EGYPT OIL&GAS
RESEARCH & ANALYSIS

FROM CAPACITY TO COMPETITIVENESS:

EGYPT'S EVOLVING DOWNSTREAM LANDSCAPE

STRATEGIC APPROACH
Vol. 8

MARCH 2026

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Overview

Egypt is restructuring its petroleum downstream sector, positioning refining and petrochemical industries as the dual engines of energy security, industrial development, and foreign-currency creation. In response to changing global energy and petrochemical market dynamics, current policy prioritizes upgrading existing assets, integrating refining with petrochemical value chains, and improving export competitiveness above building capacity.

Egypt ranks second in Africa in petroleum refining capacity. In line with the Ministry of Petroleum and Mineral Resources' (MoPMR) strategy, current policy increasingly focuses on maximizing value addition through upgrading refineries, integrating refining operations with petrochemical feedstocks, and enhancing the utilization of existing infrastructure to strengthen energy security and market resilience, according to MoPMR.

The government has allocated approximately EGP 13.4 billion (~$286 million) in fiscal year (FY) 2024/25 to upgrade and expand refining assets, address capacity gaps, and improve product availability, according to the Ministry of Planning.

In parallel, Egypt invested approximately EGP 8.7 billion (~$185 million) in its petrochemicals sector in the FY 2024/25. By adopting energy conservation measures, the sector realized nearly EGP 30 million (~$0.64 million) in cost savings during the same FY.

Production reached 4 million tons (mmt) in FY 2024/25, further strengthening Egypt's role in the global petrochemical market. By 2030, Egypt aims to boost its annual exports to $4 billion, according to MoPMR.

Egypt's Current Downstream Landscape

Refining Sector Potential

Egypt's refining sector comprises both state-owned and private operators, with 11 operational refineries strategically located in different governorates, including Alexandria, Cairo, Suez, and Assiut, as reported by the Egyptian General Petroleum Company (EGPC). These refineries produce gasoline, diesel, jet fuel, Liquefied Petroleum Gas (LPG), and naphtha, according to EGPC.

• Production Levels

Egypt operates Africa's second largest refining system, with a nominal capacity of 40 mmt, although actual throughput averaged around 34 mmt in the fiscal year (FY) 2024/25. Several refineries are still operating below optimal utilization rates, driven not by nameplate capacity constraints but by feedstock availability, infrastructure bottlenecks, and operational inefficiencies, according to the MoPMR.

Refined Product Output Growth Rate in FY 2024/25*

30%

*Compared to FY 2023/24

• Petrochemicals Sector in Focus

Egypt's petrochemical sector is rapidly evolving into a regional manufacturing hub spearheaded by the Egyptian Petrochemicals Holding Company (ECHEM). The sector's total production capacity is approximately 4.5 mmt/y, according to the MoPMR.

The ECHEM contributed 4 mmt/y to Egypt's domestic petrochemicals industry's total output, with annual investments totaling EGP 8.7 billion (~$185 million) in FY 2024/25, according to the MoPMR.

The Egyptian petrochemical sector currently consists of eight operational facilities, with several major developments, most notably the $7.5 billion Red Sea Complex and the New Alamein industrial hub, progressing under ECHEM's management, according to The Suez Canal Economic Zone (SCZONE).

These strategic initiatives are designed to more than double the sector's gross domestic product (GDP) contribution, raising it from 3% in 2024 to a target of 7.5% by 2030. Beyond serving the domestic market, the industry maintains a strong international presence, with Egyptian petrochemical products reaching over 50 countries as of 2024, according to MoPMR.

Current Operational Project

Complex / Facility	Capacity (thousand t/y)	Location	Investments ($ billion)
Sidpec	275	Alexandria	1.05
MOPCO	2,150	Ain Sokhna	2.4
EPC شركة البتروكيماويات المصرية Egyptian Petrochemicals Co.	120	Alexandria	0.65
ELAB إيلاب	135	Alexandria	0.56
EGYPTIAN PROPYLENE & POLYPROPYLENE	350	Port Said	0.81
methanex the power of agility	1,300	Damietta Port	1.02
E.STYRENICS	200	Alexandria	0.41
ETHYDCO إيثيدكو	400	-	2

Key Downstream Infrastructure Highlights

Egypt's petroleum pipeline network serves as the country's developmental arteries, extending from the north to the south and playing a critical role in transporting crude oil from production sites to refineries, and subsequently to storage facilities and distribution points.

