

I. Transfers to EDL in 2011

► In July 2011, treasury transfers to EDL reached LL 113 billion, as follows:

- ⇒ Reimbursement of KPC and Sonatrach LL 95 billion
- ⇒ Debt service LL 17.9 billion

► In 2011, treasury transfers to EDL reached LL 1,144 billion, as follows:

- ⇒ Reimbursement of KPC and Sonatrach LL 1,029.2 billion
- ⇒ Payments to EGAS LL 54.9 billion
- ⇒ Debt service LL 60.2 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						1,144
Debt service, of which:	2.0	14.3	0.5	19.9	1.7	3.9	17.9						60.2
• C-Loans and Eurobonds, of which:	2.0	14.3	0.5	1.0	1.7	3.9	16.6						39.9
– Principal payments	1.3	11.6	0.3	0.9	1.3	3.6	14.2						33.2
– Interest payments	0.7	2.7	0.2	0.1	0.3	0.3	2.4						6.7
• BDL Guaranteed Loan payments	0.0	0.0	0.0	19.0	0.0	0.0	1.3						20.3
Reimbursement for purchase of gas and fuel	92.5	240.6	153.6	228.5	192.9	81.0	95.0						1,084.1
• KPC & SPC	92.5	240.6	153.6	215.2	151.4	81.0	95.0						1,029.2
• 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 64 billion higher than the 2010 level

At almost the same level in the first quarter of 2011 compared to the same period of 2010, transfers in the first seven months of 2011 registered an amount LL 64 billion higher than that of 2010, which stood at LL 1,080 billion. This is primarily due to a LL 55 billion payment for natural gas provided by EGAS and a minor increase of LL 10 billion in payments for fuel and gas oil purchases. Additionally, payments to cover for debt service dropped by LL 1 billion over this period.

Table 2: Transfers to EDL

(LL billion)	July 2010	July 2011	2010	2011	Change	% Change
EDL, of which:	43	113	1,080	1,144	64	6%
Debt Service, of which:	8	18	61	60	-1	-1%
• C-Loans and Eurobonds, of which:	8	17	45	40	-5	-11%
– Principal Repayments	8	14	38	33	-5	-12%
– Interest Payments	1	2	7	7	0	-4%
• BDL-Guaranteed Loan Payments	0	1	16	20	4	25%
Reimbursement for purchase of gas and fuel	35	95	1,020	1,084	65	6%
• KPC & SPC	35	95	1,020	1,029	10	1%
• EGAS	0	0	0	55	55	-

Source: Ministry of Finance

► *Payments to the two oil suppliers in 2011 were LL 10 billion higher than their 2010 level*

The component “Reimbursement of KPC and Sonatrach Agreements” reached LL 1,029 billion in 2011. The one percent increase in payments, however, reflects higher international oil prices associated with the 2011 payments, which was partly offset by lower volumes of both fuel oil and gas oil over the period under consideration.

- From a price perspective, the average oil price according to which the 2011 payments were made is 15 percent higher than that pertaining to 2010. In fact, the 2010 payments reflect consumption over the period May 2009 – February 2010, when the international crude oil price averaged US\$ 71 per barrel. The January-July 2011 payments reflect consumption over the period June 2010- January 2011, when crude oil price averaged US\$ 82/barrel.
- From a quantity perspective, payments to the two oil suppliers in 2011 reflect around 16 percent and 11 percent lower quantities¹ of gas oil and fuel oil, respectively, during the period under consideration. Payments for fuel oil in January-July 2011 pertain to quantities consumed between July 2010-January 2011. The lower consumed quantities of gas oil are due to the flow of Egypt’s natural gas in the summer of 2010, which substitutes for gas. In fact, the January-July 2011 payments to KPC, reflect gas oil consumed between June-October 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 amounted to LL 42 billion in May 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 a total of LL 97 billion for natural gas provided by Egypt over the period September 2009-November 2010. The flow of natural gas has not resumed since November 2010.

III. Contribution of EDL out of the total oil bill

► *EDL contributed to 9 percent of the total oil bill in 2011*

With a total oil bill of LL 1,185 billion paid in 2011, of which a treasury payment of LL 1,084 billion for “Reimbursement of KPC, Sonatrach and EGAS”, EDL contributed 8.5 percent to this bill compared to 11.3 percent contribution in 2010 out of a smaller oil bill of LL 1,150 billion. The 2010 and 2011 contributions, however, are higher than those of 2009 and 2008, which represented 5.4 percent and 4.7 percent, respectively.

¹ Quantity figures are calculated based on invoices sent by EDL to the Ministry of Finance.