

Joint venture

As we discussed in last meeting in Portugal for growing the co-operation between Egyptian and Portuguese Businessmen, we would like to re-explain the idea of joint venture in the mechanical construction field.

I explain before the necessary need of the Egyptian market for mechanical construction companies because of the new mega project shall start end of 2019 as follow,

1- Tahrir Petrochemical Complex, Ain Sokhna, \$11 billion

The project management consultancy (PMC) contract for the project has been awarded to Foster Wheeler. KBR has been awarded the contract to carry out the front end engineering design (FEED) works for the ammonium nitrate plant, having performed the pre-feasibility and pre-FEED studies for the petrochemical complex.

SK E&C will construct the polyethylene plant, whereas the ethylene plant will be constructed by Linde. The contract, awarded to the two companies in December 2013, is worth KRW3.87tn (\$3.6bn).

The engineering, procurement, construction and commissioning (EPCC) contract for the project's utilities and offsite facilities was awarded to a consortium of Maire Tecnimont, Archirodon Group and Drake & Scull International (DSI). The contract, awarded to the former two companies, is valued at approximately \$1.7bn-\$1.95bn, whereas the contract awarded to DSI is valued at AED2.2bn (approximately \$599m).

Maire Tecnimont will construct the Utilities Island, sea water desalination plant, wastewater treatment plant, power plant and auxiliary packages and systems. The construction and supply activities for the sea works, tanks, jetty works and pipelines will be carried out by Archirodon Group, while the construction of the storage facilities and ancillary buildings for the project will be carried out by DSI.

GE has been contracted to provide its advanced aero-derivatives gas turbines, steam turbines, generators, water filtration and desalination equipment, turbo machinery compressors and industrial solutions services for the project. The contract, awarded to the company in November 2013, is valued at \$500m.

2- Assiut Refinery upgrade mazut hydro cracking complex, \$1.9 billion.

Egypt has signed a deal with Italy's Technip to set up a \$1.9 billion refinery complex that will be the largest in the country's south as part of the government efforts to meet local market demands, the petroleum ministry said in a statement on Thursday.

The deal, signed between state-owned oil company ENPPI, the Assiut National Oil Processing Company (ANOPC) and Italy's Technip, is designed for the preliminary work to set up a mazut hydro cracking complex as part of a broader scheme to develop the main refinery in the southern governorate of Assiut.

The \$1.9 billion project aims to meet Upper Egypt's needs for petroleum products, decrease importing and contribute to the government's scheme to develop the country's south, the ministry said in a statement.

The deal involves preliminary work for the construction of the project including major designs, purchase of equipment, negotiating with funding bodies and preparing the project's site, the ministry said.

The new complex will process 2.5 million tones of heavy fuel oil mazut annually from the Assiut refinery to produce 1.6 million tones of Euro-5 diesel, over 400,000 tons of naphtha for high-octane gasoline production, 101,000 tones of butane and 330,000 tons of sulfur.

3- Midor expansion refinery project, \$2.2 billion.

The project aims at increasing petroleum products, in addition to raising the refinery's capacity to 175,000 barrels per day. Middle East Oil Refinery (MIDOR) and France-based Technip Company have signed a contract for refinery project expansion.

The contract was inked by MIDOR Chairman Mohamed Abdel Aziz and Marco Villa, president of Technip's for EMIA Region, in the presence of petroleum minister Tarek El Molla.

The contract's value, including construction and design, amounted to \$1.7 billion, while the project's total cost recorded \$2.2 billion, according to the ministry's statement.

The project aims at increasing petroleum products, in addition to raising the refinery's capacity to 175,000 barrels per day (bpd) instead of 115,000 bpd.

The ministry is working on expediting the development of refineries with \$8 billion in investments to be opened as scheduled, El Molla said on Wednesday, 6 June.

El-Molla noted that the ministry has completed about 97.3% of a project aiming at doubling the production capacity of gas 92 and 95 octane gasoline by adding 850,000 tons per annum in a bid to meet local market's requirements.

4- El-Dabaa nuclear power plant.

El Dabaa nuclear power plant (NPP), which will be Egypt's first nuclear power plant, is planned to be built in Matrouh Governorate on the Mediterranean coast, 250km west of Alexandria. Construction on the plant is expected to start in 2020, with commissioning expected to begin in 2026.

Russian State Atomic Energy Corporation (ROSATOM) will develop the proposed El Dabaa nuclear power plant, which will be owned and operated by the Nuclear Power Plant Authority (NPPA) of Arab Republic of Egypt.

With a nameplate capacity of 4.8GW, the plant is expected to account for up to 50% of Egypt's power generation capacity to meet the country's increasing demand for electricity. It is expected to boost the country's economy and industrial development by creating up to 50,000 jobs.

Russia will fund approximately 85% of the construction cost of the El Dabaa nuclear power project. It will provide a \$25bn loan, under a financing agreement signed between the Ministry of Finance of Egypt and the Ministry of Finance of the Russian Federation. The loan is repayable over a period of 22 years at an interest rate of 3% a year.

The remaining 15% will be raised by Egypt from private investors.

What is mention above only the mega projects, the Egyptian market also contain a lot of medium project with good opportunity for the Portuguese company to come and share the industrial revelation in Egypt.

Our idea as discussed before to establish a joint venture between our company (Belgian for construction) as Egyptian partner and one of the professional Portuguese companies in the field of mechanical construction as Portuguese partner.

For our Egyptian side we can support the joint venture with the following but not limited,

- 1- Fully logistic support.
- 2- Egyptian direct man power.
- 3- Egyptian staff.
- 4- Insurance and taxes.
- 5- Appropriate head office with all facilities in Cairo.
- 6- Technical support.
- 7- Marketing.

We hope that the Chamber of Commerce and industrial Arabic- Portugal adopts the idea and looking for Portuguese partner which interest for working in Egypt and Africa.

We are ready to come to Portugal for more explanation and discuss the idea in more detail with the Portuguese partner.