims to work on implementing policies that stimulate economic and productive activities that support growth, especially in the industrial and export sectors, in addition to supporting growth led by the private sector, and expanding the tax base, adding that the Ministry of Finance is implementing a comprehensive structural reform plan to preserve Macroeconomic stability, fiscal consolidation, and the promotion of a strong and inclusive private sector-led growth path.

He explained the foundations, frameworks and objectives governing the preparation of the budget, which included continuing to support all sectors and all financing needs of all state agencies and families most in need, continuing to support and support productive sectors, pushing social protection efforts and supporting the most affected groups.

Because of the sharp rise in energy prices globally, the Egyptian government's Ministry of Finance announced setting the oil price at 80-85 dollars per barrel in the next fiscal year 2022-2023 budget, according to Deputy Finance Minister Ahmed Kajouk, who indicated that the ministry is still studying The appropriate and realistic price for the budget of the next fiscal year.

However, the bill for Egypt's imports of oil will increase after the price of a barrel crossed the \$100 barrier a few days ago, and if this rate continues, the ordinary citizen will feel it sooner or later, but on the other hand, the crisis has also raised gas prices, which is what Egypt has a surplus from. But I do not know the exact volume of our gas exports, and will this surplus compensate for what we will pay for oil, wheat and tourism or not?

And yet days from advertisement Government Egyptian scale down Expectations the growth for the year financial next, announce the bank European to re ages and development scale down his expectations for growth Economic at Egypt Through year financial Present, Because Height prices Materials food and fuel calendar the war on Ukraine. expect the bank European at a report Modern, growth Economy Egyptian in the rate of 3.1 at hundred Through year financial Present, down from his expectations Previous when 5.0 at hundred Which announce it at November (October the second) the past, according to What came at a report prospect Economic regional. distance that, sway the bank that rebound Economy country at year financial Next to grow in the rate of 6.0 at hundred. and attributed the bank European to re ages and development his expectations to me Approval Egypt on imports goods and oil, and he What Makes country more susceptible for height the prices induced on the war Russian-Ukrainian. added: "at Egypt and Tunisia on Face particular, may be limit to support food and fuel (And/or to specify roof the prices) from inflation for families, but he make up a burden on Finance the public". And she was Government Egyptian may be selected prices the bread Non subsidized Indeed, announced on Package New worth 130 one billion fairy (7.123 one billion dollar) since start the war at Attempt to relieve from Effect inflation on consumers.

Second: The Rise in Global Oil Prices

Oil prices witnessed a significant increase of more than 8% to exceed the level of \$ 105 a barrel of Brent crude, a level that has not occurred since 2014, due to the imposition of economic sanctions by the United States and Europe on Russia, as well as the isolation of some banks from the global payment system "SWIFT", which led to the collapse of the Russian ruble. This rise is largely reflected in the increase in the cost of importing petroleum products. (WHO Africa, 2021).

This is in addition to many economists' expectations that if the war is prolonged and widened, the price of a barrel is expected to jump sharply to \$150. According to World Bank data, every \$10 increase in the world oil price over the estimated price in Egypt's general budget during the current fiscal year will result in an increase in the GDP deficit by 0.2% to 0.3%.

It should be noted here that the Egyptian state depends on oil imports, as the gap between production and domestic consumption of oil increases, and the difference between the value of petroleum imports and petroleum exports reached about \$6.7 million by the end of the fiscal year 2020/2021. It was able to reduce the subsidies provided for petroleum products from EGP 28.1 billion in the 2020-2021 budget to about EGP 18.41 billion in the 2021-2022 budget, based on a general average price of a barrel of Brent crude at an average of \$61.

Therefore, these repercussions may cause a new rise in the prices of gasoline and perhaps other types of fuel, especially since Egypt will issue automatic pricing for petroleum products during the month of April. To put pressure on spending levels on this item, and consequently the increase in the cash deficit of the budget. In the budget for the new fiscal year 2022/2023, which is being prepared during this month, the government is expected to take into account the high increase in global oil prices, and to determine the amount of support that will be borne by next year's budget.

This may be an optimistic number, as analysts expect the price of Brent crude to remain above \$100 a barrel for the remainder of the year, with the spillover effects of the conflict in Ukraine continuing on the already troubled oil market. Goldman Sachs lowered its forecast for Brent crude by \$15 to \$120 a barrel until the second half of 2022, and expects prices to average \$110 in 2023.

