

II. ENERGY PRODUCTION AND PROCESSING

2.1 Imported Petroleum Products

The total volume of petroleum products imported during the review quarter by the sole importer, the Ethiopian Petroleum Enterprise (PPE), stood at 384,429 metric tons, which was 14.4 and 8.4 percent lower than the volume imported during the preceding quarter and the same period last fiscal year, respectively. PPE imports and distributes petroleum products among five petroleum companies.

Component wise, there was a quarterly decline of 3.7 percent for regular gasoline, 19.9 percent for jet fuel, 2.4 percent for fuel oil and 15.2 percent for gas oil (See Table II. 1). Gas oil and jet fuel jointly accounted for 81 percent of the overall volume of petroleum products imported, compared to 83 percent in the same period of last fiscal year.

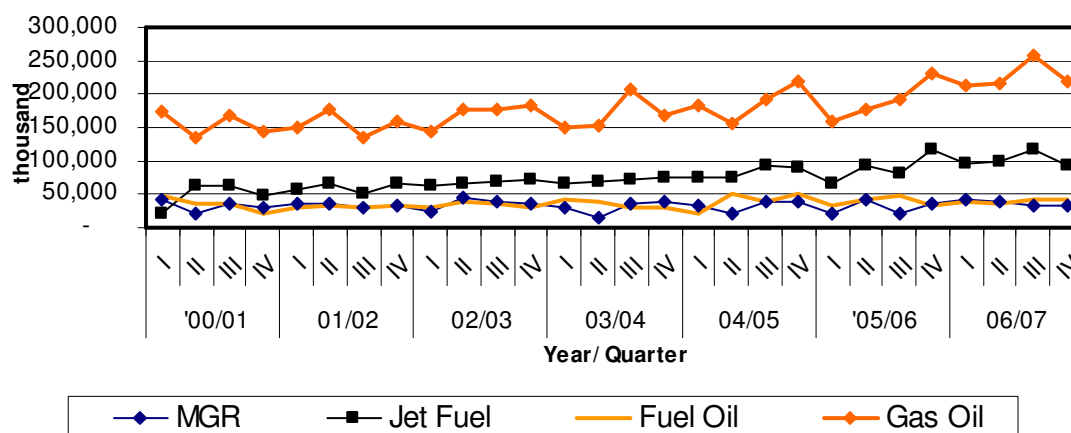
Table II. 1: Volume of Petroleum Products Imported

(In Metric Tons)

Petroleum Products	2005/06		2006/07				Percentage Change	
	Qtr IV		Qtr III		Qtr IV		C/A	C/B
	A	Share In %	B	Share In %	C	Share In %		
Regular Gasoline (MGR)	36,752	9	33,142	7	31,932	8		-3.7
Jet Fuel	117,551	28	115,625	26	92,621	24		-19.9
Fuel Oil	34,477	8	41,825	9	40,819	11		-2.4
Gas Oil (ADO)	231,108	55	258,416	58	219,057	57		-15.2
Total	419,888	100	449,008	100	384,429	100	-8.4	-14.4

Source: Ethiopian Petroleum Enterprise (EPE)

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



On C & F basis, expenditure on oil imports during the review quarter amounted to Birr 2.02 billion, which was 2.7 and 2.8 percent lower vis-à-vis the level in the previous quarter and the same period of last fiscal year, respectively. The quarterly decline in the

value of imports of petroleum products was associated with the 7.9 percent 5.9 percent fall in the import bill for jet-fuel and gas oil. These two components jointly accounted for 83 percent of the total import of petroleum products.

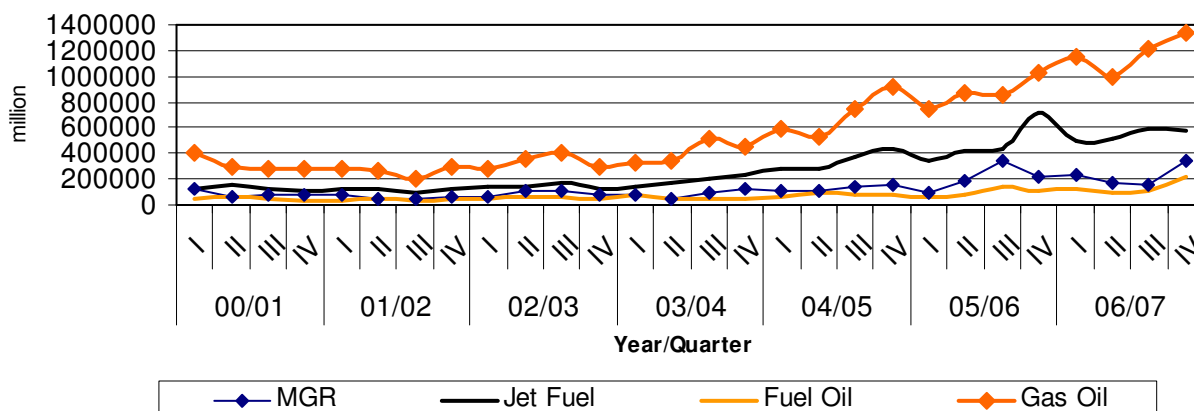
Table II.2 C&F Value of Petroleum Products Imported

