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After a recent period of steady growth, global oil production and reserves have declined for the first time since 2002. Global demand for oil continued to increase up to the first quarter of 2008; however, for the first time since 1983, it has gone into decline due to the global financial crisis. Demand for natural gas – an attractive, cheaper alternative to oil – had also been increasing but is now in decline for the same reason.

The petroleum sector is a key factor in the growth of Egypt’s economy; accounting for 15% of GDP in 2007/2008. Oil and gas cover 94% of Egypt’s primary energy requirements with crude oil production in 2007 standing at 710,000 barrels per day (bpd), and natural gas production at 46.5 billion cubic meters, nearly double 2002 production levels. Egypt is the second largest producer of natural gas in Africa.

The Ministry of Petroleum has granted several concessions for exploration and drilling activities to increase crude oil and natural gas production. Particular emphasis has been placed on the oil sector – where production has been in decline since 1993 – in an attempt to meet increasing domestic demand.

In an attempt to accommodate the global hike in energy prices, Egypt has taken several measures to adjust the domestic and export prices of both oil and gas to reduce the budget deficit on the domestic front.

Egypt’s petrochemical industry represents 12% of its total industrial production and the country is set to become one of the region’s leading players, especially with the implementation of the National Plan for Petrochemicals (2002-2022).

The challenges of finding sustainable means of meeting future energy needs and reducing greenhouse gas emissions have led many countries, including Egypt, to opt for renewable energy resources, such as biofuels, wind power, thermal energy and nuclear energy. Egypt possesses abundant renewable energy resources and has begun to integrate these alternatives within its energy mix and to promote renewable energy technologies on a commercial scale.
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