EGYPT OIL&GAS
RESEARCH & ANALYSIS

US LEADS, CHINA TRAILS:

STRATEGIC COMPETITION IN EGYPT'S ENERGY INVESTMENT

STRATEGIC APPROACH
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Overview

Egypt's energy industry is at a turning point, influenced by both growing international involvement and changing domestic needs. The industry, which has historically been dominated by oil and gas, is gradually diversifying as renewable energy projects become increasingly strategic. This development has been greatly aided by foreign direct investment (FDI), which has supplied the funds and technological and operational know-how that support sectoral modernization and production stability.

The oil and gas industry accounted for about 26% of the total FDI inflows injected into Egypt in fiscal year (FY) 2024/25, according to the Central Bank of Egypt (CBE). In parallel, Egypt has accelerated its clean energy agenda, with major renewable energy agreements finalized throughout 2025 and into early 2026, totaling over $10-15 billion in foreign investment commitments, underscoring the growing scale of international participation in the energy transition, according to official disclosures.

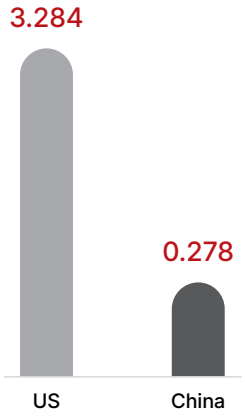
Across various areas of concentration, the United States (US) and China are two distinct yet increasingly significant investment forces in Egypt. The US maintained a strong presence in upstream oil and gas activities, particularly offshore gas assets and Western Desert operations. In contrast, Chinese entities have demonstrated deeper involvement in large-scale infrastructure, power generation, engineering procurement and construction (EPC) contracts, and renewable energy projects.

The US–China Investment Gap in Egypt

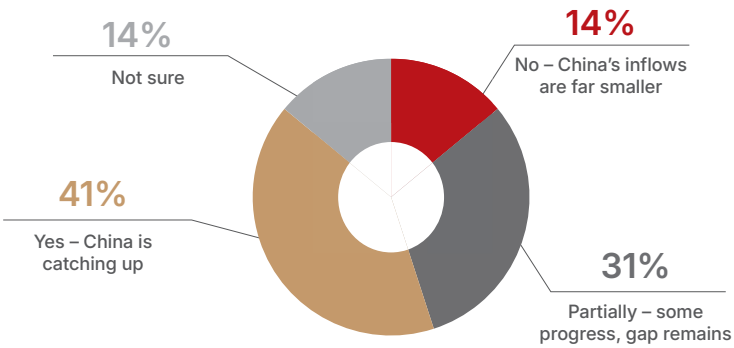
The US maintains its position as the largest source of recorded FDI, reflecting decades of committed capital and a deep corporate footprint across Egypt. By contrast, China's recorded FDI inflows are comparatively small, even though its announced project pipeline in renewables, infrastructure, and industrial manufacturing is eye-catching, as reflected by the CBE figures.

This gap highlights a crucial point: while Chinese companies are making bold headline commitments, much of these investments have yet to materialize. The US represents today's tangible investment, whereas China signals tomorrow's potential, which is still dependent on execution and project delivery.

FDI Inflows to Egypt (FY 2025/26): US vs China ($ billion)



US leads, China trails: Do you think China's FDI in Egypt is keeping up with the US?



Energy Capital: Hydrocarbon Anchor, Renewable Growth

Oil & Gas: The FDI Anchor

FDI in Egypt's energy sector remains primarily concentrated in oil and gas activities. In FY 2024/25, gross FDI inflows to Egypt's oil and gas sector reached approximately $6.2 billion, up from $5.7 billion in the previous FY. The sector's net inflows amounted to around $598 million in FY 2024/25. This reflects continued capital commitments by international energy companies, despite ongoing profit repatriation and cost recovery mechanisms that often weigh on net figures, according to the CBE.

Annual Growth of Oil & Gas FDI Inflows in FY 2024/25

9%

The oil and gas sector recorded a modest net inflow of foreign direct investment of about $9.3 million in the first quarter of FY 2025/26. While relatively small in absolute terms, this positive balance signals sustained foreign presence in upstream activities amid a more cautious global investment environment, according to the CBE.

Renewables Scaling Through Commitments

Foreign investment in Egypt's renewable energy is accelerating through large-scale project commitments. Announced and advancing agreements during 2025 are estimated at approximately $15 billion, largely concentrated in utility-scale wind and solar developments, alongside early-stage green hydrogen frameworks.

