

Egypt, Israel and Greece sign MoUs on deeper collaboration in gas

Greece and Egypt have formalised plans to expand their cooperation in LNG and examine the possibility of constructing a subsea gas pipeline after signing a memorandum of understanding (MoU) in Cairo this week. Separately, Egypt and Israel also signed an MoU to potentially increase natural gas supplies from Israel to Egypt for re-exports as LNG, following on from discussions that took place in October.

Both MoUs were signed at the East Mediterranean Gas Forum in Cairo this week.

The MoU between Greece and Egypt outlined potential collaboration in LNG marketing, gas exploration and production as well as plans for linking the two countries' gas systems via a subsea pipeline.

The MoU follows on from an agreement between the prime ministers of the two nations, Kyriakos Mitsotakis and Abdel Fattah El-Sisi, when they met in Athens in November last year, which was confirmed when Mitsotakis visited Cairo in June. A joint Greek-Egyptian Committee was established in April 2021.

The ministry's statement, in Greek, said the agreement "upgrades Greece's geopolitical role as a gas transit hub for the whole of Southeastern Europe, ensuring adequate supply and diversification of sources and routes."

"The role of gas in the coming years will be extremely critical," in view of the green transition and the coal phase-out in Greece, the statement said. It added that the strengthening of the bilateral cooperation with Egypt, "which has rich know-how in the exploration and production of natural gas," will "significantly benefit" the Greek companies such as DEPA and EDEY, the Hydrocarbon Management Company.

Greece is betting on a mix of gas and renewables to support the energy transition and the country's coal phase out, which is targeted for 2025. A new interconnector between Greece and Bulgaria (IGB) may become operational next year and would enable importers in eastern Europe to import more gas via Greece's Revithoussa LNG import terminal.

Meanwhile, the EU-backed EastMed pipeline between Israel, Cyprus, Greece, which could flow 10 Bcm/year of gas by 2025, has been talked about for years and is featured on the European Commission's most recent list of Projects of Common Interest (PCIs) where it first appeared in 2013. It is not clear if the proposed subsea pipeline between Egypt and Greece will be part of the East Med pipeline project, however.

As for Egypt, a number of large gas discoveries in recent years means it is in a position to export surplus gas, however the situation may change by the middle of the decade as the government drives domestic gas use and gas production declines. Egypt's gas production is forecast to slip to 66.5 Bcm/year in 2025, while domestic demand in 2021 will stand at 63.2 Bcm/year and rise to

69.85 Bcm in 2025, according to Gas Strategies Global Decarbonisation Scenario.

Justin Dargin, a MENA energy expert at the University of Oxford, told Gas Matters Today that a subsea pipeline between Greece and Egypt could be a possibility.

“Both parties would benefit from such a venture, in the sense that Greece would be able to diversify its energy imports, something that it has been seeking in its bid to become an energy hub, and Egypt has a policy of diversifying its gas exports as well, in terms of customers, and between LNG and pipeline exports,” said Dargin.

“If such a gas pipeline is built, it would not be simply for the Greek market, Greece wants to fashion itself as a regional energy hub,” he said. “Egypt does have prodigious gas reserves, and production is increasing, but its rising domestic gas demand is a factor that can easily bite into Egypt’s future gas export capabilities.”

Also this week, Egypt and Israel signed a MoU to “potentially increase” natural gas supplies from Israel to Egypt for re-exports via a pipeline that could also be used to transport hydrogen in the future, a joint declaration by the countries’ two energy ministries said.

Israel’s energy ministry confirmed in October that it was in discussions about building a new onshore gas pipeline between the two countries in order to boost exports to Egypt. A new pipeline could facilitate exports from the Chevron-operated Leviathan and Tamar gas fields to Egypt’s two LNG plants and meet Egypt’s growing domestic demand.

Israel currently exports around 5 Bcm/year of gas to Egypt. - AW