Engineer Tarek El Molla, Minister of Petroleum and Mineral Resources, stressed that there are challenges imposed by the Russian-Ukrainian crisis on the economies of many countries of the world, including Egypt, and their impact was reflected on all vital economic sectors in various countries of the world, especially the global oil and gas markets, which witnessed price fluctuations at a rapid pace. And they rose significantly, almost double, compared to prices before the start of the crisis.

He said that this requires the development of new action plans aimed primarily at sustaining the needs of the local market for petroleum products and natural gas, through intensifying research and exploration work, and rapidly developing new discoveries and placing them on production to increase Egypt's production of oil and gas, and working to increase The production capacity of Egyptian refineries to

increase local production of high-quality petroleum products, raise operating efficiency and reduce import quantities from abroad.

Especially since Egypt imports from abroad quantities of crude oil and petroleum products to complete the needs of the local market and the various economic sectors of the state from those products and to maintain the state of stability witnessed by the local market for petroleum products and natural gas.

El Molla explained that Egypt's achieving self-sufficiency in natural gas and its transformation from an importing country to an exporting country represents a strong addition to the Egyptian economy, especially with the rise in liquefied gas prices globally.

In this regard, El-Molla directed the importance of exploiting all available opportunities to increase Egypt's production of gas by intensifying research and exploration work, as well as benefiting from the infrastructure and oil ports that have been developed and the Badko and Damietta liquefaction stations owned by Egypt in light of the increasing demand for natural gas and the research of consuming countries All over the world, there are various alternatives to secure supplies of natural gas.

Al-Mulla called for the necessity of continuous review of work plans in light of these events taking place in the world and their clear impact on the global oil markets, and work to reduce expenditures, rationalize consumption and raise production efficiency.

The interest of the political leadership in Egypt in the energy sector

A number of economic experts said that the political leadership's interest in the petroleum sector reflects the strategy pursued by the state to optimally utilize all resources and turn them into an added value that supports the Egyptian economy, noting that Egypt is in the process of transforming the East Mediterranean Gas Forum into a regional organization in which Egypt is the main gateway to gas export to my two continents. Europe and Africa.

President Sisi directed to continue modernizing the petroleum sector by developing the value-added petrochemical industry to keep pace with global market changes, in addition to intensifying work during the coming period in order to achieve maximum economic benefit from all natural resources and capabilities for the benefit of development.

The political leadership's interest in the petroleum sector reflects the importance of that sector in changing the financial capabilities of countries, explaining that this sector was exposed to a major disaster during the period of political turmoil in 2011, as the dues of oil and gas companies were not paid, which turned Egypt into a gas-importing country. the time.

This important sector has been developed in such a way that since the start of the economic reform program, Egypt has to pay more than \$5 billion to these companies, pointing out that Sisi's meeting confirms Egypt's determination to further develop this sector to achieve maximum benefit not only at the level of extracting gas and crude oil, but also in petrochemical and mineral projects in general.

The role played by the state in arranging the maritime borders in the Mediterranean and the Red Sea, as well as strengthening its military capacity to protect its economic interests, encouraged oil and gas companies to resume their activities so that Egypt would be satisfied with gas, stop importing, and improve oil production, due to the importance of this file. In increasing the national product, which is reflected in the form of financial capabilities that help the state in implementing its plans to improve the lives of citizens. The economic expert concluded: "The petroleum sector contributes to enhancing foreign cash in conjunction with the tourism sector, exports and remittances of citizens abroad, all of which are important sectors that improve growth, which is generally reflected in the improvement of the pound's performance against the dollar."

President Sisi's interest in the petroleum sector reflects the strategy pursued by the state to optimally utilize all resources and turn them into an added value that supports the Egyptian economy, pointing out that this sector supports the creation of opportunities, especially in the field of petroleum, as there is a remarkable development witnessed by the petroleum sector companies within the framework of the ambitious program. To the development, modernization and concern for environmental compatibility and industrial security,

which the Ministry of Petroleum and Mineral Resources attaches great importance, pointing to the importance of informing public opinion of the efforts made in this field along with the development and progress achieved by the sector in research, exploration and production activities and the provision of petroleum products and natural gas to the local market, stressing On the efforts of the Ministry that are currently being carried out within the framework of the distinguished program for environmental compatibility in coordination with the Ministry of Environment to preserve the environment and reduce emissions in accordance with environmental standards.