- ## Petroleum Pipeline Network

Egypt has an extensive pipeline network that serves as a key intermediary between production companies, refineries, and distribution entities. This network spans approximately 7,000 kilometers (km) across all governorates. It is attached to 155 storage facilities with a combined capacity of about 2.5 million cubic meters (mmcm), alongside 66 pumping stations equipped with 500 main pumps, according to the MoPMR.

- ## Petroleum Ports Capability

Egypt hosts approximately 14 petroleum ports with an annual trading volume exceeding 90 mmt, providing significant opportunities for trade and the handling of petroleum products, as stated by the MoPMR.

El Hamra terminal alone is receiving approximately 74 million barrels (mmbbl) of crude oil in FY 2024/25.

In parallel, around 80% of the petroleum products pipeline connecting the Middle East Oil refinery (MIDOR) to El Hamra Port in El Alamein has been completed, with the remaining section expected to be finalized soon, establishing a new and direct route for transporting refined petroleum products from the refinery through El Hamra Port, according to MoPMR.

Smaller ports, including Ras Gharib, Mersa Badran, and Wadi Ferran, also play a significant role in supporting export volumes.

Petroleum Ports Overview*

Region	No. of Ports & Terminals
Red Sea & Gulf of Suez	10
Mediterranean Sea	3

*Specializing in Crude Oil and Petroleum Products Handling

Embedding Sustainability into Egypt's Downstream Sector

As global markets increasingly adopt carbon-related policies like the European Union's (EU) Carbon Border Adjustment Mechanism (CBAM), Egypt's transition to low-carbon energy and petrochemical products becomes even more crucial. CBAM imposes carbon pricing on imported goods, encouraging cleaner production methods. This offers Egypt an opportunity to enhance its export competitiveness by producing low-carbon products such as green methanol, according to the EU.

By investing in low-carbon technologies and integrating renewable energy, Egypt is not only fulfilling climate commitments but also mitigating risks associated with fluctuating global energy prices and shifting regulatory landscapes. These efforts will ensure that Egyptian products remain competitive in a carbon-constrained world, positioning the country strategically in international markets that are increasingly focused on sustainability.

Renewable Energy Integration

Egypt's downstream petroleum sector is integrating renewable energy through key projects at major refineries, in line with the MoPMR energy transition and emissions reduction strategy. The Assiut Oil Refining Company (ASORC) and EGPC have launched solar photovoltaic (PV) projects to improve energy efficiency and reduce the environmental impact of refining operations. These initiatives are funded by the EU under the Energy Sector Policy Support Program, with no financial burden on the petroleum sector, according to the MoPMR and the New and Renewable Energy Authority (NREA).

ASORC and EGPC Solar Photovoltaic Projects

Company		EGPC
Installed Capacity (MW)	10	6.5
Investment Cost (EGP million)	550	500
Investment Cost ($ million)	~11.7	~10.7

In addition, EGPC has successfully implemented 38 energy transition projects during the FY 2024/25. Of these, 18 projects are fully operational. Additionally, 30 megawatt (MW) of solar power capacity has been added as part of these initiatives. These efforts are aligned with Egypt's broader energy and climate goals, according to the MoPMR.