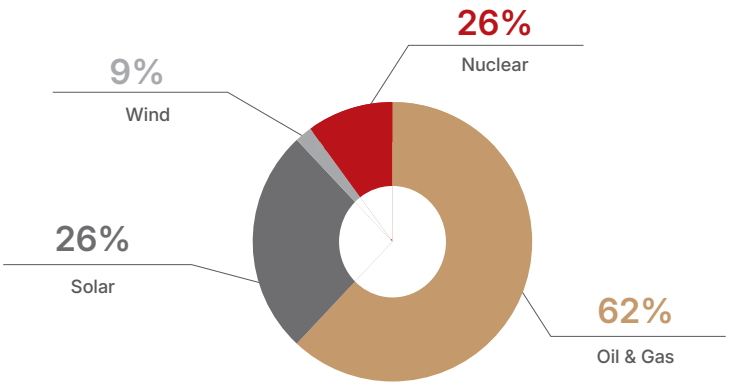
Renewable capacity under development reflects a structurally expanding foreign-backed clean energy pipeline, according to the New and Renewable Energy Authority (NREA).

Egypt's Renewable Capacity under Development as of Jan 2026

14 GW

Taken together, these dynamics indicate the emergence of a dual-track investment structure in Egypt's energy landscape: hydrocarbons remain the anchor of recorded foreign direct investment, while renewables are scaling through asset-backed, production-linked capital deployment, supporting medium-term diversification of the energy mix.

Which energy sector will attract the most FDI in Egypt by 2040?



US Dominance in Egypt's Investment Map

The United States has pursued a sustained pattern of engagement in Egypt, rather than relying on short-term capital inflows. In FY 2024/25, US investments accounted for approximately 14% of total FDI inflows into Egypt, positioning the US as the top contributor to overall FDI during the period, according to the CBE. It is worth noting that over 1,800 US companies are currently operating in Egypt, with total investments exceeding $47 billion over the past two decades, as stated by the Egyptian Cabinet.

Hydrocarbon-Centered Capital Allocation

American firms are active in several economic sectors in Egypt. The bulk of US investment in Egypt is concentrated in oil and gas activities, with an estimated investment stock of over $20 billion. This capital base spans hydrocarbons exploration, development, and production across both onshore and offshore assets, providing a sustained presence within Egypt's hydrocarbons sector.

The scale of this investment reflects a preference for long-cycle projects that align with Egypt's resource base and existing contractual frameworks, according to the International Trade Administration (ITA).
US participation in Egypt's upstream petroleum sector began around the mid-20th century with companies such as Amoco Egyptian Oil Company and Phillips Petroleum, which secured major concessions in the Gulf of Suez in the early 1960s.

Their efforts led to key discoveries in 1965 and the establishment of the Gulf of Suez Petroleum Company (GUPCO) in partnership with the Egyptian General Petroleum Corporation (EGPC). In the 1990s, Apache Corporation (now APA Corporation) began operations in Egypt by acquiring a 25% non-operated interest in the Qarun Concession in the Western Desert, according to Apache.

Major American Corporations' Presence in Egypt's Petroleum Sector

E&P	Apache	Chevron	ExxonMobil	IPR Energy Group	VEGAS Oil & Gas	Vaalco Energy	
Services & Technology	Halliburton	Baker Hughes	Honeywell	Bechtel	Weatherford	slb	

At present, Chevron is actively expanding its oil and gas exploration portfolio in Egypt, primarily focusing on the Mediterranean Sea, where it operates key blocks like Nargis and North El-Dabaa, according to Chevron.

ExxonMobil holds the Cairo and Masry deepwater blocks in the outer Nile Delta following earlier exploration activity. Separately, it drilled the Nertari-1 well in the North Marakia Block in the Mediterranean Sea, according to ExxonMobil.

Collectively, US majors maintain multiple offshore exploration blocks under active work programs that include defined well commitments.

Despite this established footprint, US firms continue to seek additional Mediterranean opportunities as part of a broader portfolio-expansion strategy.

US companies have also been active participants in the 2024 EGAS international bid rounds for Mediterranean acreage, securing offshore blocks either independently or through consortium arrangements and committing to drill exploratory wells and implement technical development programs, according to the Ministry of Petroleum and Mineral Resources (MoPMR).

US Leads EGAS 2024 Offshore Awards

Offshore Blocks Won by US Companies

2 out of 4

Onshore, US companies remain active through exploration contracts and service agreements in the Western Desert, Gulf of Suez, and North Sinai. For example, Apache Corporation is actively expanding its presence in the Western Desert, reflecting continued international appetite for conventional hydrocarbon targets on land. EGPC signed an agreement with Apache to add five new blocks involving drilling 14 wells in the Western Desert with $35 million investments in September 2025, according to the MoPMR.

