

'Price increases not to affect people with low income'
Minister says JD 14 million allocated for oil exploration

Government to cut subsidy on oil products, electricity

By Salameh B. Ne'matt
Jordan Times Staff Reporter

AMMAN — Minister of Energy and Mineral Resources Hisham Khatib said Tuesday the government has decided to reduce its subsidy on a number of petroleum products and electricity within a rationalisation policy aimed at reducing the heavy burden shouldered by the government which imports all of Jordan's needs of crude oil.

Speaking at his first press conference since taking office at the newly-created ministry in November, Dr. Khatib said the Jordanian government has spent \$600 million on imports of crude oil in 1984, representing some 90 per cent of its total export revenues. He said in this year, the government paid \$92 million as subsidy for imported crude oil, the highest ever amount of subsidy money paid in the country's history.

Dr. Khatib said the reduction of the government subsidy, which will reflect in an immediate rise in prices of petroleum products, "would not affect citizens with

poor or moderate income but citizens with a large income who consume more petroleum and electricity."

However, he said, the industrial sector would be exempted from the burden of a higher cost for petroleum and electricity, mainly heavy export industries "which for the first time in its history, is beginning to aid the Kingdom's balance of payment."

Dr. Khatib said Jordan's exports in 1984 increased by 60 per cent from 1983 "a quantitative and qualitative jump that should be encouraged." He said the "pricing policy" of petroleum products and electricity which will be

implemented after approval by the cabinet, would not affect trade activities in the Kingdom.

Dr. Khatib said the most important national project to be pursued in 1985 will be drilling for oil in the Jordanian desert. He said the government has allocated JD 14 million for oil prospecting and for drilling 10 new wells.

Jordan so far has struck oil in two wells in the Azraq area in the north eastern desert with an estimated output of 1,300 barrels per day (bpd). Oil experts working on the site had told the Jordan Times the Kingdom can increase this quantity through a chemical process to meet up to one third of the country's needs for oil in a matter of two years.

Director General of the National Resources Authority (NRA) Yusef Nimri, attending Tuesday's press conference held at the headquarters of the Jordan Electricity Authority (JEA) said the government has doubled its budget for oil exploration in the Kingdom. He said that initial results of the search for oil has encouraged the government to continue exploration next year, but he gave no details.

Dr. Khatib said the government

hoped to find oil in commercial quantities by 1987 to help meet part of Jordan's petroleum needs at present imported from Saudi Arabia and Iraq.

Meanwhile, oil pumped from the two wells in Azraq is being stored in special tanks to be transported by trucks to the Jordan Petroleum Refinery Company in Zarqa. The process started three weeks ago, Dr. Khatib said.

A study has been finalised to utilise black coal instead of petroleum to generate electricity thereby reducing the cost of activating generators, Dr. Khatib revealed. He said there are also plans to start implementing this project in 1985 to be able to reduce cost by one third by 1990.

By 1986, the Aqaba thermal power station will become operational, reducing electricity cost for citizens there. There is also plan to utilise solar power as another source of energy, Dr. Khatib said.

Reviewing other potential sources of energy in the Kingdom, Dr. Khatib said that Jordan has large reserves of oil shale which can be extracted in the future. The cost of

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extracting crude from oil shale is not considered commercially viable, however. Experts predict that in the 1990's oil prices are expected to rise up to \$50 to \$60 a barrel which is when oil shale exploiting would be viable.

German experts who carried out studies on oil shale deposits in Jordan told the Jordan Times recently that oil shale found in the Kingdom is considered of the best quality in the world. Experts are continuously experimenting various technologies to reach the cheapest way to exploit oil shale.

Elaborating on the government's policy of rationalisation aimed to curb rising consumption, Dr. Khatib said his ministry, in cooperation with other concerned ministries and government departments, would start an information campaign today, Wednesday, through Jordan Television, radio and the press to advise citizens on best ways to consume energy.

Campaigns to raise the awareness among schoolchildren will also be carried out in coordination with the Ministry of Education. Needed funds have already been allocated for this purpose, Dr. Khatib said.

In the field of transport, Dr.

Khatib said the ministry will work to reduce consumption rates by limiting the speed of vehicles on roads and that concerned departments have been notified. The government will also raise fees on car customs and registration, mainly on large and luxurious vehicles with a large consumption of fuel.

The ministry will also work to encourage group and public transportation. It has called consultants and energy experts to study the economics and technicalities of public transportation.

In the field of industry, specialised experts will be appointed in cooperation with the World Bank to carry out studies on 10 major industries in the Kingdom and ways of rationalising energy. In planning for future industries, the ministry, Dr. Khatib said, will volunteer to assist any company or citizen willing to establish an industry by providing projections of the size of the energy bill. This will be in cooperation with the Ministry of Industry, he said.

In coordination with the Ministry of Public Works, Dr. Khatib added, the ministry will draw up standards for construction in which insulation materials would be used to preserve energy.

Jordan consumed 2.7 million

tonnes of crude oil in 1984 which meant that the average consumption per person reached 7.5 barrels while the world average is 11.5 barrels. Although the Jordanian average is below the world average, it is considered a lot higher than the average consumption per person in Third World countries which is five barrels. In the Arab World, the average is six barrels.

Dr. Khatib said the utilisation of energy to produce the gross domestic product (GDP) was too high as Jordan consumes 625 kilogrammes of fuel to produce \$1,000 of the GDP — a rate 10 per cent higher than world rates.

In the period between 1973 and 1983, Jordan's consumption of energy increased by 14 per cent while the world's consumption in the same period increased by only 1.2 per cent. The increase in value of the U.S. dollar, the currency with which Jordan pays its oil bill, "only made things worse," Dr. Khatib said.

Attending the press conference were also Acting JEA Director General Walid Ja'ouni, JEA Director of Public Relations Marzouq Hadid and a number of officials from the Ministry of Energy and Mineral Resources.