EGPC Energy Transition Projects in FY 2024/25

Diesel Consumption Reduction

68 mmt/y

Flare Gas Utilized

4.5 bcf/y

CO_2 Emissions Reduction

470,000 t/y

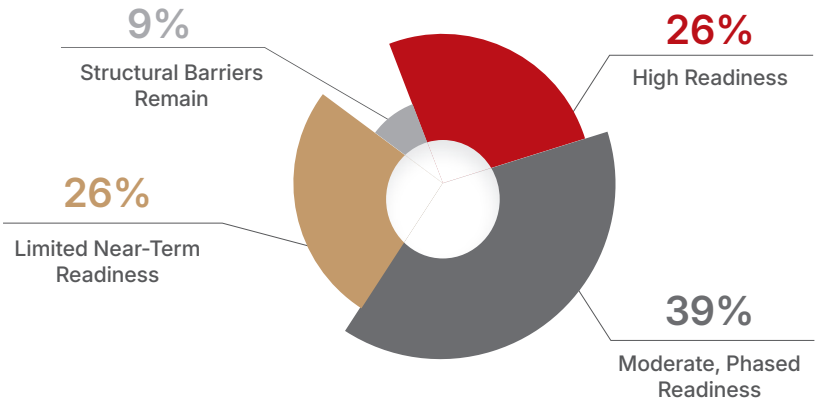
Estimated Financial Savings

EGP 5.2 billion **(~$110.8** million**)**

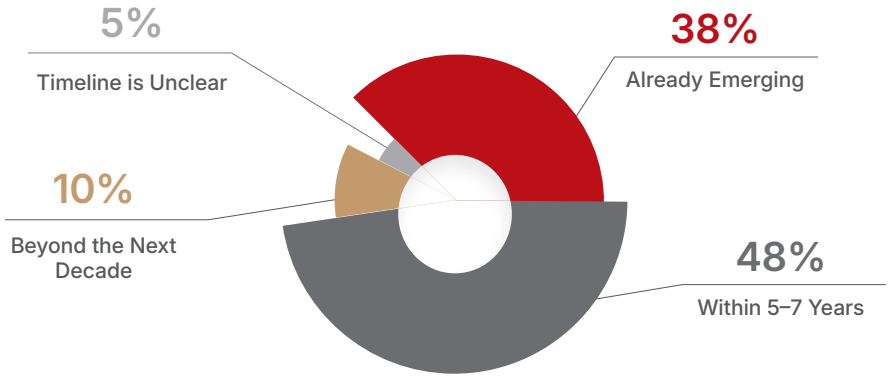
The below pie charts show opinions regarding Egypt's downstream sector readiness to integrate renewable energy.

Note: All poll results and illustrations in this report are based on surveys conducted by Egypt Oil & Gas Group.

How ready is Egypt's downstream sector to integrate renewables into industrial operations?



When is large-scale renewables integration likely in Egypt's downstream industry?



Petrochemicals in the Low-Carbon Era

Egypt has begun integrating low-carbon petrochemical products into its refining and petrochemicals value chain since 2023, as part of its downstream modernization and emissions reduction agenda. Methanol and green methanol have been prioritized due to their compatibility with existing infrastructure and their growing role as low-emissions fuels and chemical feedstocks, supporting both energy transition objectives and value-added industrial development.

• Key Methanol & Green Methanol Projects

Alexandria National Refining and Petrochemicals Company (ANRPC) partnered with Norwegian Scatec and Egyptian BioEthanol Company (EBIOL) in May 2023 to launch Egypt's first green methanol production project.

The initiative aims to enhance the competitiveness of Egypt's petrochemical sector by producing green methanol for domestic use and export, including marine bunkering. The renewable energy component will have a capacity of 160 MW, with an electrolyzer capacity of 60 MW, according to the MoPMR.

Egypt's First Green Methanol Project Snapshot

Initial Production Capacity	Expansion Capacity	Total Investments
40,000 t/y	**200,000** t/y	**$450** million

AD Ports Group, Transmar, and Orascom Construction signed a memorandum of understanding (MoU) in May 2024 to develop a green methanol storage and export facility, supporting the decarbonization of the maritime sector, according to the AD Ports Group.

Additionally, in February 2025, EGPC signed an MoU with a Russian–Emirati–Italian alliance to deploy carbon capture and utilization (CCU) technology at Cairo Oil Refining Company (CORC), converting CO_2 emissions into green methanol, powered by solar energy, according to the MoPMR.

CORC Green Methanol Project Capacity

50,000 t/y

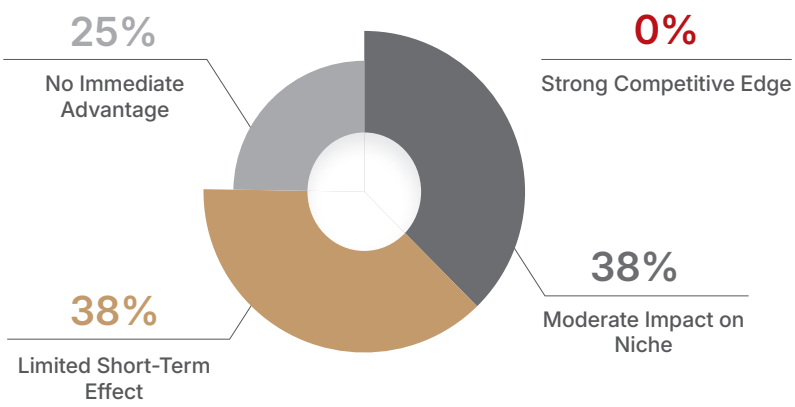
Methanex Egypt announced the completion of a methanol transfer infrastructure project in April 2025, linking its methanol production plant in Damietta to the adjacent Suez Methanol Derivatives (SMD) complex.