(In '000 Birr)

Petroleum Products	2005/06		2006/07				Percentage Change	
	Qtr IV		Qtr III		Qtr IV			
	A	Share In %	B	Share In %	C	Share In %	C/A	C/B
Regular Gasoline (MGR)	214,953	10	152,363	7	196,755	10	-8.5	29.1
Jet Fuel	718,085	35	596,347	29	549,104	27	-23.5	-7.9
Fuel Oil	109,659	5	115,091	6	133,956	7	22.2	16.4
Gas Oil (ADO)	1,031,845	50	1,207,880	58	1,136,621	56	10.2	-5.9
Total	2,074,542	100	2,071,681	100	2,016,435	100	-2.8	-2.7

Source: Ethiopian Petroleum Enterprise (EPE)

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



At the same time, the average FOB price of petroleum products in the review quarter has shown an increase of 20.6 percent over the previous quarter and a slight decline of 1.2 percent compared to the same quarter of last fiscal year.

14.7 percent, 20.3 percent and 16.8 percent, respectively. Year on year basis, a slight increase in the prices of fuel oil (1 percent) and MGR (2.9 percent) was outstripped by the decline in the prices of jet fuel (4 percent) and gas oil (3.9 percent).

Component wise, the quarterly FOB prices of regular gasoline and fuel oil, jet fuel and gas oil went up by 29.9 percent,

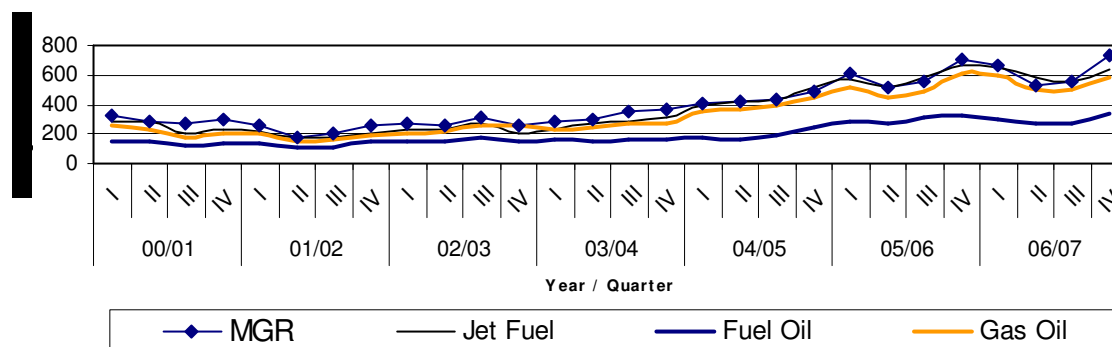
Table II.3: FOB Price of Petroleum Products Imported

(In USD/Metric Ton)

Petroleum Products	2005/06		2006/07		Percentage Change	
	Qtr IV		Qtr III	Qtr IV		
	A	B	C	C/A	C/B	
Regular Gasoline (MGR)	706	559.1	726.1	2.9	29.9	
Jet Fuel	659	551.2	632.2	-4.0	14.7	
Fuel Oil	331	277.7	334.2	1.0	20.3	
Gas Oil (ADO)	609	500.3	584.5	-3.9	16.8	
Average	576	472	569	-1.2	20.6	

Source: Ethiopian Petroleum Enterprise (EPE)

