

## II. ENERGY PRODUCTION AND PROCESSING

### 2.1 Imported Petroleum Products

A total of 362.2 thousand metric tons of petroleum products were imported during the third quarter of 2004/05 fiscal year, reflecting 3.7 percent and 20.5 percent rise relative to the same quarter of last fiscal year and the preceding quarter, respectively. The volume increase was observed in all components of petroleum products except fuel oil.

**Table 2.1: Volume of Petroleum Products Imported**

(In Metric Tons)

	2003/04	2004/05			Percentage Change	
	Qtr.III	Qtr II	Qtr III	C/A		
	A	B	C			
Regular Gasoline (MGR)	37,286	21,034	39,860	6.9	89.5	
Jet Fuel	73,401	74,229	94,066	28.2	26.7	
Fuel Oil	31,164	50,763	37,813	21.3	-25.5	
Gas Oil (ADO)	207,572	154,549	190,505	-8.2	23.3	
Total	349,423	300,575	362,244	3.7	20.5	

Source: Ethiopian Petroleum Enterprise (EPE)

Reflecting the significant increase in the volume, total value of petroleum products imported registered a 32.4 percent quarterly rise to stand at Birr 1,340 million in the review quarter. This was due to a significant increment in the value of import of all petroleum products other than fuel oil.

Year- on –year basis, the total value of petroleum products imported showed a 56 percent increase as the import value of all components of petroleum products moved upwards in the review quarter (Table 2.2).

**Table 2.2 Value of Petroleum Products Imported**

(In '000 Birr)

Petroleum Products	2003/04	2004/05			Percentage change	
	Qtr.III	Qtr II	Qtr III			
	A	B	C	C/A	C/B	
Regular Gasoline (MGR)	96448	114,776	142,450	47.7	24.1	
Jet Fuel	196617	287,158	371,074	88.7	29.2	
Fuel Oil	50475	86,319	73,456	45.5	-14.9	
Gas Oil (ADO)	515945	523,986	753,686	46.1	43.8	
Total	859,485	1,012,239	1,340,666	56.0	32.4	

**Source:** Ethiopian Petroleum Enterprise (EPE)

**Note:** \* The Values are C & F Value

Accordingly FOB prices of Gasoline went up by 27.2%, Jet Fuel by 52.6% and Fuel Oil by 147%. In contrast, FOB price of Gas Oil slid down by 28.9 percent during the review period, relative to a year earlier. Similarly, except for gas oil, the FOB prices of MGR, Jet Fuel and Fuel oil have shown quarterly increases. The observed increases in the world price of petroleum products reflects the impact of the continued geo-political uncertainty in Iraq and continued high demand for oil particularly in USA and China.

**Table 2.3: FOB Price of Petroleum Products Imported**

(In USD/Metric Ton)

Petroleum Products	2003/04	2004/05			Percentage change	
	Qtr.III	Qtr II	Qtr III			
	A	B	C	C/A	C/B	
Regular Gasoline (MGR)	345.8	417.7	439.9	27.2	5.3	
Jet Fuel	283.9	418.4	433.2	52.6	3.5	
Fuel Oil	156.6	168.1	386.8	147.0	130.1	
Gas Oil (ADO)	265.7	372.1	188.9	-28.9	-49.2	
Average	263.0	344.11	362.2	37.7	5.3	

**Source:** Ethiopian Petroleum Enterprise (EPE)

In continuation with the rise in the world price of petroleum products, retail prices of petroleum products have also risen in the domestic market. As detailed in Table 2.4 below, the average retail price of fuel rose by 42.8 percent and 7.5 percent in contrast with the level in the third quarter of last year and the second quarter of current fiscal year respectively.

The increases in the prices of petroleum products in world market, however, were not proportionally reflected in the increase of retail prices of fuel in the domestic market due to Government's stabilization attempt to minimize the wide-ranging negative impact on the domestic economy. A recent study by the NBE indicated that a one percent increase in the price index of the oil group index, as proxied by transport and communication subgroup would result in a 0.62 percent rise in the non-food group index.

As a matter of fact, domestic oil retail prices are revised every quarter.

**Table 2.4: The Addis Ababa Retail Price**

(Birr/Litre)

	2003/04		2004/05		
	Qtr.III	Qtr.II	Qtr.III	Percentage	
	A	B	C	C/A	C/B
Regular Gasoline (MGR)	4.4	5.25	5.50	25.0	4.8
Fuel Oil	2.25	3.21	3.43	52.4	7.0
Gas Oil (ADO)	2.72	3.86	4.31	58.5	11.8
Kerosene	2	2.79	3.00	50.0	7.4
Average	2.8	3.78	4.06	42.8	7.5

Source: the Ethiopian Petroleum Enterprise (EPE)

## 2.1 Electricity Generation

According to the Ethiopian Electric Power Corporation (EEPCO), 630.1 million KWH power was generated during the third quarter of 2004/2005. In comparison with the same quarter of last fiscal year, the generated electric power showed a 7.4 percent increase. In relation to the preceding quarter, however, it went down by of 2.1 percent (See Table 2.5).

About 98 percent of the total electricity production, was from hydropower sources and the remaining from thermal power. Despite the fact that Ethiopia is endowed with a large potential for electric power generation, from hydropower, solar and wind power, per capital consumption still remains one of the lowest in Sub-Saharan Africa.

Nevertheless, the recent efforts being made to construct and expand dams and water works at Gilgel Gibe and Tekeze rivers signify the government's commitment to develop the sector, which is vital for enhancing social and economic infrastructure development of the country. At present, about 99 percent of the power is supplied through the Inter-Connected system whereas the remaining 1 percent is through the Self-Contained System. (See Table 2.6).

**Table 2.5: Electricity Generation**

('000 of K.W.H)

Power Sources	2003/04		2004/05				Percentage Change	
	Qtr.III	Share	Qtr .II	Share	Qtr.III	Share		
	A	In %	B	In %	C	In %	C/A	C/B
Hydropower	577,578.09	98.4	629,176.65	97.7	618,968.85	98.2	7.2	-1.6
Thermal Power	9,146.20	1.6	14,906.06	2.3	11,113.45	1.8	21.5	-25.4
Geothermal power								
Total	586,724.29	100.00	644,082.71	100.00	630,082.30	100.00	7.39	-2.17

**Table 2.6: Generation of Electric Power in the Inter-Connected System (ICS) and Self-Contained System (SCS)**

(000KWH)

System of Power Supply	2003/04		2004/05				Percentage Change	
	Qtr.III	Share	Qtr .II	Share	Qtr.III	Share		
	A	In %	B	In %	C	In %	C/A	C/B
ICS								
Hydro Power	574,910.80	98.0	624,001.9	96.9	618,100.5	98.1	7.5	-0.9
Thermal Power	3,458.60	0.6	6,878.8	1.1	4,805.4	0.8	38.9	-30.1
Sub-Total	578,369.40	98.6	630,880.7	98.0	622,905.9	98.9	7.7	-1.3
SCS								
Hydro Power	2667.3	0.5	5,174.8	0.8	868.3	0.1	-67.4	-83.2
Thermal Power	5,687.60	0.9	8,027.3	1.2	6,308.0	1.0	10.9	-21.4
Sub-Total	8,354.9	1.4	13,202.1	2.0	7,176.3	1.1	-14.1	-45.6
Grand Total	586,724.30	100.0	644,082.71	100.00	630,082.30	100.00	7.4	-2.2

Source: Ethiopian Electric Power Corporation (EEP Co)