EGYPT

By Gavin Bowyer

President Mubarak, re-elected in 1999, is in the third year of his fourth term of six years. The ruling National Democratic Party (NDP) has control of the 454-seat house, with the support of 213 of the independent members. The opposition includes a 17-strong Muslim Brotherhood faction. Hence, with its reliance on the support of independent members of parliament and a more vocal opposition, the government has to be more responsive to other points of view. The next presidential election is due in October 2005 and, at the same time, the next parliamentary elections will be held.

In 2002, Egypt's real GDP growth is estimated to have fallen to 1.6%, down from 3.3% in 2001. It is expected to rise back to 2.9% in 2003.

Oil and gas

The average production of crude oil continued to fall to an average of about 632,000 bbl/d in 2002, down from 750,000 bbl/d in 2001. Two-thirds of the crude production is refined domestically. Almost 80% of production comes from the long-established oilfields of the Gulf of Suez, with exploration concentrated on fields in the Western Desert and the Red Sea Coast south towards Sudan. Crude oil reserves were reported in September 2001 as some 3.75 billion bbl, but it is considered that if advanced extraction techniques are employed another 10 billion bbl could be recoverable. A new concession was awarded in August 2002 to Dover Petroleum of Canada for the East Wadi Araba area in the Gulf of Suez. Dover announced in January 2003 that its initial well had shown oil, though assessment of the well is still under way.

The most exciting planned developments are in the exploitation of natural gas. Natural gas resources and reserves were estimated in mid-1999 to be as much as 1,700 billion m^3.

In June 2001, Egypt signed a 30-year agreement to supply Jordan with 1.1 billion m^3/y of natural gas from 2003, rising to 2 billion m^3/y by 2008. The pipeline is currently under construction, and set for completion in late 2003. Egypt is building the section from the existing pipeline terminus at El-Arish to Aqaba in Jordan, with a subsea section in the Gulf of Aqaba bypassing Israeli waters.

From Jordan, pipelines could be extended to supply Syria and Lebanon, and even ultimately Turkey and Europe. This scheme appears to replace or at least provide an alternative to the previous plan to lay an 800 km long pipeline, of which the first 400 km would be under the sea, to transport natural gas from Egypt to Lebanon and Syria with possible extensions to Jordan and Turkey.

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In January 2002, Egyptian LNG Co., a joint venture between BG Group (UK), Edison (Italy) and Egyptian Natural Gas Co., signed a provisional agreement with Gaz de France to supply it with 3.6 Mt/y of gas. In November 2000, the Spanish Egyptian Gas Co., Segas, was formed to establish a liquified natural gas plant (LNG) at Damietta. The plant, scheduled to begin production in 2004, will supply 4 billion m^3/y of natural gas to new power stations in Spain.

Gold
Centamin Egypt Ltd, formerly Centamin NL, through its wholly-owned subsidiary Pharaoh Gold Mines NL, holds three gold concession areas, Sukari, Barramiya and Abu Marawat/Hamama in the Eastern Desert. It has concentrated its exploration and evaluation activities on its Sukari gold project, near Marsa Alam on the Red Sea coast. In its 2002 annual report, Centamin reported the following mining reserves at Sukari: proven reserves of 5.06 Mt at 2.07 g/t Au and probable reserves of 4.83 Mt at 2.07 g/t based on a cut-off grade of 1.0 g/t Au. The company has completed a bankable feasibility study based on mining 2 Mt/y of ore. Engineering studies are continuing to upgrade and refine the feasibility study. Centamin has an agreement with the Egyptian Geological Survey and Mining Authority (EGSMA) which, if mining goes ahead, allows for a 30-year mining lease, renewable for a further 30 years, with a 15-year tax holiday and a 3% royalty payable on net proceeds.

Other minerals
In October 2001, Gippsland of Australia, signed a US$40 million, 30-year agreement with EGSMA to form a joint venture company, Tantalum Egypt, to exploit tantalite deposits at Abu Dabbab in the Eastern Desert. In 2002, the company undertook a bankable feasibility study, which showed that Abu Dabbab has the capacity to produce Ta_2O_5, Nb_2O_5 and tin, as well as some 500,000 t of by-product high-grade feldspar per annum. The study was carried out by the Australian engineering group Lycopodium Pty Ltd, and is based on an annual throughput of 1 Mt/y with expansion to 2 Mt/y to produce 420,000 lb/y Ta_2O_5 with expansion to 840,000 lb/y Ta_2O_5.

The initial stage of the study focused on the metallurgy of the resource in order to establish the most appropriate process flow-sheet to maximise the yields of the metallic products, tantalum pentoxide (Ta_2O_5), niobium pentoxide (Nb_2O_5) and tin. The majority of the Ta_2O_5 will be extracted by use of enhanced gravity separation techniques and the balance of the Ta_2O_5 will be recovered during the tin smelting process which will yield metallic tin plus Ta_2O_5 in the form of a glass which will ensure that the optimum Ta_2O_5 recovery is achieved. While no off-take agreements have been reported, it is understood that the company has been approached by a number of interested parties in the Italian ceramic industry for the feldspar.

In the Nile Delta, to the east of Alexandria, Centamin Egypt Ltd and Kara Gold NL each own 50% of Egyptian Pharaoh Investment (EPI), an Egyptian company, which has an agreement with the Egyptian Government to develop a heavy minerals project at Rosetta, The government estimates the area to contain resources of some 37 Mt of heavy minerals. Under the agreement, EPI and the Egyptian Government will share the profits from the mining and separation of the heavy minerals, after EPI recovers all of its development costs. EPI then plans to upgrade the ilmenite separated to pigment grade titanium oxide, TiO_2.

Iron ore is mined near the Baharia oasis in the Western Desert, and the Lakah Group, with Hysla of Mexico, are reported to be considering constructing a sponge iron plant in the New East Port Said industrial zone.

Coal resources in Sinai are estimated at some 50 Mt. To exploit some of these resources, the Maghara mine was re-opened in 1996 at a production rate of 125,000 t/y of coal, which was targeted to rise to 600,000 t/y in five years. However, it is doubtful as to whether this expansion is economically viable and in mid-2002 it was reported that the mine's debts were approaching the limit of its loan facilities.

The Abu Tatur phosphate mine, northwest of El Kharga, was planned to produce 4.5 Mt/y at 31% P_2O_5, yielding 2.2 Mt/y of concentrate. An associated chemical fertiliser plant was planned. Reportedly, some US$1.5 billion has been spent on developing the mine and possibly twice as much again on infrastructure. However, the project has been beset by cost and management problems. Elsewhere, phosphate and limestone are mined near Bur Safaga and Quseir on the Red Sea Coast.

Egypt also has deposits of manganese, potash, sulphur and uranium.

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