



COP27: EU and Egypt step up cooperation on the clean energy transition

Sharm el-Sheikh, 16 November 2022

At COP27 in Sharm El-Sheikh, today, the EU and Egypt have taken a further step to boost their long-term cooperation on the clean energy transition by establishing a strategic partnership on renewable hydrogen and preparing the ground for a just energy transition in Egypt. The European Commission, represented by Executive Vice-President **Timmermans** and Commissioner **Simson**, signed a bilateral [Memorandum of Understanding \(MoU\) on a strategic partnership on renewable hydrogen](#) with Egypt's Minister for Petroleum Tarek El Molla and Minister for Electricity and Renewable Energy Mohammed Shaker El-Markabi. They also signed a [Joint Statement](#) with the European Bank for Reconstruction and Development (EBRD) and the Egyptian Minister of International Cooperation, Rania El Mashat, announcing the Commission's contribution of up to €35 million in support of Egypt's Energy Wealth Initiative.

A strategic partnership on renewable hydrogen

The MoU signature today follows the [Joint Statement](#) issued by President **von der Leyen** and President El-Sisi last week at COP27. It is a key energy partnership for the EU and it will serve as a central block in building an EU-Mediterranean Renewable Hydrogen Partnership. Both parties view renewable hydrogen as a key contributor to reducing emissions and ensuring energy security, while representing an opportunity for industrial cooperation, sustainable economic growth and job creation.

The MoU will serve as a framework to support long-term conditions for the development of a renewable hydrogen industry and trade across the EU and Egypt, including infrastructure and financing. It will support the EU's ambition of reaching 20 million tonnes of renewable hydrogen consumption in 2030, as outlined in the [REPowerEU plan](#), and therefore help reduce dependency on Russian fossil fuels. The MoU will also facilitate investment in renewables and boost the decarbonisation process in Egypt. More broadly, it will contribute to the establishment of a framework for a global rules-based market for hydrogen-based solutions, including harmonised safety and environmental standards. Its implementation will be led by an EU-Egypt Hydrogen Coordination Group and involve a Business Forum with representatives from industry, regulators, financial institutions and experts.

A just energy transition in Egypt

The Energy Wealth Initiative was launched by the Egyptian government and the EBRD to implement the energy pillar of the [Nexus of Water, Food and Energy](#) Initiative designed to accelerate implementation of the country's new climate change strategy for 2050 launched in May 2022. The energy initiative aims to shut down 5,000 MW of existing and inefficient gas-based power generation capacity (equivalent to around 5% of Egypt total electricity supply) and facilitate investments to support the installation of 10,000 MW of new renewable energy capacity. As Egypt is seeking international partners to support grid infrastructure investments, the retirement and decommissioning of existing assets, supply chain development and measures to ensure a just transition, today, the Commission has announced its intention to contribute through a €35 million grant for this initiative to the EBRD under the EU's Economic and Investment Plan for the Southern Neighbourhood.

Background

The EU and Egypt have been strengthening their energy and climate cooperation over the past years. They are united by their determination to combat climate change and environmental degradation while fostering sustainable development, energy security and a balanced and just green transition. They are both committed to meet the goals of the Paris Agreement and keep a 1.5 degrees Celsius limit on temperature rise within reach.

Today's signatures at COP27 mark concrete steps in the ongoing EU-Egypt cooperation on the green transition, in line with the EU-Egypt Association Agreement, the EU Global Gateway, the EU Agenda for the Mediterranean and its Economic and Investment Plan, and the EU-Egypt Partnership Priorities. They also follow the [joint statement on climate, energy and the green transition](#) issued by

European Commission President Ursula **von der Leyen** and President of the Arab Republic of Egypt, Abdel-Fattah El-Sisi earlier this year.

This MoU will help the EU to replace hydrogen produced using natural gas and to increase the direct use of hydrogen as an industry feedstock and energy source, thus lowering emissions. The EU currently consumes around 8 million tonnes of hydrogen per year, 98% of which is derived from natural gas. Under the REPowerEU plan, the EU has set an ambitious target to reach domestic EU production of 10 million tonnes (mt) of renewable hydrogen and to import another 10 mt by 2030. In terms of security of supply, this is aimed at reducing EU dependence on imports of Russian gas. It is estimated that this could substitute 27 billion cubic metres (bcm) of imported Russian natural gas, 4.7 bcm of imported Russian oil, and 156 kT of coking coal imports.

Today's signature of the MoU on hydrogen in the margins of COP27 follows the signature of the [EU-Namibia MoU](#) on raw materials and renewable hydrogen and [the EU-Kazakhstan MoU](#) relating to sustainable raw materials, batteries and renewable hydrogen last week.

For more information

[EU-Egypt Memorandum of Understanding on a Strategic Partnership on renewable hydrogen](#)

[EU, Egypt, EBRD Joint Statement on the Nexus of Water, Food and Energy](#)

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Members of the college said:

This first-of-its-kind agreement on renewable hydrogen with Egypt shows that the EU is leading the work on establishing a framework for a global hydrogen economy. Together with reliable energy partners, like Egypt, we will establish a secure and competitive renewable hydrogen supply chain. We also need to make sure our partners are well equipped to grasp the opportunities inherent in the green transition, while ensuring a fair transition to their citizens. This is why our contribution to Egypt's Energy Wealth Initiative, coming in the middle of COP27, is so important.

Egypt has untapped potential to significantly scale up renewables. This will allow the country both to decarbonise its own energy system and support the EU's efforts to diversify away from Russian fossil fuels. Everybody must benefit from the green transition and the Commission is showing it is ready to provide support for that. I welcome today's agreements as an important step in our mutually beneficial and long-term energy cooperation. I hope that this first partnership entirely dedicated to green hydrogen will set a positive trend and serve as an inspiration for others.

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