What the Egyptian state has achieved in the petroleum and mineral resources sector, during the era of President Abdel Fattah El-Sisi, over the past seven years in terms of distinguished business results is a milestone for the distinguished approach and flexible strategy, in which this vital sector operates, as it succeeded in overcoming many challenges and achieving a number of challenges. Significant achievements were the numbers of production, research and exploration, the signing of agreements, the entry of international companies and the volume of investments the best evidence of these achievements.

The period from July 2014 to June 2020 witnessed the signing of 84 new petroleum agreements with international companies to search for oil and gas, with a minimum investment of about \$14.8 billion and a signature grant of about \$1.1 billion to drill 351 wells. It should be noted that the signing of these agreements has a positive impact on Research and exploration activities in a way that supports oil and gas reserves and increases Egypt's production in a way that contributes to achieving self-sufficiency and providing the needs of the local market, in addition to restoring confidence in the petroleum sector after the signing of agreements from 2010 to October 2013, and a number of (77) development contracts for petroleum discoveries were signed. New projects in the Mediterranean, Western and Eastern Deserts, with a total development grant estimated at \$39.985 million. The most important of these contracts is the Zohr development contract in the Shorouk offshore area, and the Atoll development contract in the North Damietta offshore commitment area in the Mediterranean. A number of regional seismic survey projects have also been implemented, and the establishment of an integrated digital information center has been initiated, within the framework of the first program for attracting investments in research and production for the project. The development and modernization of the petroleum sector is one of the most important. Egypt's production of petroleum wealth rose to unprecedented rates, especially natural gas, which rose to its highest levels as one of the fruits of the petroleum sector's plans to accelerate the development of the discovered fields and put them on production, which contributed to gradually increasing production and reaching unprecedented rates, as the production of natural gas reached more than 7 Billions of cubic feet per day in December 2019, and the size of the projects that have been completed for the development and production of natural gas and crude oil over the past six years reveals the secret of development in the production of petroleum wealth and reaching these rates. 37 projects have been implemented in this field over the past six years with investments \$28 billion, and the total initial production rates added from these projects amount to about 7.8 billion cubic feet of gas.

Self-sufficiency in locally produced natural gas was achieved by the end of September 2018, thanks to the gradual increase in local production of gas as a result of the completion of the development and laying down of new phases of many gas field development projects, the most important of which are four major fields in the Mediterranean on the production map, which led to the discontinuation of gas production. Importing liquefied natural gas for the first time in more than 3 years, thus rationalizing the use of foreign exchange destined for import and reducing the import bill, which constitutes a burden on the state's general budget. After achieving self-sufficiency and continuing to increase gas production, Egypt turned from a liquefied natural gas importer to a self-sufficient country It has a surplus of gas production and is able to meet its export obligations.

And during the month of March, the Ministry of Petroleum announced the entry into force of a deal comprising more than 40 agreements, which includes (1) the settlement of all claims between Egypt and the Egyptian Natural Gas Holding Company (EGAS), Union Fenosa Gas (UFG) and the Spanish Egyptian Gas Company (SEGAs), (ii) ensure the resumption of production at Segas' Damietta Natural Gas Liquefaction plant, (iii) increase EGAS' liquefaction capacity at the plant, and (iv) EGAS and EGPC each own 50% of the shares of Segas, with Eni owning The remaining 50% and through this transaction, Egypt

and EGAS will settle the previous disputes, which arose about eight years ago with both UFG and SEGAS, in addition to strengthening Egypt's position as a regional gas hub, by increasing the capacity of Egyptian natural gas liquefaction that exceeds Domestic demand or gas produced from other countries, which may wish to benefit from the leading infrastructure in Egypt.

Third: The Most Important Projects for The Development of The Discovered Fields

1- Projects in the field of natural gas production, the most important of which are: ● Zohr Field Development Project:

President Abdel-Fattah El-Sisi inaugurated the project on January 31, 2018, from which trial production had begun on December 15, 2017, and aims to reach production rates to 3 billion cubic feet of gas per day, with a total investment cost of about \$15.6 billion (the cost until the end of the project's lifespan Production started from the field 28 months after the discovery was made, which is a world record, as this period ranges from 6 to 8 years, and production rates have been reached to 2.7 billion cubic feet per day in August 2019..