Methanex Project at a Glance

Pipeline Length	Methanol Supply Capacity	
450 meters	Daily: **160** t	Annually: **58,400** t

The below pie chart present opinions regarding Egypt's green methanol potential.

How will Egypt's green methanol projects shape its global energy position?



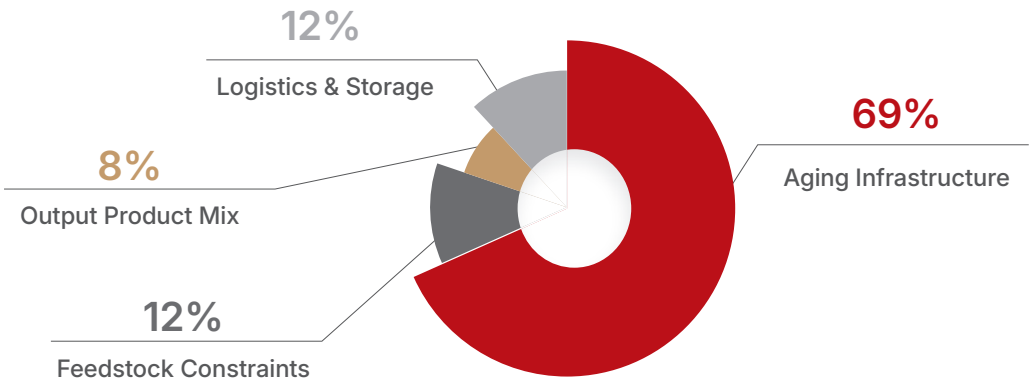
Industry Considerations and Expansion Potential

Egypt's downstream sector is undergoing operational and structural adjustments, creating opportunities to enhance efficiency and capacity utilization. Refineries and processing facilities operate below optimal capacity, while logistics and distribution networks are under pressure to meet growing demand. Efficiency losses across refining stages also impact output quality and reliability.

Nevertheless, the sector presents notable untapped capacity and modernization opportunities, offering potential for enhanced domestic supply, reduced dependence on imports, and more diversified product selection. These developments, combined with a supportive investment climate, could attract investors seeking to participate in Egypt's downstream growth.

The below pie chart present opinions regarding downstream sector constraints.

What is the single biggest bottleneck currently slowing Egypt's downstream modernization?



Refining Sector Considerations in Egypt

- Existing Utilization and Efficiency Gap

A persistent utilization gap continues to characterize Egypt's refining sector, reflecting structural efficiency challenges rather than headline capacity limitations. The Underperformance is driven primarily by aging infrastructure, feedstock constraints, logistical bottlenecks, and inefficient operational practices.

As a result, nominal refining capacity remains underutilized, not because of insufficient assets, but due to weaknesses in the upstream-to-downstream integration, according to Fitch Solutions BMI.

In response, the government has prioritized securing additional crude supplies for existing refineries and integrating refinery development plans with petroleum product supply strategies over the medium term.

These efforts are further supported by investments to upgrade refineries and develop new ones.

In addition to investments exceeding EGP 16 billion (~$341 million) in pipeline upgrades and digital monitoring systems, including Supervisory Control and Data Acquisition (SCADA), to enhance reliability, transparency, and loss prevention.

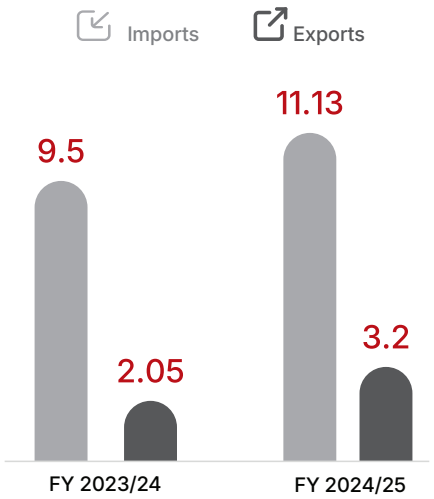
While these measures strengthen the enabling infrastructure, their impact will remain limited unless accompanied by tangible efficiency gains at the refinery level, higher operating rates, and optimized product yields, according to MoPMR and The International Trade Administration, US Department of Commerce.

