

I. Transfers to EDL in 2012 in comparison with 2011

► *Transfers to EDL in January 2012 reached LL 355 billion*

Transfers in January 2012 more than tripled compared to 2011, registering a level that is LL 260 billion higher than that in January 2011, which stood at LL 95 billion, as a result of the following two factors:

- ⇒ increase in payments to Kuwait Petroleum Corporation (KPC) and Algeria's Sonatrach for fuel and gas oil purchases by LL 258 billion
- ⇒ increase in debt service by LL 2 billion

Table 1: Transfers to EDL

(LL billion)	2011 Jan	2012 Jan	Value Change	% Change
EDL, of which:	95	355	260	275%
Debt Service, of which:	2	4	2	84%
• C-Loans and Eurobonds, of which:	2	2	0	-13%
- Principal Repayments	1	1	0	-21%
- Interest Payments	1	1	0	4%
• BDL-Guaranteed Loan Payments	0	2	2	-
Reimbursement for purchase of gas and fuel	93	351	258	279%
• KPC & SPC	93	351	258	279%
• EGAS	0	0	0	-

Source: Ministry of Finance

► *Payments to the two oil suppliers were LL 258 billion higher than their 2011 level*

Payments made in January 2012 reflect much higher quantities of both gas oil and fuel oil bought in the respective months of July and August of 2011 and higher oil prices associated with the payments over the period under consideration.

- From a price perspective, the average oil price according to which the 2012 payments were made is 51 percent higher than that pertaining to 2011. In fact, the 2011 payments reflect consumption over July-August 2010, when the international crude oil price averaged US\$ 76 per barrel. The January 2012 payments reflect consumption over July-August 2011 for gas oil and July 2011 for fuel oil, when crude oil price averaged US\$ 116/barrel.
- From a quantity perspective, payments to the two oil suppliers in 2012 reflect double the quantities of gas oil consumed in July and August 2011 compared to the similar period of 2010. This increase is partly due to the fact that natural gas was still flowing until November 2010. With respect to fuel oil, the quantities bought in July 2011 and paid for in January 2012 almost tripled what was bought in July 2010 and paid for in January 2011. The hike is partly explained by a timing-effect, as it is somehow regularised once the quantities of the subsequent months are factored in. For example, the quantities of fuel oil bought in August 2011 are lower by 47 percent compared to that of August 2010.

II. Contribution of EDL out of the total oil bill

► EDL contributed to 2 percent of the total oil bill in January 2011

With a total oil bill of LL 356 billion due in January 2012, of which a treasury payment of LL 351 billion for “Reimbursement of KPC and Sonatrach Agreements”, EDL contributed by merely 2 percent, the lowest share since 2008. It is important to note that even though the oil bill was much higher at LL 431 billion in January 2009, EDL had contributed by around 6 percent at that time.

Figure 1: Contribution of EDL in January (2008-2012)