- Norse field development project:

The project aims to add new production of natural gas estimated at about 1.1 billion cubic feet of gas per day. The project cost is about \$290 million, as 15 wells were put on production during the period from August 2015 to July 2018.

- Atoll field development project in North Damietta (Pharaonic / British BP):

The project aims to add an estimated production of 350 million cubic feet of gas per day, 10 thousand barrels of condensate per day, and the investment cost is about 855 million dollars by placing 3 wells on production in December 2017.

- North Alexandria and West Nile Delta Development Project:

The project aims to develop the discovered deep-water reserves of natural gas and condensates, which are estimated at about 5 trillion cubic feet of gases from five fields (Libra-Tours-Giza-Fayoum-Raven). The investment cost of the project is about 10.5 billion dollars. President Abdel Fattah inaugurated El-Sisi started the project on May 10, 2017, which had started trial production in March 2017 from (Tours and Libra fields) with a total of 9 wells, with an initial production rate of about 700 million cubic feet of gas per day, at an investment cost of about \$1.8 billion, eight months ahead of schedule and less than the specified budget. Production from the Giza and Fayoum fields (second phase) began in February 2019 with initial production rates of 400 million cubic feet per day, which amounted to about 600 million cubic feet / day, and production from the Raven field is planned in December 2020 at a production rate of 850 million cubic feet of gas per day and 23 thousand barrels Condensate daily.

- The Project of Phase Nine-B in the West Delta Fields in Deep Water (Burullus / Dutch Shell):

The project aims to produce about 350 million cubic feet of gas per day, and its investment cost is about \$775 million. Five wells were put on production during the period from October 2018 to November 2019 at production rates of 290 million cubic feet of gas per day and 5,000 barrels of condensate per day. The rest of the wells were entered during March and April 2020.

- A project for the development of the Southwest Baltim region - in the Mediterranean - the Italian Petrobel / Eni company:

The project aims to establish the necessary facilities to absorb an estimated amount of about 500 million cubic feet of gas per day by drilling (6) wells in the southwest area of Baltim. The project cost is about \$363 million. The implementation of all the works related to the project was completed in August 2019 and production started from (3) wells during the period from September 2019 to January 2020 with production rates of 235 million cubic feet of gas per day and 1.7 thousand barrels of condensate per day, and it is planned to complete the laying of the rest of the wells, successively.

- Desouq Fields Development Project Phase (B) (Desouq-Dia German):

The project aims to produce about 90 million cubic feet per day by placing 9 wells on production, with investments of about \$30 million, and 9 wells were put on production in the period from December 2018 to October 2019.

- The Nidoko-Al-Jameel pipeline project in the Delta (Petrobel/Eni, Italy):

The project aims to establish the Nidoko-Al-Jameel pipeline to transport about 700 million cubic feet per day from the production of the Nidoko field to the Al-Jameel treatment plant to increase the extraction of

butane and condensate and the ability to treat larger quantities of gases. Nidoko-Abu Madi) at the end of January 2019, and the second line (Abu Madi-Abu Madi) was commissioned in mid-May 2019. The project cost is \$300 million.

2- Projects for production and development of crude oil fields

The petroleum sector succeeded in maintaining Egypt's production rates of crude oil and condensates, which currently average about 650,000 barrels per day, as well as facing the phenomenon of a natural decrease in production as a result of implementing projects and intensive work programs for research, exploration, drilling and development of wells in the main crude oil producing areas in the Western Desert The Gulf of Suez, the Eastern Desert and Sinai, where these projects aim to maintain Egypt's production rates and compensate for the natural decline in the productivity of old wells and fields. The most important of these projects are the Ras Bakr area project for the General Petroleum Corporation, the project to reproduce from the offshore Hilal field, and to rehabilitate the infrastructure (the third stage) in the Gulf of Suez for GUPCO company.

The petrochemical industry has also witnessed remarkable progress, as the two largest projects in the petrochemical industry were operated with a total investment of about \$4 billion. The President of the Republic had favored inaugurating them during 2016. These are the MOPCO projects in Damietta and EthydcO in Alexandria, which represent an addition to the national economy.