- Petroleum Products Trade Gap

The petroleum products trade deficit widened between FY 2023/24 and 2024/25, reflecting a marked increase in imports that outpaced export growth. Imports of petroleum products rose by $1.7 billion, due to the domestic refining production remaining insufficient to meet national fuel demand fully. Egypt continues to rely heavily on imported petroleum products, according to the Central Bank of Egypt (CBE).

On the export side, petroleum products recorded a notable improvement, increasing by $1.1 billion in the period between FY 2023/24 and 2024/25, because of expanded export quantities. Nevertheless, the rise in imports exceeded the gains in exports, leading to a deterioration in the petroleum products trade balance, according to the CBE.

Egypt's Petroleum Products Trade Highlights ($ billion)



The MoPMR has implemented incentive measures and operational initiatives that work to stabilize upstream production, supporting the availability of petroleum products in the domestic market.

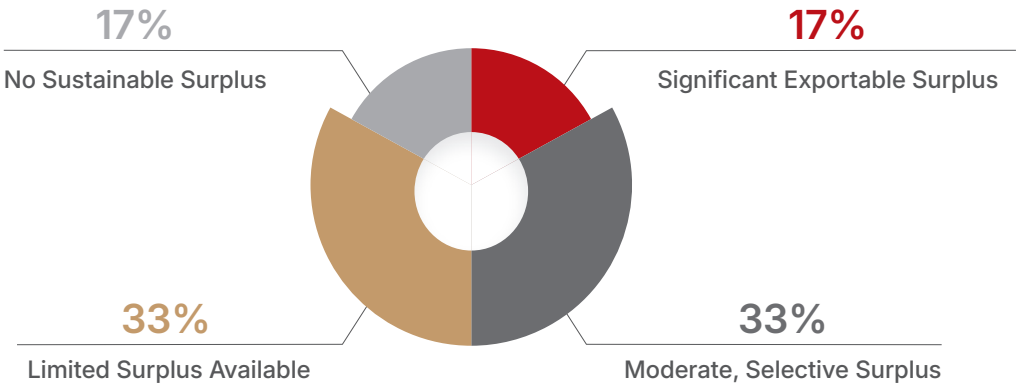
Crude oil output has moved from decline into a phase of stability, creating a foundation for future increases, particularly following recent discoveries in the Western Desert and the Gulf of Suez.

The commissioning of 383 new wells between July 2024 and December 2025 added approximately 200,000 bbl/d of crude oil, strengthening feedstock availability for domestic petroleum products.

This expansion has helped curb import dependence, yielding estimated savings of around $6.7 billion in the petroleum products and gas import bill during the same period. Building on this momentum, the Ministry intends to further enhance petroleum supply security by drilling over 100 new exploratory oil and gas wells in 2026, according to MoPMR.

The below pie chart present opinions regarding downstream exporta surplus potential.

Does Egypt's downstream production capacity allow for a sustainable surplus for export?

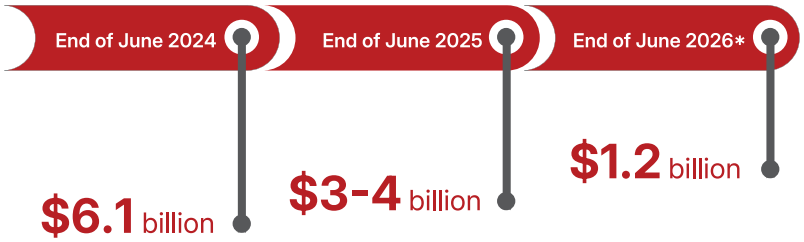


- ## Arrears Accumulation Risk

Egypt's refining sector is influenced by crude supply levels, which are affected by upstream investment and exploration trends. Delays in cost recovery and cash flow management in the oil and gas sector have affected exploration and field development, with implications for crude availability and refinery throughput.

In response, EGPC payments to international oil companies (IOCs) are being addressed through a structured repayment program. Arrears are projected to decline by approximately 80% by June 2026, supporting ongoing upstream and downstream operations and contributing to a more predictable investment environment, according to the Egyptian Cabinet.

