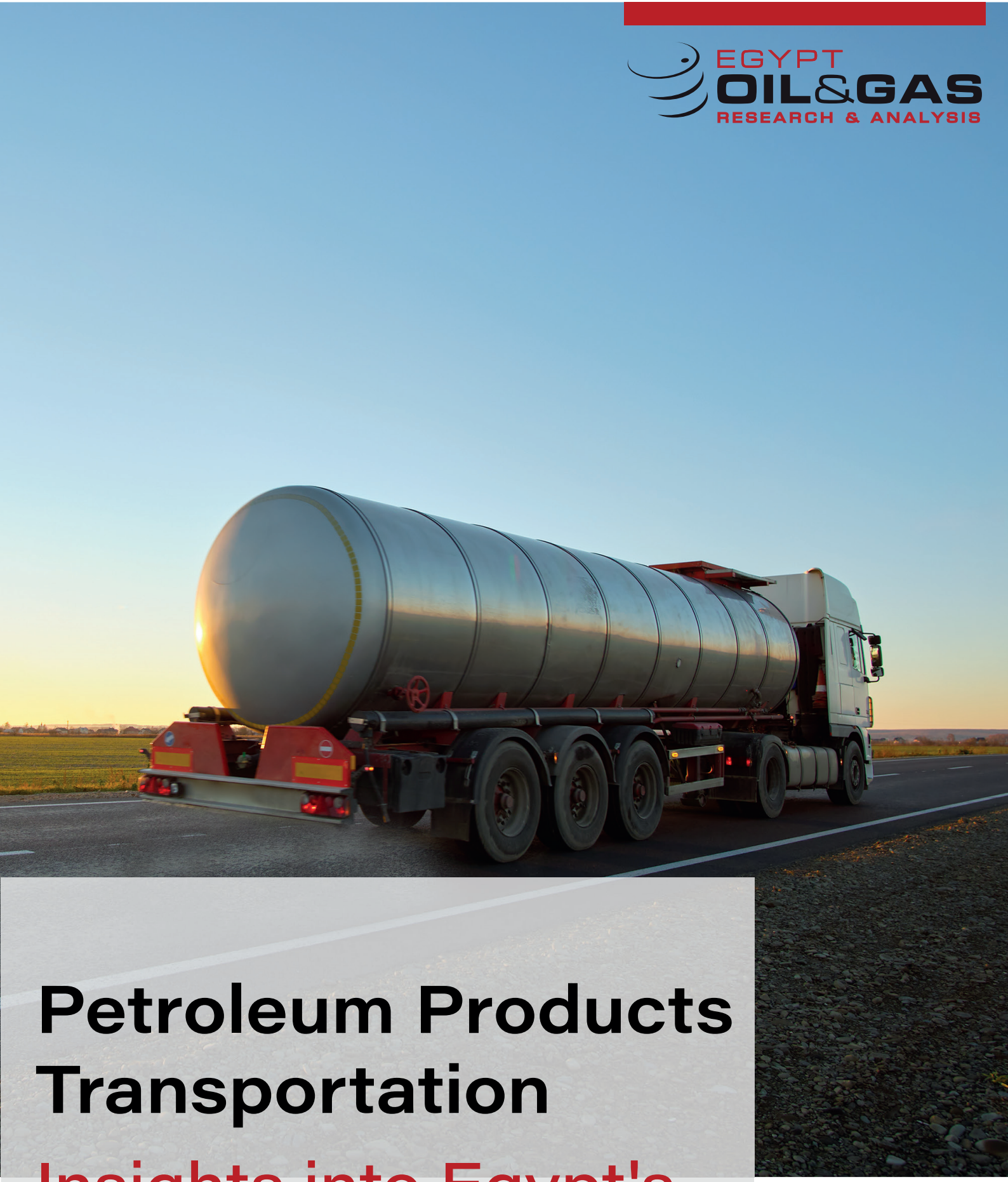
EGYPT OIL&GAS RESEARCH & ANALYSIS



Petroleum Products Transportation

Insights into Egypt's Energy Logistics

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Petroleum transportation is a critical component of Egypt's energy sector, playing a pivotal role in the country's economic development and energy security. As one of Africa's leading producers and consumers of energy, Egypt has a strategic position as a key energy logistics hub.