It should be noted that 4 new industrial petrochemical projects are currently being implemented, with a total investment of about \$1.7 billion, as follows: Polypropylene production project in Sidpec Company with a capacity of 450 thousand tons per year and investments of \$1.2 billion (first phase) and polybutadiene production project in EthydcO Company PBR To produce 36 thousand tons annually of butadiene (synthetic rubber) with investments of 180 million dollars, and a project to construct medium density wood panels and glue (MDF) to produce 205,000 cubic meters annually of medium density wood panels with investments of 210 million euros, and a project to produce formaldehyde and its derivatives to produce 87 thousand tons annually of urea formaldehyde and 52 thousand tons annually of sulfonated naphthalene formaldehyde (SNF), with investments of 105 million dollars.

The necessary measures are also being taken to start implementing a refining and petrochemical complex project in the economic zone in Suez to produce about 1.2-1.9 million tons per year of petrochemical products (polyethylene / propylene / benzene / butadiene) and about 750-900 thousand tons per year of petroleum products with an estimated investment of 6.5 Billion dollar.

In addition, 4 new projects are being studied, with a total investment of about \$9.3 billion, as follows: the refining and petrochemical complex in El Alamein, using 2.5 million tons annually of crude oil and condensates in the New Alamein area, with investments of about \$8.5 billion, a project to produce bioethanol in Damietta with a capacity of Feeding about 420 thousand tons/year of molasses to produce 100 thousand tons annually of ethanol, with investments of 112 million dollars, a project to produce polyacetal in Damietta to produce about 50 thousand tons annually of polyacetal, with investments of 400 million dollars, a project to produce melamine in Damietta with a feeding capacity of 86 thousand tons/year of urea to produce 60 thousand tons/year of melamine, with investments of 260 million dollars.

As for the refining and manufacturing projects, the VRU gas recovery unit project for the production of butane in the Assiut Petroleum Refining Company has been completed with the aim of increasing the current production of butane by about 18 thousand tons per year, and about 382 thousand tons per year of naphtha installed with investments of about 21 million dollars, and it has been started. In December 2016.

- The construction of the first distillation tower has been completed at the Midor refinery, where the project was started in January 2017, and it contributes to increasing the production capacity of the plant from 100,000 barrels per day to 115 thousand barrels per day to produce 21 thousand tons per year of gas, 60 thousand tons per year of high-octane gasoline, 205 One thousand tons per year of turbines, 250 thousand tons per year of diesel, with investments of 18.5 million dollars.
- The Aromatics extraction unit with NMP solvent at Al-Amriya Petroleum Refining Company has been completed with the aim of developing Unit 14 of the Aromatics Processing Oils Complex to separate ring

compounds from wax distillates to increase production by about 21.8 thousand tons annually for lubricating oils and 15.4 thousand tons annually for candles with investments of about 50 million dollars. It was launched in April 2017.

- The unit for producing high-octane gasoline at ANRPIC was completed with the aim of producing 700,000 tons per year of high-octane gasoline and 10 thousand tons per year of butane to meet part of the needs of the local market, with investments of \$219 million, and it was commissioned in September 2018.
- The project of the Egyptian Refining Company in Mostorod to produce high-quality and valuable petroleum products, with a capacity of 4.7 million tons per year, and an investment cost of about \$4.3 billion. The commercial operation of the project took place in February 2020.
- The project of establishing a unit for extracting aromatics using NMP at Alexandria Petroleum Company with the aim of modernizing the oils complex in Alexandria Company and increasing production after raising the unit's load from 32 cubic meters per hour to 36 cubic meters per hour with about (10-16 thousand tons annually of oils, 1-2 thousand tons /year candles) to replace the aromatics treatment unit with furfural with an NMP treatment unit, with investments of 356.5 million pounds. It is planned to be completed in the second quarter of 2020.
- A unit for producing high-octane gasoline at the Assiut Petroleum Refining Company, with the aim of producing about 800 thousand tons annually of high-octane gasoline to meet the needs of the Upper Egypt regions of petroleum products, with investments of 450 million dollars.

