

II. ENERGY PRODUCTION AND PROCESSING

2.1 Imported Petroleum Products

The total amount of petroleum products imported during the second quarter of 2006/07 was 388 thousand metric tons. The import volume showed no significant difference when compared with the pervious quarter while there was slight increment (9.6 percent) in relation to the same quarter of last fiscal year. Component wise, the volume of imports of Gas Oil and Jet Fuel, which

jointly accounted for about 80 percent of total petroleum products imported, showed a slight improvement of 1 and 2.8 percent over the first quarter of 2006/07. On the other hand, the import volume of Regular Gasoline and Fuel Oil declined by 7.9 and 7.3 percent, respectively.

(Table 2.1)

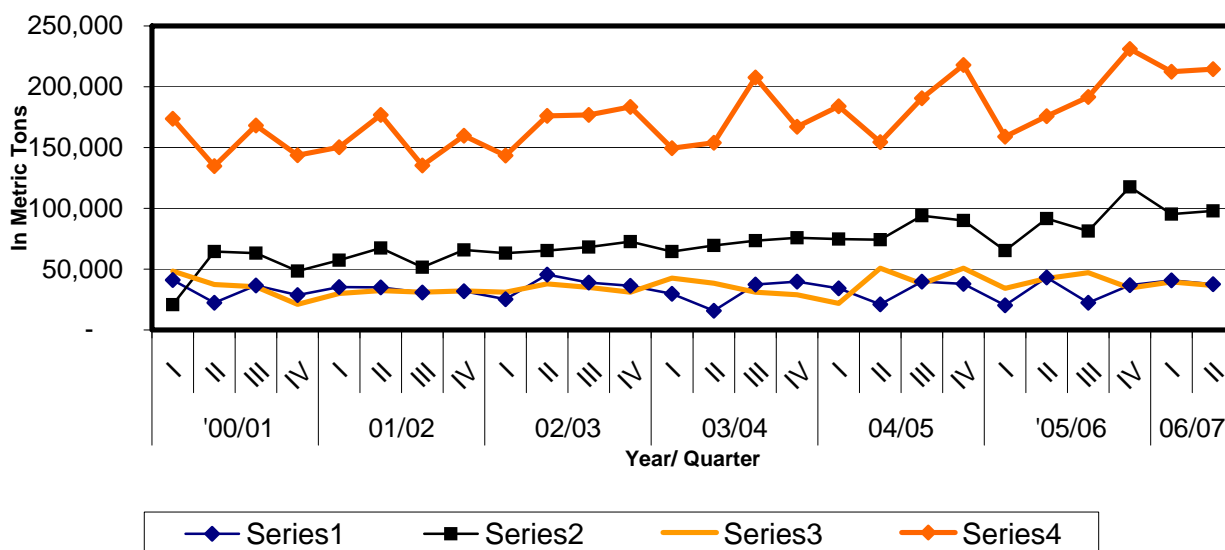
Table 2.1: Volume of Petroleum Products Imported

(In Metric Tons)

Petroleum Products	2005/06		2006/07				Percentage Change	
	Qtr. II		Qtr. I		Qtr II		C/A	C/B
	A	Share In %	B	Share In %	C	Share In %		
Regular Gasoline (MGR)	43,066	12	40,910	11	37,679	10	-12.5	-7.9
Jet Fuel	91,677	26	95,289	25	97,957	25	6.9	2.8
Fuel Oil	42,387	12	39,550	10	36,648	9	-13.5	-7.3
Gas Oil (ADO)	175,909	50	212,346	55	214,559	55	22.0	1.0
Total	353,039	100	388,096	100	386,844	100	9.6	-0.3

Source: Ethiopian Petroleum Enterprise (EPE)

Fig. II. 1 Trends in the Volume of petroleum products Imported



The total C & F value of petroleum products imported during October–December 2006 was Birr 1.78 billion, which was 11.2 percent lower than the previous quarter and 13.7 percent higher compared to the same period of last fiscal year. As indicated in Table 2.2 , all petroleum products but Jet Fuel

registered a decline in value. The import bill for Regular Gasoline, Fuel Oil and Gas Oil decreased by a respective 27.2, 18.3 and 13.7 percent while that of Jet Fuel slightly rose by 3.4 percent in comparison to the previous quarter. The main reason behind the fall in the import bill was the moderate decline of oil prices in the international oil market.

