
Hakim Darbouche

Research Fellow

MENA Energy Conference 2012, Chatham House
30 January 2012

Agenda

• Demand
• Supply
• Exports
• Balance outlook
• Challenges
• Policy outlook
Strong demand growth in the 2000s

- AAGR of more than 7%
- Mainly in Egypt (>100%) and Algeria (50%)
- Main drivers: economic/demographic growth and low domestic gas and power prices

Supply not quite keeping up

- Production flat-lining from 2005-6
- Even declining in Algeria and Egypt in 2009-10
- Depletion and slowdown in E&P activity
Exports feel the squeeze

- LNG exports almost restricted to fulfilling LT commitments since 2009
- Pipeline exports up both in 2010 and 2011, but still running at below capacity

Even with pipeline disruptions, LNG exports continued to decline in 2011
Most of the decline appears to be coming from Damietta

Algeria

The balance will not improve quite yet

- Strong demand growth to 2015 driven by energy intensive industries
- Supply will not increase by much until at least 2015
- Not enough gas for all available capacity + projected demand
- Implications for export strategy (Galsi, LNG v. pipeline, etc.)
Egypt

The balance is likely to deteriorate

- Strong demand growth to 2020, driven by power sector
- Supply will remain very tight until at least 2015
- Current shortage to worsen, esp. if EMG contract if upheld
- To satisfy domestic needs and export commitments, imports may be needed

Common challenges

- **Upstream**
  - Fiscal and investment terms
  - Institutional efficiency
- **Downstream**
  - Pricing policies
  - Downstream expansion strategies
- **Power sector**
  - Pricing policies
  - Development of alternative sources
New political context won’t make things any easier

• Algeria
  - Elections, constitutional change, presidential succession and hydrocarbon law amendments
  - Revision of pricing policies “out of the question”

• Egypt
  - Transition, political wrangling, social pressure, fiscal crisis and pricing reforms
  - Power demand needs to be met!

• Libya
  - Political, economic and oil priorities

Conclusions

• Gas exports from N Africa will remain flat at best until 2014-15

• Much more gas will be needed domestically, esp. in the new political context

• The region sits on significant reserves, both conventional and unconventional, but much better terms are needed if these are to be developed

• With ST politics remaining uncertain, question is how much attention will gas get.
Thank you for your attention

hakim.darrouche@oxfordenergy.org