Oil and Gas Sector Arrears Decline



*Forecast

Source: The Egyptian Cabinet & International Monetary Fund (IMF)

Downstream Sectors' Outlook

Looking ahead, Egypt's downstream petroleum sector is entering a decisive phase that focuses on both execution and capacity expansion. While regional demand dynamics continue to support investment in refining and petrochemicals, Egypt's near-term strategy prioritizes upgrading existing assets, improving product quality, and strengthening integration with petrochemical value chains, alongside expanding capacity to meet future needs.

The ongoing and planned refining projects constitute the core pillars of Egypt's downstream outlook over FY 2024/25 and beyond. These initiatives aim to boost effective throughput, reduce reliance on fuel imports, and enhance the resilience of domestic supply.

- ## Refining Projects Highlights

Egypt's refining modernization program is centered on closing a persistent supply gap, supported by efforts to enhance refining capacity. Flagship upgrades at MIDOR Refinery, ASORC, and Suez Oil Processing Company (SOPC) are central to Egypt's refining modernization strategy.

The expansion at MIDOR Refinery has increased its capacity, and further upgrades are targeting higher production to supply a significant portion of domestic fuel demand.

ASORC is developing a new crude distillation unit (CDU) to enhance local production of refined products.

Meanwhile, SOPC is working on a coking and diesel production complex, with EGPC overseeing and accelerating its implementation as part of Egypt's national strategy to reduce diesel imports and boost local production, according to MoPMR.

MIDOR Refinery Expansion

Target Capacity After Expansion **170,000** bbl/d

Share of Domestic Demand (Gasoline & Diesel) **17-20%**

ASORC Ongoing Projects

Project	Capacity
CDU3 Expansion	5 mmt/y

Ongoing projects at CORC in Mostorod and Tanta include the construction of 12 new storage tanks for crude and petroleum products. In addition, the company is focusing on energy efficiency and reducing carbon emissions, according to the MoPMR.

• What is Next in the Petrochemical Sector?

Egypt is positioned to drive Africa's petrochemical capacity growth through the development of several new large-scale complexes. These projects are vital for strengthening the domestic manufacturing supply chain, which has relied heavily on imported intermediate goods since the 2016 currency float.

While the sector benefits from a growth outlook, it faces potential headwinds such as feedstock price fluctuations and a global supply surplus. Nevertheless, rising domestic industrial demand is expected to provide a solid foundation for Egypt's production goals, according to Fitch Solutions BMI.

Egypt's petrochemical production capacity is projected to undergo a significant shift by 2027 compared to 2022 levels. Current forecasts indicate substantial increases in polymer production, specifically for polypropylene 827.7%, Polyethylene (PE) 532.8%, and ethylene 460.5%.

This development is accompanied by steady growth in basic chemical segments, with methanol production expected to rise by 74.9%, while polyethylene terephthalate (PET), polyvinyl chloride (PVC), and ammonia are slated for more moderate increases of 38.6%, 33.1%, and 8.6%, respectively, according to Fitch Solutions BMI.

Egypt's Petrochemicals Industry SWOT Analysis

S — Strengths

- Well-established fertilizer sector.
- Well placed to export to Europe.
- Enhancing trade relations, sustaining exports.

W — Weaknesses

- Minimal specialty limits the domestic petrochemical market.
- Global crises and local unrest hinder funding for major projects.

O — Opportunities

- Fast sector growth if projects proceed.
- Leveraging gas for industrial expansion.
- Early IPO success spurs investment.
- Low feedstock costs support foreign entry.

T — Threats

- Discovery volumes declined with higher consumption.
- Oil and gas are likely more attractive to foreign investors than petrochemicals.

Source: BMI's Egypt Petrochemicals Report

In line with this, Egypt is executing several major petrochemical projects. The country is launching ten new petrochemical projects, which will add 7 mmt of annual production and introduce 20 new products to replace imports. These initiatives are projected to generate over $8 billion in revenues, reinforcing Egypt's commitment to boosting its petrochemical sector, according to the MoPMR.

Moreover, the integration of refining and petrochemical industries, as seen in the New Alamein Complex and the Red Sea Petrochemicals Complex, presents a significant opportunity for economic growth. Both projects utilize crude oil as the primary feedstock, with refining units transforming it into high-value petrochemical products through advanced technologies, including steam cracking.