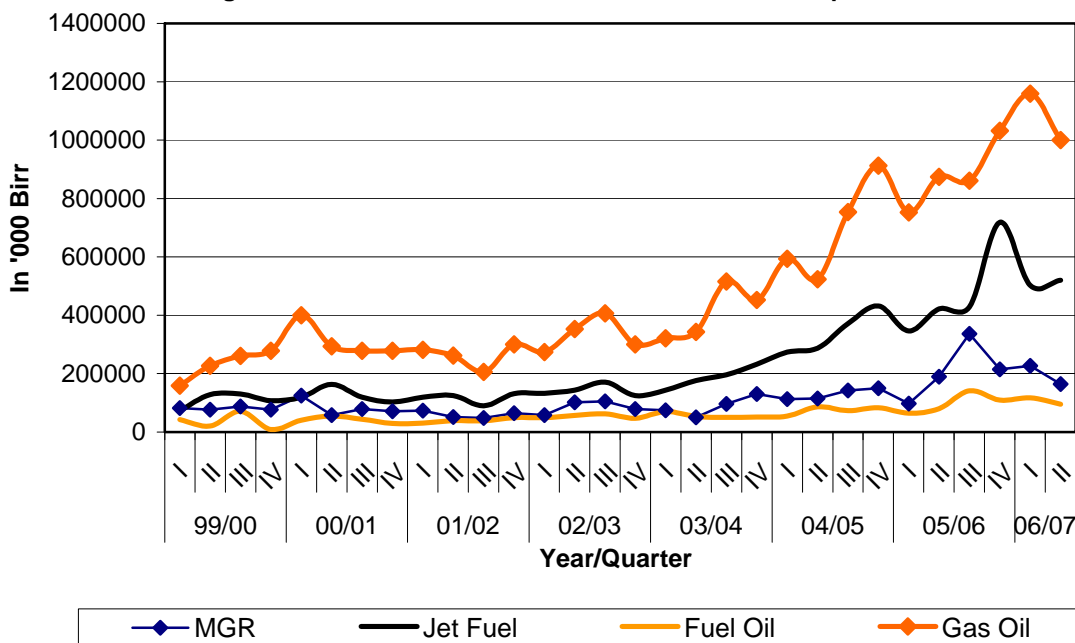
Table 2.2 C&F Value of Petroleum Products Imported

(In '000 Birr)

Petroleum Products	2005/06		2006/07				Percentage Change	
	Qtr. II		Qtr. I		Qtr. II			
	A	Share In %	B	Share In %	C	Share In %	C/A	C/B
Regular Gasoline (MGR)	189,563	12	226,479	11	164,830	9	-13.0	-27.2
Jet Fuel	421,887	27	502,836	25	519,818	29	23.2	3.4
Fuel Oil	80,096	5	116,772	6	95,412	5	19.1	-18.3
Gas Oil (ADO)	874,668	56	1,158,747	58	1,000,569	56	14.4	-13.7
Total	1,566,214	100	2,004,833	100	1,780,629	100	13.7	-11.2

Source: Ethiopian Petroleum Enterprise (EPE)

Fig.II. 2 Trends in the Value of Petroleum Products Imported



The FOB prices of petroleum products, on average, have shown 15.3 percent decrease over the previous quarter and 7.5 percent increase vis-à-vis a year earlier. The quarterly decrease in the FOB prices of petroleum products was attributable to the price decline of Regular Gasoline (20.1

percent), Jet Fuel (12.3 percent), Fuel Oil (12 percent) and Gas Oil (14.9 percent). Year-on-year basis, however, the FOB prices of all petroleum products have revealed increment except that of Fuel Oil. (Table 2.3).