This is supported by a diversified transportation network that includes pipelines, railways, and coastal tankers. Egypt's infrastructure meets domestic energy needs while strengthening the country's role in global markets by leveraging its geographic advantage along major trade routes.

Egypt also facilitates energy trade through major ports, including Alexandria and Damietta on the Mediterranean Sea, Port Said and Suez, and around 17 dedicated petroleum ports. With the Suez Canal serving as a crucial artery for global maritime trade, Egypt's infrastructure is vital not only for domestic consumption but also for international markets.

The Egyptian government has undertaken a series of initiatives to modernize and expand the storage, transportation, trading, and distribution of petroleum products. Additionally, significant investments are being made to upgrade and expand specialized petroleum ports.

This is in addition to enhancing its export infrastructure to strengthen connectivity with global consumers.

This report examines Egypt's evolving petroleum transportation landscape in fiscal year (FY) 2023/24 compared to the previous FY, focusing on transported quantities, channels, and associated costs. Along with highlighting Suez Canal navigation statistics to emphasize strategic alignment with global energy trends.

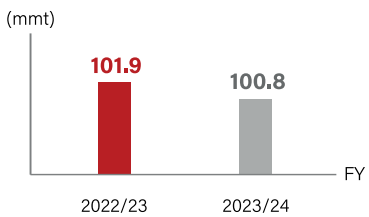
Petroleum Transportation Trends

Total Transported Quantities

In FY 2023/24, the total transported petroleum quantities by all means of transportation witnessed a slight decrease of about 1% compared to FY 2022/23 to record 100.8 million tons (mmt). This reduction is primarily due to a significant decline in quantities transported via pipelines by about 4%.

This is despite the increase in quantities transported via railway, and coastal tankers by about 4.5%, and 14.1% respectively, according to the Central Agency for Public Mobilization and Statistics (CAPMAS).

Petroleum Products Transported Quantities

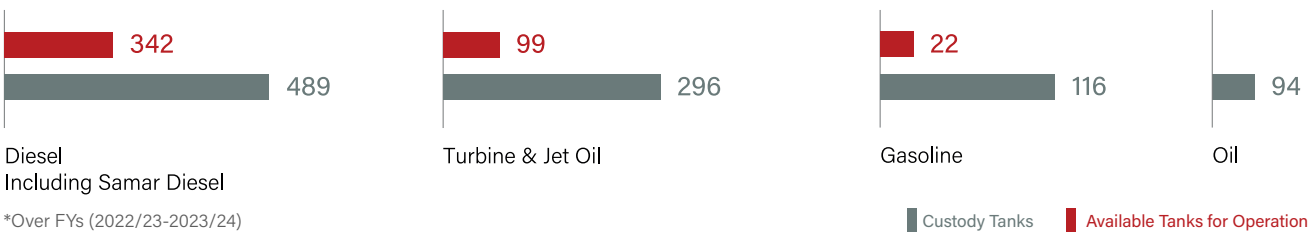


Main Transportation Channels

Railway Tankers

Approximately half of Egypt's railway tankers were diesel and Samar diesel, followed by turbine and jet oil, gasoline, then oil respectively. Egypt's total number of railway tankers in FY 2023/24 recorded 989 tanks. Of which, only 458 tanks are available for operation, with a 1.5% decline compared to that in FY 2022/23. The rest of the tanks are under construction, according to the CAPMAS.

Average Number of Tanks*

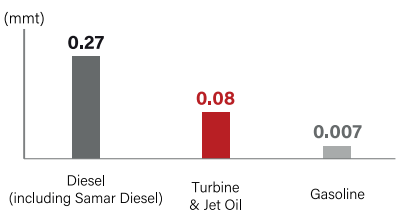


*Over FYs (2022/23-2023/24)

Actual Transported Quantities

In FY 2023/24, the actual movable quantities of petroleum products via railway tanks reached 0.37 mmt, reflecting a 4.5% increase from 0.354 mmt in FY 2022/23. Diesel, including Samar Diesel, remained the dominant transported product, comprising 75.6% of actual movable quantities in both FYs, followed by turbine and jet oil, and gasoline. This sustained dominance underscores the critical role of diesel in Egypt's railway transport of petroleum products, according to the CAPMAS.