The Strategic Logic Behind US Energy Expansion in Egypt

US investment interest in Egypt's energy sector is shaped by several reinforcing strategic drivers combining market fundamentals, institutional facilitation, monetization flexibility, and bilateral policy alignment.

- ### Structural Energy Demand and Hydrocarbon Dependence

Egypt's energy system remains predominantly hydrocarbon-based, with natural gas positioned at the core of both primary energy consumption and electricity generation. This structural dependence creates a sustained need for supply security and production stability, making upstream reinvestment strategically attractive for US firms, according to the Energy Information Administration (EIA).

- ### Institutional Acceleration and Investor-Facing Platforms

Egypt has progressively strengthened its investment architecture through digital licensing platforms and policy incentives aimed at reducing entry barriers and shortening decision cycles. Mechanisms such as the Egypt Upstream Gateway (EUG) reflect a clear policy intention to improve transparency and accelerate bid evaluation and data access. This aligns with US operators' preference for data-driven exploration screening and efficient licensing environments, enhancing market accessibility and reducing operational friction, according to the MoPMR.

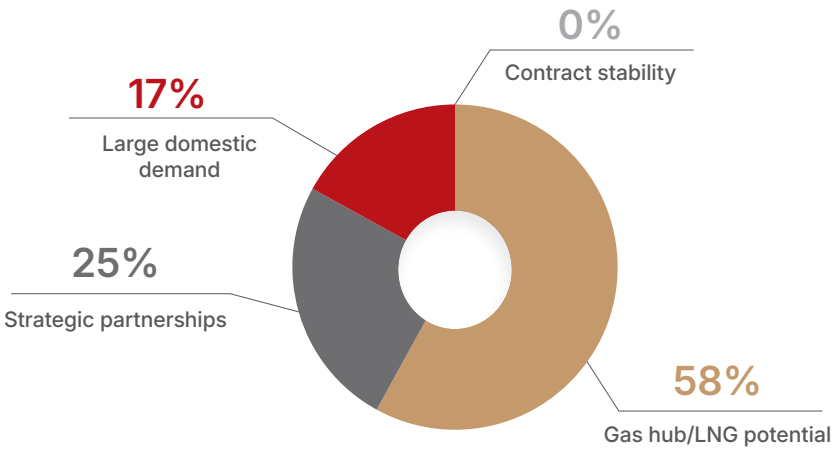
- ### Monetization Optionality Through LNG and Natural Gas Infrastructure

Egypt offers producers diversified monetization routes, ranging from domestic power demand to liquefied natural gas (LNG) exports when market conditions allow. The country remains the only Eastern Mediterranean state with operational LNG liquefaction capacity, providing export optionality. At the same time, expanding regasification capacity through additional floating storage and regasification units (FSRUs) introduces flexibility during supply-tight periods, reducing market risk and supporting stable offtake expectations for investors, according to the EIA.

- ### Strategic Partnership and Policy Alignment

US–Egypt energy cooperation is institutionalized through government-to-government frameworks that extend beyond hydrocarbons to include technology transfer, grid modernization, and emerging transition themes. The Memorandum of Understanding signed in July 2019 established structured cooperation across upstream, midstream, and downstream activities. This institutional backbone lowers perceived geopolitical and regulatory risks for US operators, according to the U.S Department of Energy.

What is the top driver behind US investment in Egypt's petroleum sector?

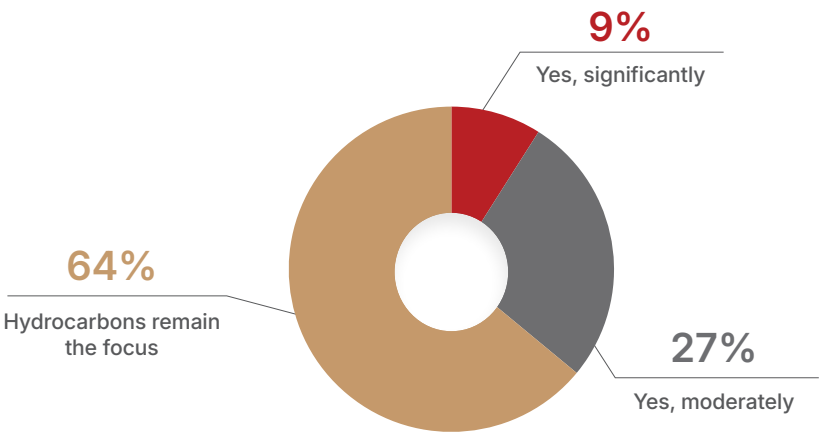


Expanding US Interest in Renewables & Green Investments

The US interest goes beyond oil and gas to renewables and petrochemicals to benefit from Egypt's efforts to foster an attractive investment climate, stressing its commitment to supporting investment projects. There is a strategic US expansion into sustainable aviation fuel (SAF) and decarbonization initiatives. Launching the first project of its kind in Egypt, Honeywell UOP signed a production license agreement to produce 120,000 tons of SAF in December 2025, advancing the country's push into low-carbon fuels and green energy investment, as announced by the MoPMR.