There are many projects currently being implemented, including:

- Expansions of the Midor Refining Complex in Alexandria with the aim of increasing the refinery's refining capacity by 60%, with investments of \$2.3 billion.
- The hydrocracking complex of mazut in the Assiut National Petroleum Manufacturing Company (ANOPEC) in Assiut, with a capacity of feeding 2.5 million tons annually of mazut to convert it into high-quality petroleum products, with investments of about \$2.15 billion.
- Rehabilitation of the coking complex, including the establishment of a new VRU gas recovery unit for the production of butane at the Suez Petroleum Processing Company with a capacity of 1.5 million tons per year of mazut to maximize the quantities of middle distillates (especially diesel, butane and gasoline) to contribute to meeting the needs of the local market for petroleum products with an estimated investment of about \$588.6 million.
- Hydrocracking and gasoline production complex project in Suez "Red Sea National Refining and Petrochemicals Company" with the aim of exploiting the surplus and untapped capacities of the factories of the Nasr Petroleum and Suez companies for the manufacture of oil and benefiting from the quantities of mazut produced to produce high quality petroleum products. The feeding capacity of the project is 2.5 million tons annually. tons per year of naphtha, with investments of \$2.75 billion.
- Asphalt production unit 70/60 at the Suez Petroleum Manufacturing Company with the aim of establishing a vacuum distillation unit with a feeding capacity of 726 thousand tons per year of mazut to produce about 396 thousand tons per year of asphalt 60/70 to cover the needs of the local market with investments of about \$55.7 million.

3-Pipeline projects and storage capacities

- The implementation and operation of 13 lines for transporting crude oil and petroleum products has been completed, in addition to the replacement and renewal of 18 lines. The total lengths amounted to about 1113 km at a total investment cost of about 3.6 billion pounds... with the aim of providing citizens' needs for petroleum products as well as power stations for the necessary fuel.
- The implementation of projects for storage capacities of butane in Sohag and Alexandria has been completed to provide a strategic stock of butane and increase the efficiency in days to meet the needs of the local market and avoid any bottlenecks, especially at peak times, and a project to establish a new marine pier and storage facilities at Sumed Company, a warehouse for storing and trading petroleum products in Badr City, and a project Establishment of warehouses to store petroleum products and a shipping platform in Assiut Governorate.

Announced [Ministry of petroleum](#), the ministry announced the results of the first digital global bidding for oil and gas exploration and exploitation in the Mediterranean, Western Desert and the Gulf of Suez.

8 new petroleum zones

According to the statement published by the ministry on its Facebook page, 8 regions (two in the Mediterranean, four in the Western Desert and two in the Gulf of Suez) have been awarded to the [Eni companies](#), BP, Apex International, Energy Egypt, EnaNafta, Siptrol, and United Energy.

According to the statement, the Minister [petroleum](#) and mineral wealth, Tariq El-Molla, said that the total areas of the regions amount to about 12.3 thousand square kilometers (km²), and the award includes a minimum investment in research periods estimated at about \$250 million in order to drill a minimum of 33 wells, in addition to a \$23.7 million signature grant. Al-Mulla pointed out that, in light of the current global conditions related to the Corona pandemic, this auction has achieved positive results that result in pumping more investments during the coming period.

4- Research and exploration agreements

Egypt is following in the footsteps of signing concession agreements in the search and exploration for oil and gas with many major international companies, and this means that the Egyptian state is going well and that there are possibilities of discovering large oil in the style of the Zohr field, or medium or small production discoveries., that Egypt is always moving in the direction of oil and gas production, which is a good step in the sector [petroleum](#) for the Egyptian state.

5- Import and export of petroleum

As for achieving self-sufficiency in oil, Egypt has self-sufficiency in natural gas and does not have self-sufficiency in oil, as Egypt imports some petroleum materials and exports petroleum materials with high sulfur content, such as Gharib mixture crude, which Egypt exports with a capacity of 65 thousand barrels per day., this type of [petroleum](#) It is not commensurate with the quality of the Egyptian refineries, so Egypt exports it abroad.” In addition, Egypt has other raw materials of wax produced from the Western Desert, which are exported through Egypt and foreign partners.

6- In the field of clean energy

The net physical balance of the Egyptian state is considered an importing country, so we must have many other discoveries of oil fields so that there is no process of decay of Egyptian oil as a result of the periodic withdrawal of it And in Egypt now, we are maintaining a steady production rate for a long time, which is heading to the Egyptian market, and this is evidence that there are new discoveries, on a regular basis, that replace the old oil wells that are ending.”