Average Actual Capacity Transported*



*Over FYs (2022/23-2023/24)

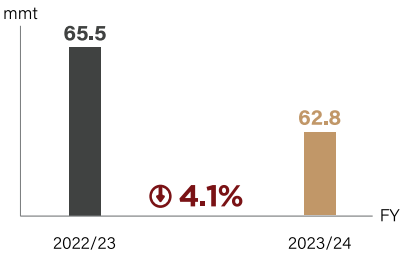
Petroleum Pipelines

Egypt relies on a solid network of internal and main pipelines for petroleum transportation. These pipelines efficiently move crude oil, condensates, liquefied petroleum gas (LPG), and other products domestically and internationally.

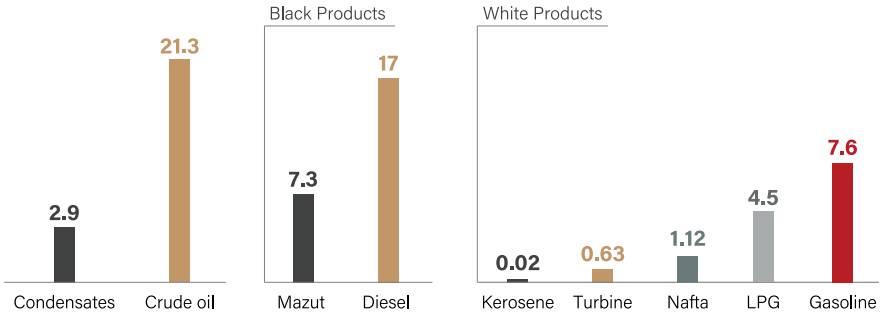
In FYs 2022/23 and 2023/24, the crude oil and diesel quantities are the largest products transported by the petroleum pipelines, with an average share of 62% of the total quantity transported.

Followed by gasoline which possesses about 11.8%, then mazut with 10.7% of the total quantity transported, according to the CAPMAS.

Transported Quantities by Pipelines



Transported Quantities by Pipelines per Product in FY 2023/24 (mmt)



Trucks

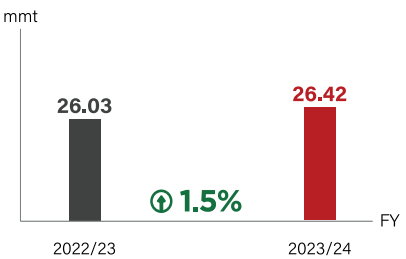
Trucks are predominantly utilized for the transportation of gasoline, diesel, mazut, and LPG. They hold a significant position as the second most prominent means of transporting petroleum products, accounting for approximately 26% of the total transport volumes in FY 2023/24, according to the CAPMAS.

Between FYs 2022/23 and 2023/24, the transported quantities of diesel, gasoline, and LPG using trucks rose approximately by 3%, 5%, and 7% respectively. While the total transported quantities of Mazut using trucks dropped by 48%.

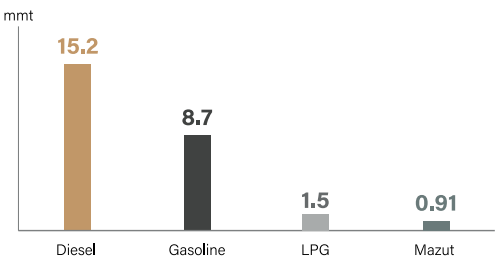
This drop in the transported quantities of mazut using trucks can be partially justified by the significant increase in using pipelines to transport mazut, as it hiked by around 14.8%, according to the CAPMAS.

It is worth noting that the average transported quantity of diesel represented more than half the total transported quantity by trucks between FYs 2022/23 and 2023/24. While gasoline, LPG, and mazut average transported quantities constituted approximately 33%, 6%, and 3% respectively, according to the CAPMAS.