Moreover, the Egyptian government signed a contract with Energy3 International (E3i) to establish a Biorefinery converting solid waste into biofuel, hydrogen, and graphene for industries in Fayoum, according to E3i.

Do you expect the US to expand green energy investment in Egypt in the near term?



China Scales Up Energy Investments in Egypt

Over 2,800 Chinese companies are operating in the Egyptian market, with cumulative Chinese investments exceeding $8 billion across multiple sectors. China has a growing economic footprint in strategic infrastructure, including energy generation and technology transfer in Egypt, according to the Ministry of Investment and Foreign Trade.

China Drives Egypt's Renewable Growth

Chinese investors are actively expanding in solar power development, with state-linked firms planning to invest around $500 million to build solar energy projects totaling 900 megawatts (MW) in Upper Egypt and the Western Desert. These investments aim to support Egypt's renewable goals and add substantial new clean capacity to the grid, according to the Egyptian Cabinet.

Beyond individual projects, major Chinese corporations are committing long-term capital to multi-sector energy infrastructure. China Energy Engineering Corporation (CEEC) has announced plans to invest $1 billion over the next five years in Egypt, targeting not only renewable energy but also seawater desalination and energy storage solutions. This planned investment reflects China's emphasis on building multi-sector clean energy infrastructure, according to the Egyptian Cabinet.

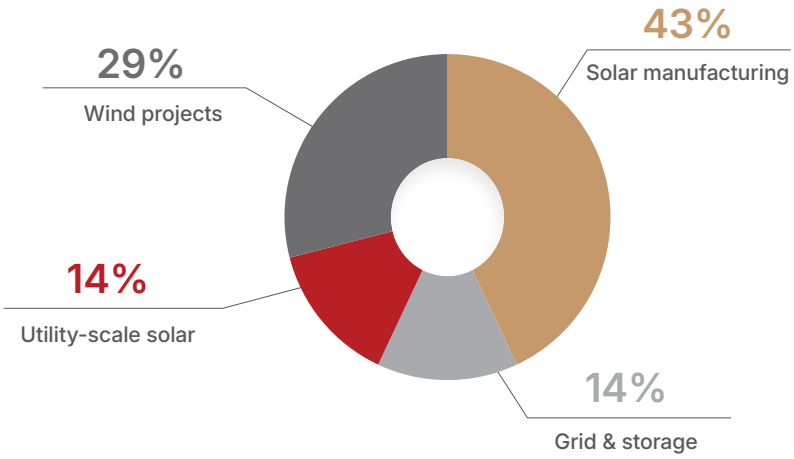
Parallel to project development, Chinese firms are negotiating to establish facilities in Egypt to manufacture renewable energy components such as solar cells and energy storage equipment, helping meet an estimated domestic demand of 5–6 GW annually for renewable installations. Such initiatives support technology transfer and local industry growth, according to the Egyptian Cabinet.

In addition to solar expansion, Chinese companies, as in the case of Mingyang Smart Energy, are exploring partnerships to localize manufacturing and assembly of wind turbine equipment, both onshore and offshore, to boost Egypt's wind power capacity and supply chain localization, as stated by the Egyptian Cabinet.

Recent Chinese Renewables Investments in Egypt

Project	Suez Wind Farm	Solar Panel Glass Factory	Solar Panel Factory	AtomSolar Egypt Complex	Solar Energy Complex
Company	PowerChina	Xinyi Glass	Kibing Group	JA Solar Global South Utilities (GSU) Infinity Capital	Sunrev
Type	Wind Energy	Solar Manufacturing			
Investments ($ billion)	-	0.7	0.68	0.22	0.2

What will be China's most strategic renewable focus in Egypt in the midterm?



China Taps Egypt's Oil & Gas sector

While infrastructure and renewables dominate, China also maintains a presence in Egypt's oil and gas sector. Sinopec agreed in August 2013 to acquire a 33% stake in Apache's Egyptian upstream oil and gas operations in the Western Desert for $3.1 billion. More recently, North Petroleum International (NPIC) allocated $100 million in February 2025 to acquire new concessions or establish exploration partnerships in the Western Desert and offshore areas, according to the MoPMR.

