

I. Transfers to EDL in 2011

► In December 2011, treasury transfers to EDL reached LL 278 billion, as follows:

- ⇒ Reimbursement of KPC and Sonatrach LL 274.5 billion
- ⇒ Debt service LL 1.6 billion

► In 2011, treasury transfers to EDL reached LL 2,626 billion, as follows:

- ⇒ Reimbursement of KPC and Sonatrach LL 2,515.1 billion
- ⇒ Payments to EGAS LL 54.9 billion
- ⇒ Debt service LL 100.6 billion

Table 1: Monthly transfers to EDL in 2011

(LL billion)	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
EDL of which:	95	255	154	248	195	85	113	197	362	447	197	278	2,626
Debt service, of which:	2.0	14.3	0.5	19.9	1.7	3.9	17.9	14.4	0.5	20.6	1.6	3.4	100.6
• C-Loans and Eurobonds, of which:	2.0	14.3	0.5	1.0	1.7	3.9	16.6	14.4	0.5	0.9	1.6	3.4	60.8
– Principal payments	1.3	11.6	0.3	0.9	1.3	3.6	14.2	11.9	0.3	0.9	1.3	3.2	50.8
– Interest payments	0.7	2.7	0.2	0.1	0.3	0.3	2.4	2.5	0.2	0.1	0.3	0.2	9.9
• BDL Guaranteed Loan payments	0.0	0.0	0.0	19.0	0.0	0.0	1.3	0.0	0.0	19.6	0.0	0.0	39.9
Reimbursement for purchase of gas and fuel	92.5	240.6	153.6	228.5	192.9	81.0	95.0	182.9	361.4	426.6	195.5	274.5	2,525.1
• KPC & SPC	92.5	240.6	153.6	215.2	151.4	81.0	95.0	182.9	361.4	426.6	195.5	274.5	2,470.2
• EGAS	-	-	-	13.4	41.5	-	-	-	-	-	-	-	54.9

Source: Ministry of Finance

II. Transfers to EDL in 2011 in comparison with 2010

► Transfers to EDL in 2011 were LL 828 billion higher than the 2010 level

Transfers in 2011 were LL 828 billion higher than in 2010, which stood at LL 1,797 billion. This is due to an increase in payments for fuel and gas oil purchases by LL 816 billion and a couple of payments amounting to LL 55 billion for natural gas provided by EGAS. Payments to cover for debt service remained stable over this period.

Table 2: Transfers to EDL

(LL billion)	Dec 2010	Dec 2011	2010	2011	Change	% Change
EDL, of which:	199	278	1,797	2,626	828	46%
Debt Service, of which:	5	3	100	101	0	0%
• C-Loans and Eurobonds, of which:	5	3	67	61	-6	-9%
– Principal Repayments	4	3	56	51	-5	-9%
– Interest Payments	0	0	11	10	-1	-12%
• BDL-Guaranteed Loan Payments ¹	0	0	33	40	6	19%
Reimbursement for purchase of gas and fuel	195	275	1,697	2,525	828	49%
• KPC & SPC	153	275	1,655	2,470	816	49%
• EGAS	42	0	42	55	13	-

Source: Ministry of Finance

1/: In November 2003 and July 2004, two loans were extended to EDL, of amount LL 300 bn and LL 150 bn, respectively, to finance the payment of electricity bought from Syria. The amortization schedule ends in 2013.

► Payments to the two oil suppliers in 2011 were LL 816 billion higher than their 2010 level

“Reimbursement for purchase of gas oil and fuel oil” reached LL 2,470 billion in 2011. The significant 49 percent increase in payments is mainly attributed to higher international oil prices associated with the 2011 payment over the period under consideration.

- From a price perspective, the average oil price according to which the 2011 payments were made is 31 percent higher than that pertaining to 2010. In fact, the 2010 payments reflect consumption over the period May 2009 – July 2010, when the international crude oil price averaged US\$ 74 per barrel; whereas the 2011 payments reflect consumption over the period June 2010 – July 2011, when crude oil price averaged US\$ 97/barrel.
- From a quantity perspective, payments to the two oil suppliers in 2011 reflect around 17 percent higher quantities of gas oil and 5 percent lower quantities of fuel oil, respectively, during the period under consideration. The rise in quantities of gas oil during the June 2010 – May 2011 consumption period, which is paid in January-December 2011, is due to the fact that the supply of natural gas stopped in November 2010. As such, natural gas was once again substituted by gas oil as of November 2010 and until present time.

► ***Payments to EGAS for provision of natural gas***

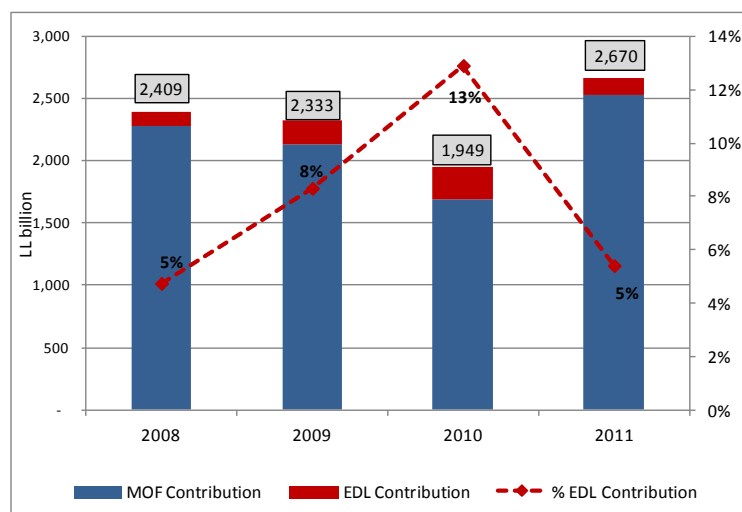
Treasury payments to cover for the provision of natural gas amounted to LL 42 billion in 2011, which constituted the payment of the last bills sent to the Ministry of Finance by the Ministry of Energy and Water. In sum, the Treasury has paid LL 97 billion for natural gas provided by Egypt over the period September 2009-November 2010.