Transported Quantities by Trucks



Average Transported Quantities by Trucks per Product*



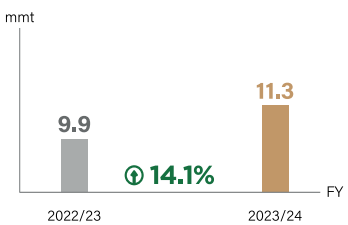
*Over FYs (2022/23-2023/24)

Coastal Tankers

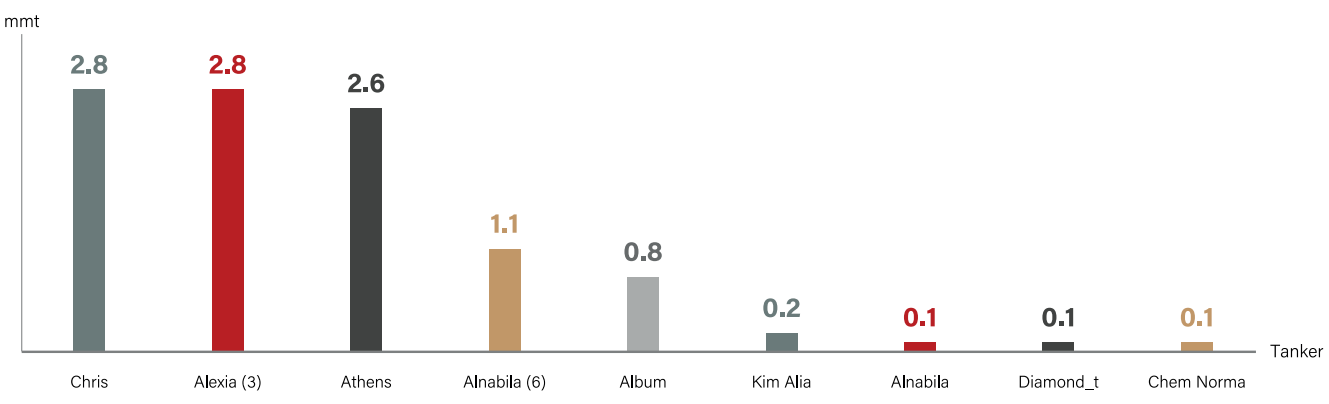
The quantities of crude oil and oil products transported by coastal tankers reached 11.3 mmt in FY 2023/24. The total local crude oil transported was 10.4 mmt and the total imported crude was 0.035 mmt, according to the CAPMAS.

Chris and Alexia (3) coastal tankers held the largest share of 52% among tankers in both FYs 2022/23 and 2023/24, followed by Athens, and Alnabila (6) with an average share of 25%, and 10% over the same period respectively, according to CAPMAS.

Transported Quantities by Coastal Tankers



Average Transported Quantities Per Coastal Tanker*

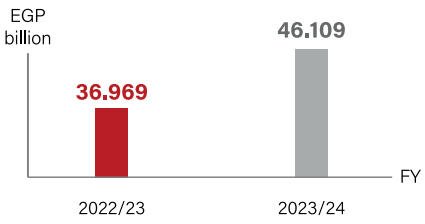


*Over FYs (2022/23-2023/24)

Transportation Costs

Total petroleum transportation costs in FY 2023/24 saw a significant increase of around 25% compared to the previous FY, reflecting improved efficiency and cost management, according to CAPMAS.

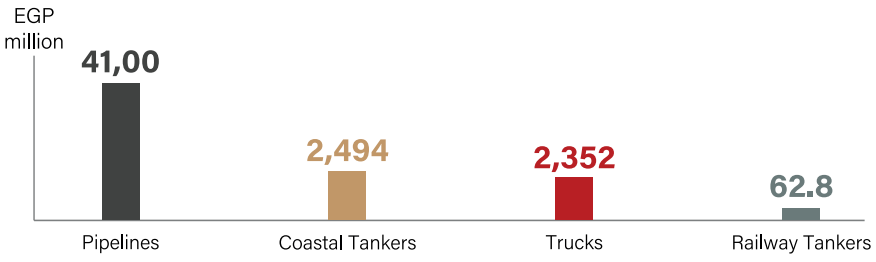
Total Transportation Cost



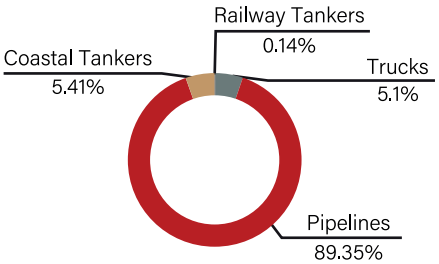
Transportation Cost Per Channel

In FY 2023/24, pipelines incurred the highest transportation costs, which account for about 89.35% of the total cost. On the other hand, Railway tanks are the cheapest means of transporting petroleum products, they contribute by only 0.14% to the total cost, according to the CAPMAS.

