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Egypt as an Eastern Mediterranean Power in the Age of Energy Transition

Egypt's geography was a major contributing factor to its emergence as an energy hub. Its proximity to Europe is comparable to the role played by Algeria and Morocco in supplying the west of the continent with gas and electricity. The fact that 12% of all of the world's seaborne freight passes through the Suez Canal also positions Egypt as an important hub in the growing hydrogen and ammonia markets. In a few years, the Egyptian hub will be ready to supply whatever the energy market needs. Egypt could re-export Israeli natural gas or keep it and develop the capacity to convert it into blue hydrogen. It could use the gas to generate electricity for export or to compensate for renewable power currently being diverted for the production of green hydrogen. It could also increase its renewable energy capacity from wind and solar to support the export of green electricity and green hydrogen, or to increase the amounts of its natural gas available for export.

Egypt's energy options provide it with great flexibility in pursuing projects that are most commercially viable or that advance its geopolitical goals. This flexibility stems from its geography, the physical infrastructure it developed, and the regional alliances it has built up. However, another underlying reason behind this flexibility is that Cairo is not tied down by climate commitments. This lack of commitment means that Egypt has few self-imposed environmental barriers to pursuing options most advantageous to its economic and political interests. And the absence of a long-term climate strategy or decarbonization plan also means that the country has no end-state to work toward. Egypt could theoretically export green hydrogen and green electricity one year, and natural gas the following year. This year, Egypt holds the presidency of the UNFCCC COP27. As such, Cairo is under pressure to demonstrate that it will commit to more ambitious climate action. If Egypt is to be won over to the climate cause, its unique circumstances must be recognized; and if it is to be meaningfully engaged on energy transition, 2022 is the year to start doing so. ■

Source: Middle East Institute

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