This convergence not only enhances production efficiency but also adds greater value to domestic resources, aligning with Egypt's strategy to strengthen its industrial base and reduce reliance on imported petrochemicals, according to the MoPMR and the Red Sea National Petrochemicals Co. overview.

Strategic Recommendations for Egypt's Downstream Petroleum Sector

To strengthen Egypt's downstream petroleum sector, it is essential to implement strategic measures that enhance efficiency, promote sustainability, and attract investments. These measures should focus on aligning energy pricing with market standards, investing in renewable energy, and improving the performance of state-owned enterprises. Additionally, addressing social impacts through well-designed compensation mechanisms will ensure a smooth transition. These recommendations are based on the IMF's report on energy subsidy reforms in the Arab region.

- ## Energy Pricing Adjusting & Subsidy Reforms

Implement gradual subsidy reductions by targeting higher-income groups and the largest users, adjusting prices based on consumption. These price adjustments should be accompanied by targeted compensation mechanisms, such as cash transfers, to protect vulnerable households from price increases, with funding sourced from savings generated by the subsidy reductions. This approach aligns with efforts to adjust energy prices in line with international benchmarks, ensuring that the reforms minimize economic and social disruption.

- ## Prioritize Investments & Strategic Partnerships

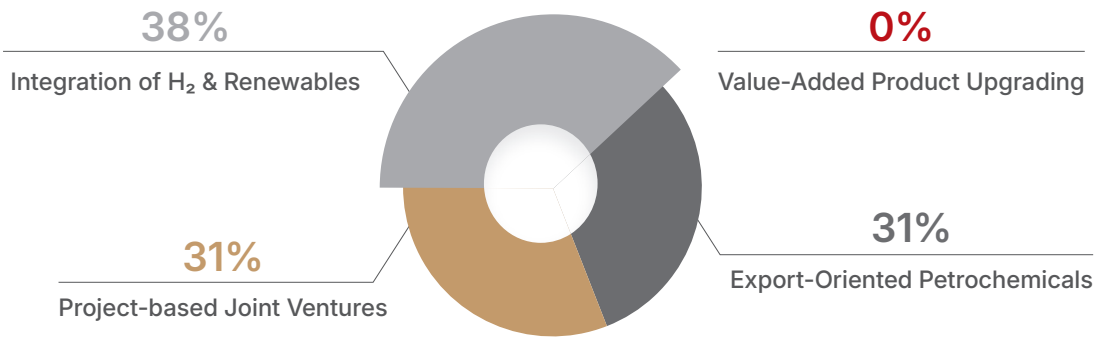
MoPMR should continue prioritizing investments and strategic partnerships that modernize downstream assets. This includes linking refineries to petrochemical units and ports, securing long-term feedstock commitments, and investing in renewable energy projects like solar, wind, and hydrogen technologies. The IMF report highlights the importance of diversifying Egypt's energy mix to reduce reliance on fossil fuels, attract foreign direct investment (FDI), and align with global sustainability goals, strengthening Egypt's competitive position in the energy market.

- ## Organizational & Structural Reforms

Reform state-owned enterprises (SOEs) to improve transparency and efficiency, addressing issues like high transmission losses and outdated infrastructure, which hinder financial sustainability. Additionally, implement structural reforms to reallocate resources from energy-intensive sectors to less energy-intensive ones, boosting growth and job creation by reducing red tape and improving the business environment.

The below pie chart present opinions regarding drivers of downstream competitiveness.

Which opportunity offers the greatest potential to enhance Egypt's downstream competitiveness?



Conclusion

Egypt's downstream petroleum sector is undergoing a structural transformation driven by the need to enhance energy security, reduce import dependence, and maximize value creation from domestic hydrocarbon resources. Refining upgrades and petrochemical expansions are increasingly aligned, reflecting a strategic shift from capacity accumulation toward integrated, efficiency-driven growth.

Investments in refinery modernization, pipeline infrastructure, and port capabilities are strengthening supply resilience while improving throughput and product availability.

At the same time, the petrochemical sector is emerging as a key industrial growth engine, supported by 10 large-scale projects, export diversification, and deeper integration into global value chains.

At the same time, the integration of energy efficiency measures, renewable power, and low-carbon products signals a pragmatic shift toward decarbonization embedded within existing assets. Although challenges remain, including feedstock pricing volatility and financing pressures, upstream stabilization, arrears reduction, and policy alignment are improving investment visibility.

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