Subsequently, China National Offshore Oil Corporation (CNOOC) expressed interest in October 2025 in investing in offshore exploration in the Mediterranean and Red Sea, considering Egypt as a potential entry point into the Middle East market. Collectively, these moves reflect the Chinese strategy to expand exploration exposure in Egypt, alongside growing renewable investments, according to the MoPMR.

Building Resilience Through Energy Investment

- ### Diversifying Energy Mix & Strengthening Sector Structure

Diversification and expansion of energy investment supports Egypt's broader energy strategy by expanding participation beyond hydrocarbons into renewable energy and related segments, in line with the state's goal of increasing renewable share in the electricity mix to over 42% by 2030 and boosting low-carbon hydrogen production.

- ### Technology Transfer & Skill Development

Engagement across different energy segments can contribute to technology transfer and skill development, underpinning efforts to strengthen local industrial capabilities and attract long-term capital.

- **Economic Resilience**

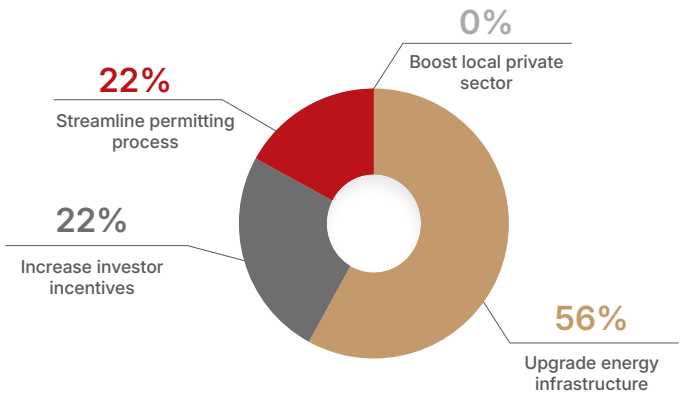
A broader investment base enhances economic resilience by reducing dependency on a single energy asset class and aligning investment flows with structural shifts in global energy markets.

- **Strengthened Regional Positioning**

These expanded inflows reinforce Egypt's positioning as both a regional energy producer and a future clean energy hub, which may improve competitiveness and investor confidence over the medium term.

Strategic Levers for Egypt

How should Egypt diversify energy FDI?



Balance Energy Investment Portfolio

- Sustain the US-led upstream investment base to support near-term natural gas supply security.
- Scale competitive renewables investment to accelerate diversification, reduce single-partner concentration risk, and improve financing resilience.

Move from Project-Led to Value-Chain-Led Renewables

- Prioritize investments that deepen local industrial capacity, including solar, wind, cables, inverters, transformers, and operations and maintenance (O&M).

Strengthen Bankability and Predictability

- Strengthen power purchase agreement (PPA) consistency.
- Improve grid-connection timelines and land allocation processes.
- Clarify curtailment rules and dispatch frameworks to reduce project risk and shorten financial close cycles.

Invest in Grid Readiness and Flexibility

- Prioritize transmission upgrades, interconnections, and storage pipelines.
- Align renewable build-out with flexibility solutions to avoid bottlenecks and protect system reliability as variable generation rises.

Institutionalize Technology Transfer and Skills Development

- Require structured training, certification pathways, and local participation in major contracts.
- Track outcomes through defined key performance indicators (KPIs).

Conclusion

Egypt's energy investment story is no longer a single-track hydrocarbons narrative. Oil and gas remain the core channel for FDI in the energy sector, supported by a deep US operator and services footprint that sustains production and underpins new exploration. Yet, recent renewable agreements mark a decisive pivot, signaling investor priorities shifting toward utility-scale clean power and the early stages of industrial localization.

The strategic opportunity is to convert this dual-track momentum into a durable national advantage. US capital and expertise can continue to strengthen upstream performance, improve operational efficiency, and support monetization flexibility through Egypt's natural gas infrastructure. China's expanding role can complement that anchor by accelerating renewable deployment, local manufacturing, and technology integration, if policy incentives are designed to reward measurable value-chain outcomes.

Ultimately, Egypt's competitiveness will depend on execution, not announcements. A predictable investment framework, bankable project structures, and grid-ready planning can turn commitments into operating assets, skilled jobs, and export-capable supply chains. If Egypt manages partner diversification while scaling renewables and safeguarding near-term natural gas supply, it can reinforce its regional energy hub position and build a stronger platform for low-carbon industrial growth.

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