

Egypt

Egyptian riots force closure of New Nile Co. bio-fuel project office



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On the tenth day of anti-government riots, the sun that rose over the streets of Cairo this morning shown over the start of yet another day of violent clashes between opponents and supporters of Egyptian President Hosni Mubarak.

Tens of thousands of protesters remain in central Cairo, and the chaos that's descended on the city and other municipalities in Egypt has evolved into nothing short of a running battle between police and demonstrators, and among factions of the latter.

Last night, as Mubarak addressed his nation, saying he'd step down but for fears that the country would descend into an even worse maelstrom, Egypt's Health Minister Ahmed Samih Farid said that eight people had died in the fighting, which began on Wednesday, and at least 890 were injured, nine of them critically.

Among those watching all this unfold in Cairo is Tamer M. Nassar, managing director of the New Nile Co., which currently has a large scale Integrated Seawater Agriculture System (ISAS™) project – otherwise known as the “Red Sea Project” -- under development in Egypt.

When it is completed, the ISAS™ project will yield significant quantities of both bio-fuels and seafood, Nassar said in a lengthy email to Renewable Energy Magazine Thursday night.

After having completed an extensive pre-feasibility study over the past 20 months, the company was in the midst of finalizing its official proposal to the Government of Egypt when the violence broke out. Nassar responded to questions sent to him by REM.

The New Nile Co.'s office in Maadi is less than 15 minutes away by car from the scenes of protests which the world is watching on television from Cairo's Tahrir Square. The project site is located on the Red Sea coastline, north of Hurghada, several hundreds of kilometres away from Cairo.

As it happened, Nassar was outside of Egypt when the riots began, working on the company's government proposal with New Nile Co. team members located in Houston and Phoenix in the US, and in London (England).

“Without modern telecommunications, working from Egypt proved to be an absolute impossibility this past week,” Nassar said.

He nevertheless offered the following account of how the unrest is affecting Egypt's nascent renewable energy sector.

"Fortunately, our staff in Cairo and Alexandria are all safe and in good health," he said. "[But] like many others in the country, they are contending with various issues such as security, food and fuel shortages and depleting funds due to bank closures.

"Our offices in Cairo and Alexandria have not been physically affected by the ongoing protests; that is to say, our offices have not been looted, burgled or suffered any other form of physical damage," he continued. "However, the ongoing curfew, intermittent telecommunications services and civil unrest have compelled us to keep our offices closed since Sunday 30 January 2011."

According to Nassar, the New Nile Co. has had to cancel non-governmental meetings and workshops with various organizations, including sessions with engineering consultants and academic partners, among others, as a result of the present situation in Egypt.

"Obviously, these cancellations will inevitably slow the development of our Preliminary Business Plan (the companion document to the Government Proposal) intended for circulation amongst our investors," Nassar said. "However, I do not anticipate extended delays in this regard".

"The chief priority is that a stable and validated government be in place to receive our Government Proposal for the Red Sea Project," he continued. "As events unfold in Egypt, we will be able to better ascertain whether this is the present newly assembled government under President Mubarak."

Overall, Nassar said, the company anticipates the current events will have short term delays – perhaps as little as a few months -- in the development of renewable energy projects.

"One must bear in mind the underlying cause of the present civil unrest; namely, high unemployment, poverty and food insecurity," he said. "Once the situation has stabilized, the new government will need to prioritise and fast-track the development of all infrastructure projects, including those in the renewable energy sector. It is precisely these projects that will enable the new government to create jobs, opportunities and wealth."

"It is for this reason that the New Nile Co team is continuing in earnest its efforts to finalize the Government Proposal and Preliminary Business Plan without delay," Nassar said.

Speaking more generally of the renewable energy sector as a whole, Nassar said it is too early to determine whether the current crisis has "already" adversely impacted the financing of large scale renewable energy projects in Egypt.

"Generally speaking, the recent downgrading of Egypt's credit rating along with the ongoing events will certainly make it more challenging to secure international private financing for infrastructure projects, including those in the renewable energy sector," he said.

"However, the Egyptian financial sector – meaning the CIB Bank, Misr Bank, and Citadel Capital -- and the national, regional and international development banks (e.g. National Bank of Egypt, African Development Bank, Islamic Development Bank, International Finance Corporation, etc.) are all constantly on the lookout for viable, significant, renewable energy projects in developing countries such as Egypt.

"The current crisis has succeeded immensely in further highlighting the extraordinary needs of Egypt," Nassar said. "Moreover, it has reinforced the absolute necessity for the participation of the national financial sector and the development banks in addressing those needs."

Of course, the renewable energy sector in Egypt is still in its infancy stage. Other than the New Nile Co.'s Red Sea Project, the remaining bio-fuels sector in Egypt is small and inconsequential (more of a cottage industry). The wind sector is also similarly small, with only one commercial scale project presently in operation. There are no hydropower projects presently under development in Egypt, and currently there are no substantial solar projects under development either, Nassar said.

"I anticipate the wind power projects presently under development by the Egyptian New and Renewable Energy Authority will be the most likely to suffer in the near to mid-term, as they are entirely reliant upon governmental off-take agreements (those where the Ministry of Electricity is the ultimate purchaser of the power produced)," he said " If your ultimate customer is not politically and financially stable (or at least not perceived as such), then it follows funding of such projects will likely prove to be difficult."

From a holistic and long-term perspective, Nassar said what we are witnessing today underscores Egypt's dire need to create sustainable employment opportunities, diversify its industries and attract foreign direct investment.

"Now, more than ever, the government of Egypt needs to actively and aggressively promote and support the development of substantial projects across all sectors," he said. "This bodes very well for the future of Egypt's renewable energy sector. It is the recognition of this basic fact that motivates the New Nile Co team to persevere with the development of and continued investment in the Red Sea Project."

Nassar said the company anticipates the offices will remain closed until civil order, security and telecommunications are fully restored.

For additional information:

[New Nile Co.](#)