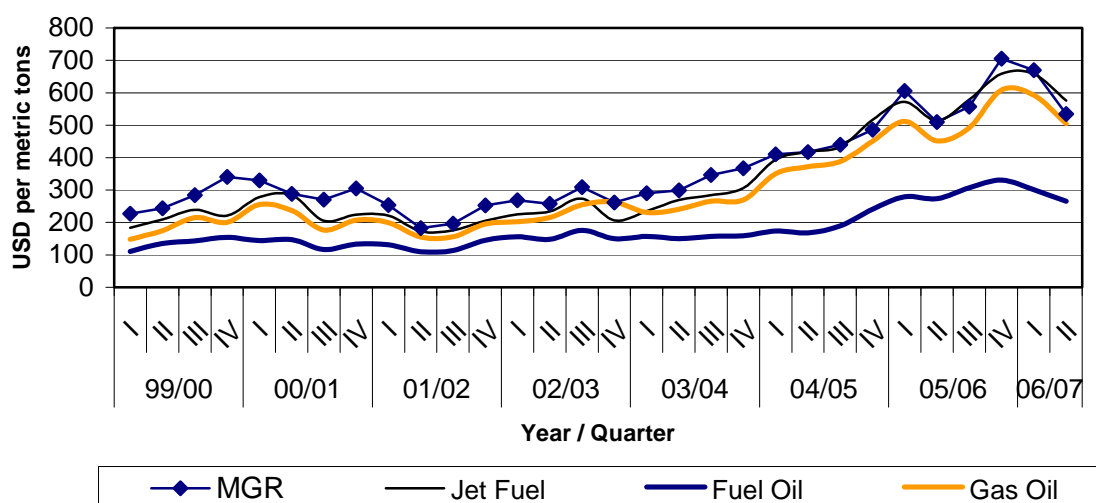
Table 2.3: FOB Price of Petroleum Products Imported

(In USD/Metric Ton)

Petroleum Products	2005/06	2006/07		Percentage Change	
	Qtr. II	Qtr. I	Qtr. II	C/A	C/B
	A	B	C		
Regular Gasoline (MGR)	510	669	535	4.8	-20.1
Jet Fuel	514	658	576	12.2	-12.3
Fuel Oil	273	301	265	-3.1	-12.0
Gas Oil (ADO)	452	593	505	11.7	-14.9
Average	437	555	470	7.5	-15.3

Source: Ethiopian Petroleum Enterprise (EPE)

Fig. II.3 Trends in the FOB Prices of Petroleum Products Imported



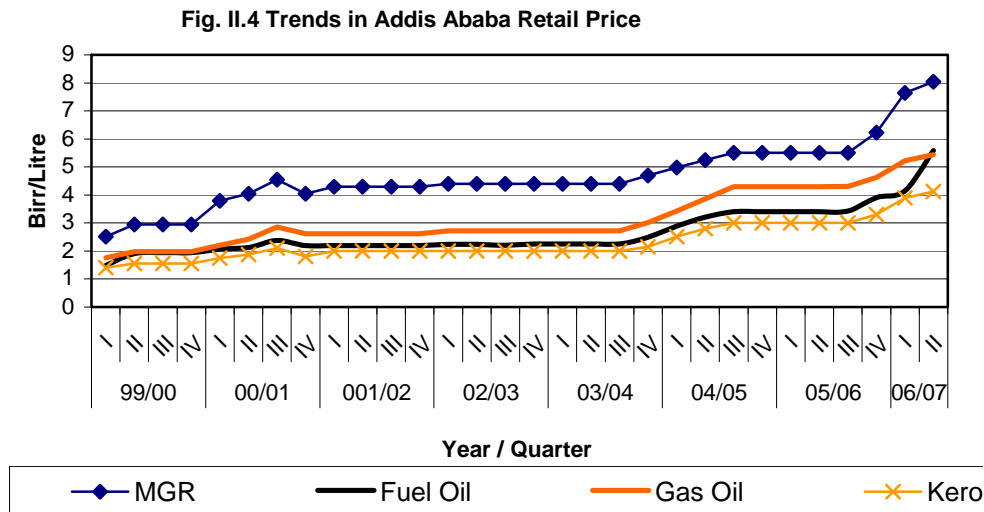
On average, Addis Ababa retail prices of petroleum products showed quarterly increment of 10.9 percent. Component wise, domestic retail prices of Regular Gasoline, Fuel Oil, Gas Oil and Kerosene went up by 5.2, 34.6, 4.2 and 5.7 percent, respectively, compared with the previous quarter. In the same manner, year-on-year basis, retail prices,