The Director of the Petroleum Research Institute said that Egypt is working closely on the gradual transition to clean energy. He added in an interview with Sputnik "Egypt has been a pioneer in this regard, as it is preparing a strategy for green hydrogen and clean energy, and that it will appear to light soon. He explained that Egypt has a strong infrastructure capable of transforming into clean energy, especially as it has an important research base that helps in the use of technology." new.

He revealed that studies and research promise that Egypt is rich in discovering more oil and gas during the coming period The Egyptian Ministry of Petroleum announced that the UAE Dragon Oil Company made the first oil discovery in the Gulf of Suez.

The Egyptian Ministry of Petroleum said in a statement that:

"The initial expected oil stock, estimated for the new discovery, is about 100 million barrels inside the northeastern region of Ramadan, with the possibility of adding a larger expected oil stock when starting the development plan."

The statement indicated that the oil discovery was announced during a meeting between the president of Dragon Oil and the Egyptian Minister of Petroleum, noting that the new discovery is one of the largest oil discoveries in the Gulf of Suez in 20 years. On Monday, Egyptian President Abdel Fattah El-Sisi inaugurated the Egypt International Petroleum Conference and Exhibition. [EGYPS 2022](#) With the participation of representatives of 1900 companies and organizations, in addition to 450 exhibiting companies.

The activities of "EGYPS 2022" in its fifth edition were held during the period from 14-16 February 2022, under the slogan "North Africa and the Mediterranean: Ensuring Energy Supplies".

Eni announced new oil and gas discoveries in the Meleiha concessions, in the Western Desert of Egypt, of approximately 8,500 barrels/day of oil equivalent, as these new discoveries have already been linked and linked to production, in line with the infrastructure-led exploration strategy, allowing Maximizing exploration opportunities close to existing infrastructure.

A statement by the Italian company Eni, published on its website, indicated that the results were obtained through a well Nada E Deep 1X, which encountered 60 million NFPs in the El Buib, Khattab, and Cretaceous formations, the Meleiha SE Deep 1X well, which found 30 m of net hydrocarbons in the sands of the Jurassic Cretaceous and Scheme formations, and Emre Deep 21, which Encounter 35 meters of net hydrocarbon payroll in the massive sandstones of Alam El Buib.

These results, which were added to the 2021 discoveries of a total of 8 exploration wells, gave a 75% success rate, confirming the potential of the region. Other exploration activities in the concession are underway with promising indications, with these discoveries, continue Eni, through AGIBA, a joint venture between Eni and EGPC, is successfully pursuing its near field strategy in the mature basin of Western Sahara, with the goal of maximizing production by containing development costs and reducing time to market.

In addition, Eni is renewing its commitment in the Western Desert with the recent acquisition of two exploration blocks with the planning in 2022 of a new high-resolution 3D seismic survey in the Meleiha concession, also aimed at investigating the region's gas potential, in line with its energy transition goals. The turmoil in global gas markets may help Egypt achieve its ambitions in terms of gas exports, at a time when Europe is looking for alternative sources of energy. The European Bank has made this transition conditional on "Europe's participation more actively in resolving current tensions and facilitating access to pipelines".

Egypt is also one of the countries that Europe looks to to help solve its gas crisis, as it tends to reduce its dependence on Russian supplies, while Egyptian Petroleum Minister Tarek El Molla indicated the possibility of exporting more liquefied natural gas due to the rise in energy prices against the background of the war. Russian - Ukrainian.

After the Russian invasion on Feb. 24, Israel set up a working group with the EU and Egypt on a three-way agreement to boost gas exports to Europe, Lior Schillat, the director general of Israel's Energy Ministry, said in an interview.

Under the proposed deal, which the ministry hopes will be signed this summer, Israel will initially boost its gas exports to Egypt through its two existing pipelines. Egypt will then process the gas at its plants at Damietta and Idku, near Alexandria, and ship it to Europe as LNG. The EU's international energy strategy, published May 18, also refers to a trilateral deal with Israel and Egypt to be concluded by the summer. While the initial quantities will be small, they will still help Europe's efforts to avoid a return to using coal-fired power plants, and plans to roughly double natural gas production in four-to-five years could allow exports with a real impact, Schillat said. On May 30, Israeli officials announced a new competition for gas exploration in its waters, citing European demand.