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



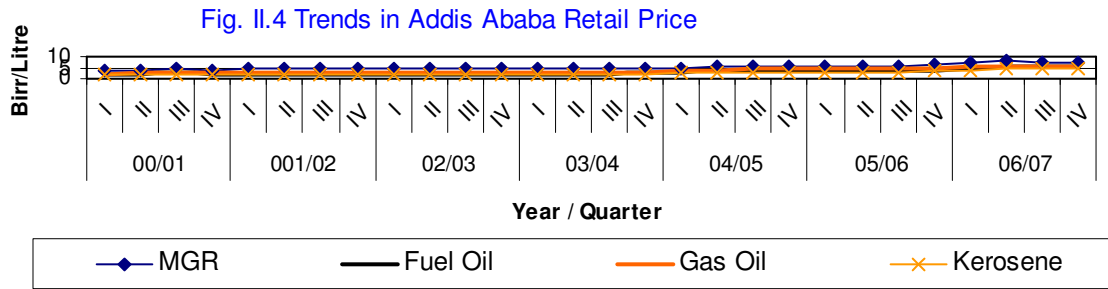
With regard to domestic petroleum price developments, it was observed that the average retail prices, as approximated by Addis Ababa retail prices, have remained constant as the retail prices of the components remained unchanged during the quarter under review. The stability in the domestic retail price of petroleum products amidst the continued hike in the world price for same is due to the fuel price stabilization scheme of the

government. Year-on-year basis, however, the average retail price rose by 24.1 percent due to the 23.8 percent, 32.0 percent, 17.7 percent, and 24.2 percent upward revision of the prices of MGR, fuel oil, gas oil (ADO), and Kerosene, respectively. The latter is largely consumed by low income groups of the society.

Table II.4: The Addis Ababa Prices of Fuel (Birr/Liter)

Petroleum Products	2005/06	2006/07		Percentage Change	
	Qtr IV	Qtr III	Qtr IV	C/A	C/B
	A	B	C		
Regular Gasoline (MGR)	6.2	7.7	7.7	23.8	0.0
Fuel Oil	3.9	5.2	5.2	32.0	0.0
Gas Oil (ADO)	4.6	5.4	5.4	17.7	0.0
Kerosene	3.3	4.1	4.1	24.8	0.0
Average	4.5	5.6	5.6	24.6	0.0

Source: the Ethiopian Petroleum Enterprise (EPE)



2.2 Electricity Generation

The fourth quarter of 2006/07 fiscal year witnessed a total electric power generation to the tune of 841 million KWH, which was 0.6 and 12.7 percent higher than the preceding quarter and the fourth quarter of FY 2005/06, respectively (See Table II. 5).

Hydropower accounted for 98.7 of the total electric power generated in the review quarter and thermal power the balance.

Regarding electric power generation by system category, 99.1 percent of electricity generation was from the interconnected system and the remaining 0.9 percent from the self contained system.

Government's Plan for Accelerated and Sustained Development to End Poverty

(PASDEP) stipulates the electrification of rural towns and “kebeles” by increasing electricity generation and distribution capacity of the country.

By 2010, when the power generation projects such as Tekeze (300 MW), Gilgel-Gibe 2nd (420 MW), Amertenesh (97 MW), Beles (420 MW), Wind Power (50 MW) and Yayo (100 MW) are completed, the country's power generation capacity is expected to reach 2218 MW per hour. The number of electrified cities and towns is also planned to reach 6000. Currently, 22 percent of the total population has access to electricity. Yet given the great potential for hydropower production, the prospect for exporting power to neighboring countries is quite visible.

Table II.5: Electricity Generation

(In '000KWH)

Power Source	2005/06		2006/07				Percentage Change	
	Qtr IV	Share	Qtr III	Share	Qtr IV	Share	C/A	C/B
	A	In %	B	In %	C	In %		
Hydropower	735,854.7	98.7	824,388.7	98.6	830,031.5	98.7	12.8	0.7
Thermal Power	10,050.3	1.3	11,688.5	1.4	10,880.4	1.3	8.3	-6.9
Total	745,905.0	100.0	836,077.2	100.0	840,911.9	100.0	12.7	0.6

Source: Ethiopian Electric Power Corporation (EEPCo)

Table II.6: 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 IV	Share	Qtr III	Share	Qtr IV	Share	C/A	C/B
	A	In %	B	In %	C	In %		
ICS								
Hydro Power	732,686	98.2	824,389	98.6	830,031.5	98.7	13.3	0.7
Thermal Power	743	0.1	3,654	0.4	3,517.6	0.4	373.2	(3.7)
Sub-Total	733,430	98.3	828,043	99.0	833,549.1	99.1	13.7	0.7
SCS								
Hydro Power	3,169	0.4	-		-			
Thermal Power	9,307	1.2	8,034	1.0	7,362.8	0.9	(20.9)	(8.4)
Sub-Total	12,476	1.7	8,034	1.0	7,362.8	0.9	(41.0)	(8.4)
Grand Total	745,905	100	836,077	100	840,911.9	100.0	12.7	0.6

Source: Ethiopian Electric Power Corporation (EEPCo)

