

National Bank of Ethiopia

II. ENERGY PRODUCTION AND PROCESSING

2.1 Imported Petroleum Products

As per the information obtained from Ethiopian Petroleum Enterprise (EPE), a total of 314.7 thousand metric tons of petroleum products were imported during the first quarter of fiscal year 2004/05. This amount was higher by 6.6 and 0.7 percent than that of the same quarter last fiscal year and the fourth quarter of 2003/04 respectively, as a result of a significant increase observed in the volume of gas oil imported. Regular gasoline (MGR), jet fuel and fuel oil imports, however, declined compared to the preceding quarter. (See table II.1 below).

Table II.1: Volume of Imported Petroleum Products
(In Metric Tons)

	2003/04		2004/05	Percentage Change	
	Qtr.I	Qtr.IV	Qtr I		
	A	B	C	C/A	C/B
Regular Gasoline (MGR)	29,852	39,805	34,312	14.9	-13.8
Jet Fuel	64,559	75,705	74,614	15.6	-1.4
Fuel Oil	42,506	29,068	21,915	-48.4	-24.6
Gas Oil (ADO)	158,491	167,899	183,942	16.1	9.6
Total	295,407	312,477	314,784	6.6	0.7

Source: Ethiopian Petroleum Enterprise (EPE)

The total value of petroleum imports was higher by 19.6 percent compared with the previous quarter while it surged by 70.1 percent compared with the same period last fiscal year. All components have shown quarterly price increases, except for fuel oil, compared with the preceding quarter and MGR compared to the same period last year. The increase in C&F value of petroleum during the review period was a reflection of higher demand pressure in USA, China and other emerging economies and due to the instability in the Middle East that affected the supply side. As Ethiopia is a net importer of oil, the current high and fluctuating oil prices could have a significant negative impact on its fragile economy. As per recent data, the proportion of fuel import out of the total merchandise imports for the review period accounted for more than 29 percent compared with 9 percent in the fourth quarter of 2003/04.

Table II.2: Value of Imported Petroleum Products*
(In '000 Birr)

Petroleum Products	2003/04		2004/05	Percentage change	
	Qtr.I	Qtr.IV	Qtr.I		
	A	B	C	C/A	C/B
Regular Gasoline (MGR)	74,244	130,264	112423	51.4	-13.7
Jet Fuel	143,539	231,714	273871	90.8	18.2
Fuel Oil	70,180	51,386	55159	-21.4	7.3
Gas Oil (ADO)	320,801	452,863	594249	85.2	31.2
Total	608,764	866,227	1,035,702	70.1	19.6
Source: Ethiopian Petroleum Enterprise (EPE)					
Note: * The Values are C & F Value					

As can be seen below, FOB prices of petroleum products have significantly risen. The average FOB price surged by 20.6 and 45.5 percent compared with the fourth quarter and the first quarter of 2003/04, respectively.

**Table II.3: FOB Price of Imported Petroleum Products
(In USD/Metric Ton)**

Petroleum Products	2003/04		2004/05	Percentage change	
	Qtr.I	Qtr.IV	Qtr.I		
	A	B	C	C/A	C/B
Regular Gasoline (MGR)	290.38	367.02	410.2	41.3	11.8
Jet Fuel	234.39	305.81	393.4	67.8	28.6
Fuel Oil	156.75	158.76	173.4	10.6	9.2
Gas Oil (ADO)	230.75	269.54	350.6	51.9	30.1
Average	228.1	275.3	331.9	45.5	20.6
Source: Ethiopian Petroleum Enterprise (EPE)	-				

Concomitant with the general rise in oil prices in the world market, domestic retail prices of all petroleum products have also been revised upwards during the first quarter of 2004/05, resulting in an average price increase of 11.8 percent and 21.5 percent over the preceding quarter and the same period last fiscal year. The increase in domestic retail prices of petroleum, however, was not proportional to the increase in the prices of petroleum products in the international market with the view to mitigating its multiplier negative impact on the economy. Basically, the Ethiopian government reviews domestic oil prices every quarter in line with the oil price movements in the world market.

**Table II.4: The Addis Ababa Retail Price
(In Birr/Litre)**

Petroleum Products	2003/04		2004/05	Percentage change	
	Qtr.I	Qtr.IV	Qtr.I		
	A	B	C	C/A	C/B
Regular Gasoline (MGR)	4.4	4.69	4.98	13.2	6.2
Fuel Oil	2.25	2.49	2.89	28.4	16.1
Gas Oil (ADO)	2.72	3.02	3.43	26.1	13.6
Kerosene	2	2.15	2.51	25.5	16.7
Average	2.8	3.1	3.45	21.5	11.8
Source: Ethiopian Petroleum Enterprise (EPE)					

2.2 Electricity Generation

The Ethiopian Electric Power Corporation (EEPCO) reported that a total of 642.7 million K.W.H power was generated during the first quarter of 2004/05, which was higher by 13.7 percent and 9.9 percent than the same quarter level last fiscal year and the preceding quarter.

Out of the total electricity production, 98.6 percent was from hydropower sources while the remaining 1.4 percent was from thermal power. Despite the fact that the country has a large potential for electric power generation, per capita consumption is one of the lowest even at the developing country level. Solar and wind power sources are not also tapped. The recent moves to construct dams and water works at Gilgel Gibe and Tekeze rivers, however, are encouraging signs to develop power sources, which are critical for social and economic infrastructure development of the country.

Currently, over 98.3 percent of the power is supplied through the inter-connected system while the remaining 1.7 percent is supplied through the self-contained system.

Table II.5: Electricity Generation

('000 of K.W.H)

Power Sources	2003/04				2004/05		Percentage Change	
	Qtr.I	Share	Qtr.IV	Share	Qtr .I	Share		
	A	In %	B	In %	C	In %	C/A	C/B
Hydropower	557,524.00	98.6	578,066.31	98.8	633,878.65	98.6	13.7	9.7
Thermal Power	7,846.90	1.4	6,996.56	1.2	8,867.35	1.4	13.0	26.7
Total	565,370.90	100.00	585,062.87	100.00	642,746.00	100.00	13.69	9.86
Source: Ethiopian Electric Power Corporation								

**Table II.6: Generation of Electric Power in the Inter-connected System (ICS)
and Self-Contained System (SCS)**

(’000 of K.W.H)

System of Power Supply	2003/04				2004/05		Percentage Change	
	Qtr.I	Share	Qtr.IV	Share	Qtr .I	Share		
	A	In %	B	In %	C	In %	C/A	C/B
ICS								
Hydro Power	557,524.00	98.6	574,709.6	98.2	629,934.1	98.0	13.0	9.6
Thermal Power	2,888.82	0.5	613.5	0.1	1,692.4	0.3	-41.4	175.9
Sub-Total	560,412.82	99.1	575,323.1	98.3	631,626.5	98.3	12.7	9.8
SCS								
Hydro Power		0.0	3,356.68	0.6	3,944.6	0.6		17.5

Thermal Power	4,958.06	0.9	6,383.08	1.1	7,175.0	1.1	44.7	12.4
Sub-Total	4,958.1	0.9	9,739.8	1.7	11,119.5	1.7	124.3	14.2
Grand Total	565,370.88	100.0	585,062.87	100.00	642,746.00	100.0	13.7	9.9

Source: Ethiopian Electric Power Corporation (EEPCo)