Cost by Transportation Mean in FY 2023/24



Means' Shares of the Total Cost in FY 2023/24



Suez Canal Navigations

The Suez Canal remains a vital global trade route. However, disruptions in the Red Sea shipping lanes have significantly impacted transit through the Canal, leading to a sharp decline in oil tanker traffic and revenues.

The Suez Canal maintained its position as one of the world's most vital maritime routes, with over 20,000 vessels transiting during FY 2023/24, carrying a net tonnage exceeding one billion tons.

Despite global trade challenges, the canal continued to attract significant traffic, reflecting the confidence of shipping lines in its crucial role as a primary trade corridor connecting East and West, according to the Central Bank of Egypt (CBE).

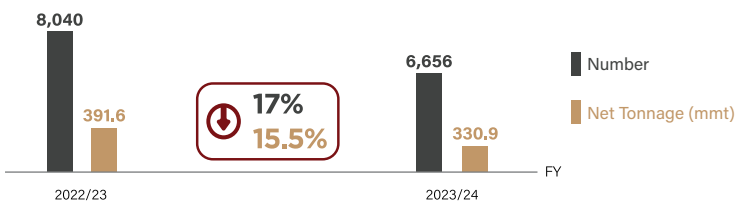
The Suez Canal announced in January that major shipping lines are welcome as global trade gradually returns to normal following improved security conditions in the Red Sea and Bab El-Mandeb.

In February, the oil tanker, CHRYSALIS returned to transit the canal for the first time since it was attacked in the Red Sea in July 2024. The vessel's passage sends a strong message of reassurance of stability return in the Red Sea region, according to the Suez Canal Authority (SCA).

Oil Tankers

Oil tankers passing through the Suez Canal witnessed a significant decline, as the number of tankers slumped by 17% in FY 2023/24 compared to FY 2022/23. The oil tankers represented 33% of the total passed vessels through the Canal in FY 2023/24, according to the SCA.

Number of Oil tankers & Net Tonnage

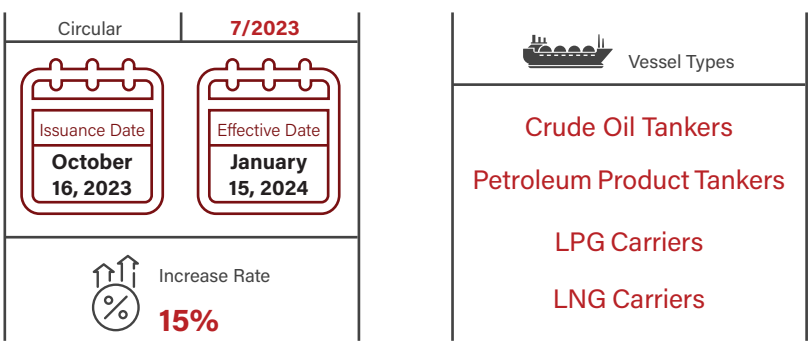


Transit Fees

Suez Canal transit fee revenues declined by 24.3% to approximately $6.6 billion, down from $8.8 billion, driven by a 29.6% drop in net tonnage to around one billion tons and a 22.2% decrease in transiting vessels.

The decline was most pronounced in the second half of FY 2023/24, plummeting by 61.7% to just $1.8 billion. The canal experienced a sharp decrease in vessel passage resulting from disruptions in Red Sea shipping routes, prompting many commercial shipping companies to reroute their vessels, according to the CBE.

Recent Dues Increase for Petroleum Tankers



Egypt's petroleum transportation sector experienced slight fluctuations across different transport methods. While total transported quantities saw a marginal decline of 1% in the FY 2023/24, the sector witnessed notable increases in railway, pipeline, and coastal tanker transport. The shift in mazut transportation from trucks to pipelines reflects evolving logistics strategies aimed at optimizing efficiency. Also, transportation costs showed a remarkable increase, aligning with the overall trend in transported volumes. Meanwhile, disruptions in Red Sea shipping routes significantly impacted Suez Canal transit revenues, underlining the sector's sensitivity to geopolitical developments.

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