

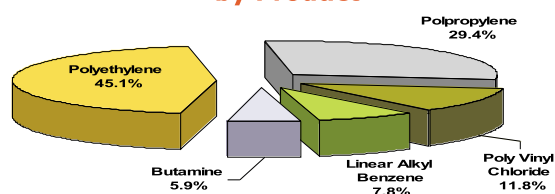


Petrochemical Industry



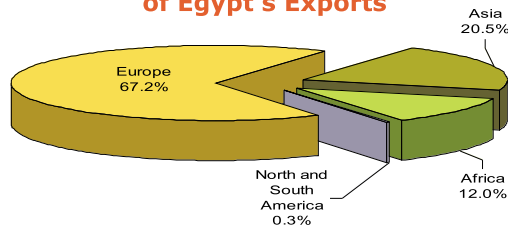
- The Egyptian petrochemical industry is one of the most dynamic in the economy. Egypt is one of the largest markets for lubricants in Africa and is the second largest refining centre on the continent.
- With the discovery of new natural gas reserves boosting Egypt's total reserves to 66 trillion CF in 2004, Egypt is positioned to enter the ranks of the world's major petrochemicals producers. The Egyptian government continues to work with the private sector to expand business opportunities in the petrochemical sector through private/public partnerships.
- As of April 2005, the petrochemical industry consisted of 16 joint venture companies operating inland and 3 companies operating in Free Zones areas. These companies provide employment for 7,623 workers.
- Total production reached 510,000 metric tons in 2003, with a value of \$310 million.
- Polyethylene production claimed the largest share of Egyptian petrochemical production representing 45.1% of total production in 2003.
- Egypt supplies petrochemical products to 38 countries worldwide. Europe consumes two-thirds of Egyptian exports.
- Belgium is the largest market for Egyptian petrochemicals, accounting for 24% of all exports, followed by Italy, Turkey, and Morocco.
- Plans are underway to establish a new polyethylene plant to meet growing demand in Europe.
- The Egyptian government is adopting a 20-year master plan to guide investment decisions in the petrochemical industry so as to meet local market demand and serve major export markets.
- The master plan will be continuously updated to reflect changing conditions in local and international markets and to ensure flexibility in the planning and execution of investment projects.
- The master plan calls for displacing imports valued at \$3 billion/year by providing investors with financial and technical assistance to support project construction and operation.

Petrochemicals Production by Product



Source: STAT-USA Market Research Report; Industry Sector Analysis

Importing Markets Shares of Egypt's Exports



Source: Calculated Items, Trade Map Statistics, 2003.

Egypt's Petrochemicals master plan in figures

Master plan designated production capacity	15 million tons
Allocated investments	\$10 billion
No. of projects	24 projects, with 3 olefin complex
Expected Sales revenue	\$7 billion/yr
Job opportunities	100,000
Phase I-master plan	8 major projects
Phase I-total investment	\$3.5 billion
Phase 1-accomplishments	7 projects contracted, one Memorandum of Understanding

Source: Egyptian Petrochemicals Holding Company, ECHEM.

Most petrochemicals plants in Egypt are producing under license from US companies, including Union Carbide, Oxy-Vinyl, and UOP Oleflex.

