

I. Transfers to EDL in 2011 in comparison with 2010

► *Transfers to EDL in January 2011 nearly maintained their January 2010 level*

Transfers in January 2011 registered a level that is LL 0.75 billion higher than that in January 2010, which stood at LL 94 billion, as a result of the following two factors:

- ⇒ increase in debt service by LL 2 billion
- ⇒ decrease in payments to Kuwait Petroleum Corporation (KPC) and Algeria's Sonatrach for fuel and gas oil purchases by LL 1 billion

Table 1: Transfers to EDL

(LL billion)	2010 Jan	2011 Jan	Value Change	% Change
EDL, of which:	94	95	-	1%
Debt Service, of which:	0	2	2	366%
• C-Loans and Eurobonds, of which:	0.4	2.0	2	366%
- Principal Repayments	0.0	1.3	1	-
- Interest Payments	0.4	0.7	0	58%
• BDL-Guaranteed Loan Payments	0.0	0.0	-	-
Reimbursement for purchase of gas and fuel	93	93	(1)	-1%
• KPC & SPC	93.3	92.5	(1)	-1%
• EGAS	-	-	-	-

Source: Ministry of Finance

► *Payments to the two oil suppliers were LL 1 billion lower than their 2010 level*

Though the payments made in the comparative months are almost equal, it is worth noting that payments made in January 2011 reflect higher oil prices but lower quantities and a change in the share of paid gas oil and fuel oil:

- ⇒ Oil-price effect: the average oil price according to which the January 2011 payments were made is around 23 percent higher than that pertaining to January 2010
- ⇒ A lower number of letters of credit (LCs) was paid in January 2011, as compared to January 2010
- ⇒ January 2011 payments reflect 41 percent lower quantities of gas oil and 87 percent higher quantities of fuel oil

Box 1: Energy Bill in January 2011

Lower payments of gas oil and fuel oil for the month of January 2011 is not reflective of the actual cost of the energy bill, considering that the lower quantities of gas oil have been substituted with natural gas. MOF has not made payments for natural gas in January 2011. The flow of natural gas in August 2010 amounted to 899,273.574 MMBtu, with an estimated cost of US\$ 5,170,823. The relevant invoice has not been submitted yet to MOF.

It is worth noting that payments for gas oil in January 2011 pertain to quantities delivered in August 2010, which were lower than August 2009 (paid in January 2010). This is due to the presence of natural gas (a substitute for gas oil), which amounted to 899,273.574 MMBtu in August 2010.

II. Contribution of EDL out of the total oil bill

► *EDL contributed to 7 percent of the total oil bill in January 2011*

With a total oil bill of LL 100 billion due in January 2011, of which a treasury payment of LL 93 billion for “Reimbursement of KPC and Sonatrach Agreements”, EDL contributed by an equal share of 7.3 percent to repaying the two oil suppliers, in comparison with January 2010.