on the average, have surged by a remarkable 43.1 percent. However, on account of the continued fuel price stabilization program of the government, the magnitude of domestic price increment was lower than the rise in the international prices of oil.

Table 2.4: The Addis Ababa Retail Prices of Fuel
(Birr/Liter)

Petroleum Products	2005/06	2006/07		Percentage Change	
	Qtr. II	Qtr. I	Qtr. II	C/A	C/B
	A	B	C		
Regular Gasoline (MGR)	5.5	7.6	8.0	46.1	5.2
Fuel Oil	3.4	4.2	5.6	62.9	34.6
Gas Oil (ADO)	4.3	5.2	5.4	26.2	4.2
Kerosene	3.0	3.9	4.1	37.3	5.7
Average	4.1	5.2	5.8	43.1	10.9

Source: the Ethiopian Petroleum Enterprise (EPE)



2.2 Electricity Generation

According to Ethiopian Electric Power Corporation (EEPCO), 817 million KWH electric power was generated in the second quarter of 2006/2007. This was 0.6 and 15 percent higher than the preceding quarter and same period of last fiscal year, respectively (Table 2.5). About 98.2 percent of the total electricity production was generated from hydropower sources and 1.8 percent from thermal power.

The review quarter hydro electricity production represents 2.5 percent of the estimated hydropower production potential of the country. As per the country's five year development program, Plan for Accelerated and Sustainable Development to End Poverty (PASDEP), when the on going power generation projects such as Tekeze (300 MW), Gilgel Gibe 2nd (420 MW), Amerteneshe (97 MW), Beles (460 MW), wind power (50 MW) and Yayo (100 MW) are completed, the country's power generation capacity is expected to increase from the current level of 791 MW to 2218 MW in the next five years.

The government has created conducive environment for the private sector to participate in power generation. Besides power generation, the government is also encouraging the private sector, communities and cooperatives to engage in off-grid transmission, distribution and sales of electricity during the PASDEP period.

Moreover, one of the major goals of PASDEP period is Universal Electrification Access Program (UEAP). Under this program, over 6,000 rural towns and villages will get electricity and this will extend electrification access to some 24 million people. The Corporation has also a plan to export electricity to neighboring countries (Kenya, Djibouti and Sudan) in view of generating income to the country.

Table 2.5: Generation of Electric Power in the Inter-Connected System (ICS) And Self-Contained System (SCS)

(In'000KWH)

System of Power Supply	2005/06		2006/07				Percentage Change	
	Qtr. II	Share	Qtr. I	Share	Qtr. II	Share	C/A	C/B
	A	In %	B	In %	C	In %		
ICS								
Hydro Power	694,690	97.8	802,350	98.7	803,018.2	98.2	15.6	0.1
Thermal Power	1,854	0.3	437	0.1	2,104.6	0.3	13.5	381.9
Sub-Total	696,544	98.0	802,787	98.8	805,122.8	98.5	15.6	0.3
SCS								
Hydro Power	5,873	0.8	2,070	0.3	-			
Thermal Power	8,137	1.1	8,025	1.0	12,231.2	1.5	50.3	52.4
Sup-Total	14,010	2.0	10,095	1.2	12,231.2	1.5	(12.7)	21.2
Grand Total	710,554	100	812,882	100	817,354.0	100	15.0	0.6

Source: Ethiopian Electric Power Corporation (EEPC)

