

## I. Transfers to EDL in 2011

► In April 2011, treasury transfers to EDL reached LL 248 billion, as follows:

- ⇒ Reimbursement of KPC and Sonatrach LL 228.5 billion
- ⇒ Debt service LL 19.9 billion

► In 2011, treasury transfers to EDL reached LL 752 billion, as follows:

- ⇒ Reimbursement of KPC and Sonatrach LL 715.3 billion
- ⇒ Debt service LL 36.7 billion

Table 1: Monthly transfers to EDL in 2011

| (LL billion)                                      | Jan         | Feb          | Mar          | Apr          | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | Total        |
|---------------------------------------------------|-------------|--------------|--------------|--------------|-----|-----|-----|-----|-----|-----|-----|-----|--------------|
| <b>EDL of which:</b>                              | <b>95</b>   | <b>255</b>   | <b>154</b>   | <b>248</b>   |     |     |     |     |     |     |     |     | <b>752</b>   |
| <b>Debt service, of which:</b>                    | <b>2.0</b>  | <b>14.3</b>  | <b>0.5</b>   | <b>19.9</b>  |     |     |     |     |     |     |     |     | <b>36.7</b>  |
| • C-Loans and Eurobonds, of which:                | 2.0         | 14.3         | 0.5          | 1.0          |     |     |     |     |     |     |     |     | 17.7         |
| – Principal payments                              | 1.3         | 11.6         | 0.3          | 0.9          |     |     |     |     |     |     |     |     | 14.1         |
| – Interest payments                               | 0.7         | 2.7          | 0.2          | 0.1          |     |     |     |     |     |     |     |     | 3.6          |
| • BDL Guaranteed Loan payments                    | 0.0         | 0.0          | 0.0          | 19.0         |     |     |     |     |     |     |     |     | 19.0         |
| <b>Reimbursement for purchase of gas and fuel</b> | <b>92.5</b> | <b>240.6</b> | <b>153.6</b> | <b>228.5</b> |     |     |     |     |     |     |     |     | <b>715.3</b> |
| • KPC & SPC                                       | 92.5        | 240.6        | 153.6        | 215.2        |     |     |     |     |     |     |     |     | 701.9        |
| • EGAS                                            | -           | -            | -            | 13           |     |     |     |     |     |     |     |     | 13.4         |

Source: Ministry of Finance

## II. Transfers to EDL in 2011 in comparison with 2010

► Transfers to EDL in 2011 were LL 102 billion higher than the 2010 level

After being at almost the same level in the first quarter of 2011 when compared to the same period of 2010, transfers in the first four months of 2011 registered a level that is LL 102 billion higher than that of 2010, which stood at LL 650 billion, as a result of an increase in payments to Kuwait Petroleum Corporation (KPC) and Algeria's Sonatrach by LL 84 billion for fuel and gas oil purchases and a LL 13 billion payment for natural gas provided by EGAS. Additionally, payments to cover for debt service increased by LL 4 billion over this period.

Table 2: Transfers to EDL

| (LL billion)                                      | Apr 2010   | Apr 2011   | 2010       | 2011       | Change     | % Change   |
|---------------------------------------------------|------------|------------|------------|------------|------------|------------|
| <b>EDL, of which:</b>                             | <b>145</b> | <b>248</b> | <b>650</b> | <b>752</b> | <b>102</b> | <b>16%</b> |
| <b>Debt Service, of which:</b>                    | <b>11</b>  | <b>20</b>  | <b>33</b>  | <b>37</b>  | <b>4</b>   | <b>12%</b> |
| • C-Loans and Eurobonds, of which:                | 1          | 1          | 23         | 18         | (5)        | (22%)      |
| – Principal Repayments                            | 1          | 1          | 19         | 14         | (5)        | (25%)      |
| – Interest Payments                               | 0          | 0          | 4          | 4          | (0)        | (9%)       |
| • BDL-Guaranteed Loan Payments                    | 10         | 19         | 10         | 19         | 9          | 89%        |
| <b>Reimbursement for purchase of gas and fuel</b> | <b>134</b> | <b>229</b> | <b>617</b> | <b>715</b> | <b>98</b>  | <b>16%</b> |
| • KPC & SPC                                       | 134        | 215        | 617        | 702        | 84         | 14%        |
| • EGAS                                            | 0          | 13         | 0          | 13         | 13         | -          |

Source: Ministry of Finance

► Payments to the two oil suppliers in 2011 were LL 84 billion higher than their 2010 level

The component “Reimbursement of KPC and Sonatrach Agreements” reached LL 702 billion in 2011. The 14 percent increase in payment primarily pertains to higher international oil

prices to which the 2011 payments were made and higher volumes of fuel oil over the period under consideration.

- From a price perspective, the average oil price according to which the 2011 payments were made is 12 percent higher than that pertaining to 2010. In fact, the 2010 payments reflect consumption over the period May 2009 – January 2010, when the international crude oil price averaged US\$ 70 per barrel. The January-April 2011 payments, on the other hand, reflect consumption over the period May - October 2010, when crude oil price averaged US\$ 78/barrel.
- From a quantity perspective, payments to the two oil suppliers in 2011 reflect around 9 percent higher quantities of fuel oil, on one hand, and 15<sup>1</sup> lower quantities of gas oil, on the other. The latter is explained by the flow of Egypt's natural gas, which acts as a substitute for gas oil. The January-April 2011 payments to KPC, reflect gas oil consumed between June-August 2010, at the time when Lebanon was still receiving natural gas from EGAS. The provision of natural gas stopped in November 2010.

▶ *Payments to EGAS for provision of natural gas*

Treasury payments to cover for the provision of natural gas since September 2009 amounted to LL 56 billion, of which LL 13 billion was paid in April 2011.

### III. Contribution of EDL out of the total oil bill

▶ *EDL contributed to 4 percent of the total oil bill in 2011*

With a total oil bill of LL 748 billion paid in 2011, of which a treasury payment of LL 715 billion for "Reimbursement of KPC, Sonatrach and EGAS", EDL contributed by 4.4 percent to repaying the two oil suppliers compared to a 13 percent contribution made in 2010 out of a smaller oil bill of LL 712 billion. This contribution is also lower than those of 2008 and 2009, which levelled at 5.2 percent and 5.9 percent, respectively.

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<sup>1</sup> Quantity figures are calculated based on Letters of Credit (LCs) sent by EDL to the Ministry of Finance.