Jonathan Miller, special envoy for energy at Israel's Ministry of Foreign Affairs, said that gas might only be a starting point, laying the foundation for energy cooperation in areas like power inter-connectors via Cyprus and Greece, or "hydrogen-ready" pipelines.

Results

- 1- Oil prices that have risen may cause a significant rise to the level of \$ 105 per barrel of Brent crude, a level that has not occurred since 2014, due to the imposition of economic sanctions by the United States and Europe on Russia. An increase in the price of a barrel of oil over the price specified in the budget will add new burdens on the budget, amounting to billions of dollars, which will lead to pressure on spending levels on this item, and consequently an increase in the budget's cash deficit. In the budget

for the new fiscal year 2022/2023, which is being prepared during this month, the government is expected to take into account the high increase in global oil prices, and to determine the amount of support that will be borne by next year's budget.

- 2- that interest Leadership political sector petroleum, reflect the strategy Which pursue it Country to exploit optimum for every Resources and convert it for value added support Economy the Egyptian, as such that Egypt about Transformation forum east Gas average to me organization regional be Egypt, she the gate Main to export Gas to continent Europe and Africa.
- 3- that turbulence at Markets Gas Globalism may be help Egypt on Investigation her ambitions at What Regard export Gas, at the time Which looking in its Europe on sources alternative for energy. Mortgage the bank European This the shift "Share Europe actively Larger at Solve tensions current, and facilitate Access to me lines pipe".
- 4- that Egypt one from Countries Which looking forward to her Europe for help at Solve crisis Gas she has, so trending to me reduction reliance on supplies Russian, while pointed out minister petroleum the Egyptian, Tareq mullah, to me Possibility Export More from Gas natural matter Due for height prices energy on background the war Russian-Ukrainian.
- 5- The Egyptian state is aware that Clear balance material for the state It is considered Country imported, So He should that He is she has many from discoveries other for fields petroleum Until no He is there process decay Petroleum Egyptian calendar clouds league for him , and in Egypt right Now keep on an average production Constant since interval long which heading to me market the Egyptian, and this is Guide on that there discoveries New and as patrol take Shop Wells petroleum Old Which finish".
- 6- that Egypt she has sufficiency self from Gas natural and not she has sufficiency self from petroleum, where get up Egypt import Some Materials petroleum and issued Material petroleum self-content sulfur higher Like raw Mixture garb, which get up Egypt export it Card65one thousand barrel at today, And this Quality from petroleum no fit With quality Labs refining Egyptian, So get up Egypt export it outside". As such that Egypt she has ores Other from materials cereus Producer from the desert western, which Complete exported on road Egypt and partners Aliens.
- 7- The Egyptian state is trying to achieve self-sufficiency in oil, through What achieved it in section petroleum and wealth metal on orbit the years the seven past from consequences Business Distinguished Marker difference on approach outstanding and strategy flexi, Which Works with This sector the vital where succeeded at Skip many from Challenges and achieve number Big from Achievements she was numbers output and search and exploration and signature conventions and enter companies Globalism and volume Investments Good Guide on me That Achievements.
- 8- that Egypt Working in the form of Big on the shift progressive for energy clean. Where get up prepare strategy Especially with hydrogen the green and energy clean, as such that Egypt she has structure Underground strong able on the shift for energy clean, Especially Its own Base research important help on Use technology new.

References

- Ministry of Petroleum and Mineral Resources - Arab Republic of Egypt.
Egypt International Petroleum Conference and Exhibition "EGYPS 2022" in its fifth session, during the period from 14-16 February 2022, entitled "North Africa and the Mediterranean... Ensuring Energy Supplies".
- The economic consequences of the Russian-Ukrainian war, Medhat Nafeh, elshrouk, March 2022.
- What the Ukraine war might mean for Switzerland's energy policy (2022), Olivia Chang, SWI swissinfo.ch certified by the Journalism Trust Initiative.
- The Russian-Ukrainian war hits the expectations of the Egyptian economy's growth (2022), Khaled Al-Minshawi, Media Arabia.
- IMF. (2022). World Economic Outlook: War Sets Back the Global Recovery. International Monetary Fund, April.
- WHO Africa. (2021). Africa faces a 470 million COVID-19 vaccine shortfall in 2021. World Health Organization (WHO), Africa. Available at:
<https://www.afro.who.int/news/africa-faces-470-million-covid-19-vaccineshortfall-2021>.