III. Contribution of EDL out of the total oil bill

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

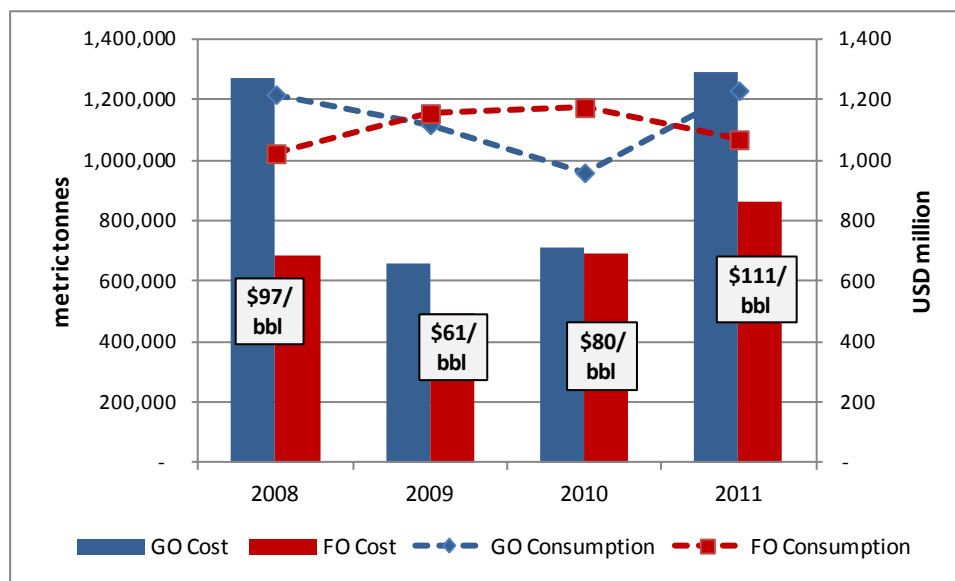
With a total oil bill of LL 2,670 billion paid in 2011, of which a treasury payment of LL2,525 billion for “Reimbursement of KPC, Sonatrach and EGAS”, EDL contributed 5.4 percent to this bill compared to 12.9 percent contribution in 2010, out of a much smaller oil bill of LL 1,949 billion. EDL’s 2011 contribution, however, is more in line with that of 2008.

Figure 1: EDL's contribution out of total oil bill



IV. Consumption in 2011

Figure 2: Consumption of gas oil and fuel oil in 2008-2011



► Consumption of fuel oil

In 2011, EDL consumed around 1,069,368 metric tonnes of fuel oil, 9 percent lower than the 2010 consumption level. Over the 2008-2011 period, the consumption of fuel oil levelled at around 1.1 million metric tonnes. Even though the consumption of fuel oil remained relatively stable over this period, the costs varied substantially, reflecting the volatility in the international oil prices. The per unit cost was highest in 2011, at around US\$ 804/metric tonne, when oil prices averaged at around US\$ 111/barrel; compared to US\$589/metric tonne in 2010 when oil prices averaged at around US\$80/barrel. In 2009, oil prices averaged at around US\$61/barrel, driving the per unit prices of fuel oil down to US\$ 429/metric tonne.

► Consumption of gas oil

In 2011, EDL consumed around 1,232,007 metric tonnes of gas oil, 28 percent lower than the gas oil consumption level in 2010. The 2011 consumption level is more in line with that of the 2008, which levelled at 1,219,129 metric tonnes. The consumption level of gas oil was highly affected by the flow of natural gas from Egypt, from September 2009 until November 2010. During the January-November 2010 period, the flow of natural gas averaged at around 850,295 MMBTU per month, thus serving as a cheaper substitute for gas oil. The monthly average of gas oil consumption dropped by around 32 percent, from a monthly average of 109,461 metric tonne in the first half of 2009, down to 74,469 metric tonne in the first half of 2010. The drop in the monthly average consumption of gas oil is important in quantifying the resulting savings from the flow of natural gas. Rough estimates show that the presence of natural gas lead to savings in amount of US\$ 184 million.¹

¹ MOF estimates: assuming a 32 percent monthly increase in the quantity of gas oil imported over September 09-October 10. This additional quantity that would have been imported was calculated based on the actual price per metric tonnes recorded over this period.

V. Share of “Transfers to EDL” out of Expenditures

► Transfers to EDL constituted 23 percent of primary expenditures in 2011

With primary expenditures at LL 11,566 billion in January-December 2011, the share of transfers to cover EDL's oil bill reached 22.7 percent, registering the second highest share in the last five years, following that of 2008. The share was much lower in 2010, making up 16.6 percent of primary expenditures, due to much lower transfers to EDL at that time.

Figure 3: Transfers to EDL out of primary expenditures between 2007-2011

