

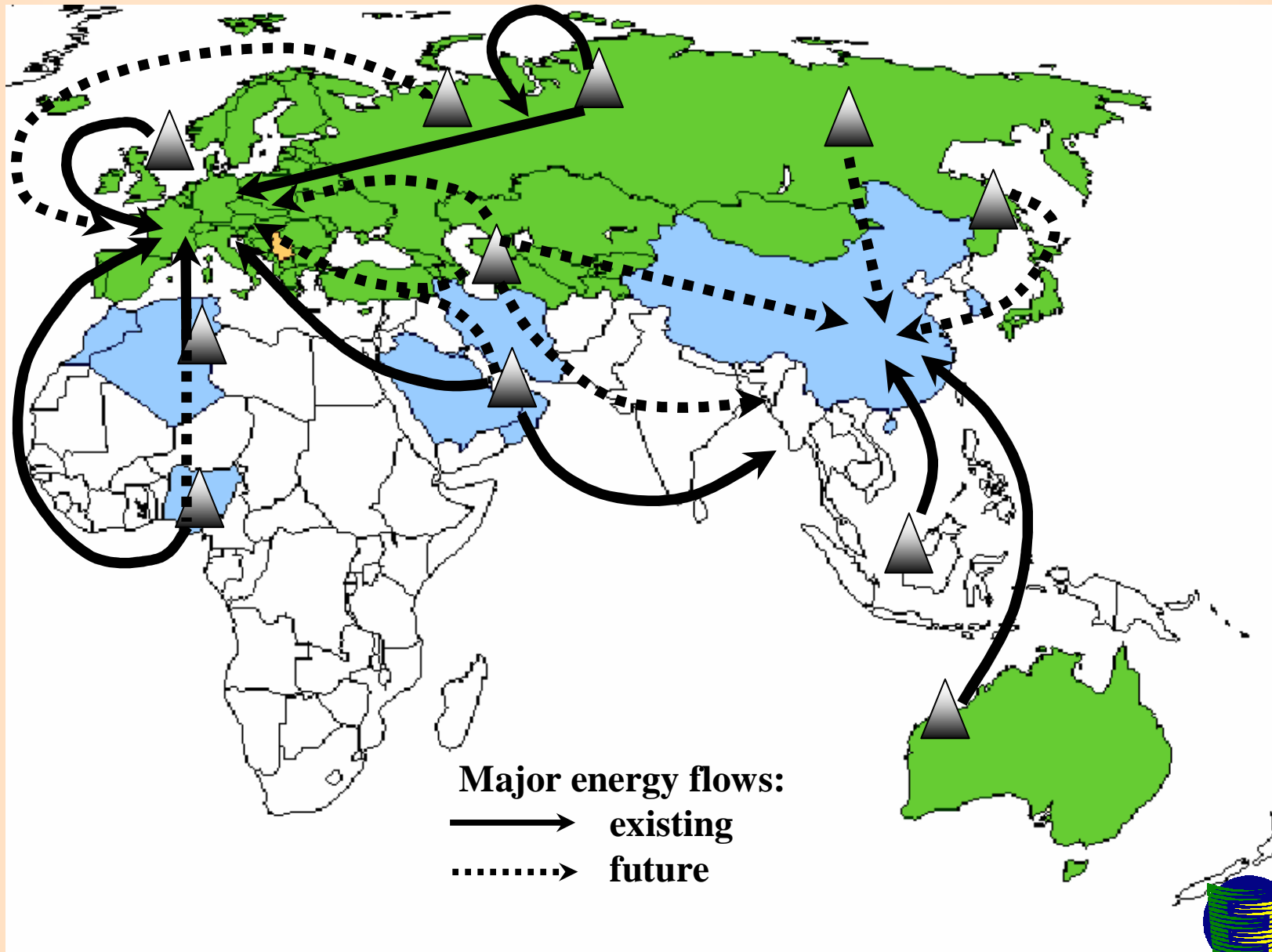
**International Law Instruments in Diminishing Risk and
Increasing Opportunities in Caspian & Central Asian Oil &
Gas Pipeline Partnerships**

(Opening Remarks of the Day Two Chairman)

**Dr.A.Konoplianik
Deputy Secretary General
The Energy Charter Secretariat**

**Risk and Opportunities in Caspian & Central Asian Oil & Gas Pipeline Partnerships
26-27 January 2004, London**

ENERGY CHARTER WORLD AND MAJOR ENERGY FLOWS IN THE EASTERN HEMISPHERE

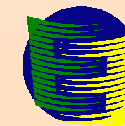


Dr. A. Konoplianiuk, 26-27 January 2004, London - Figure 1

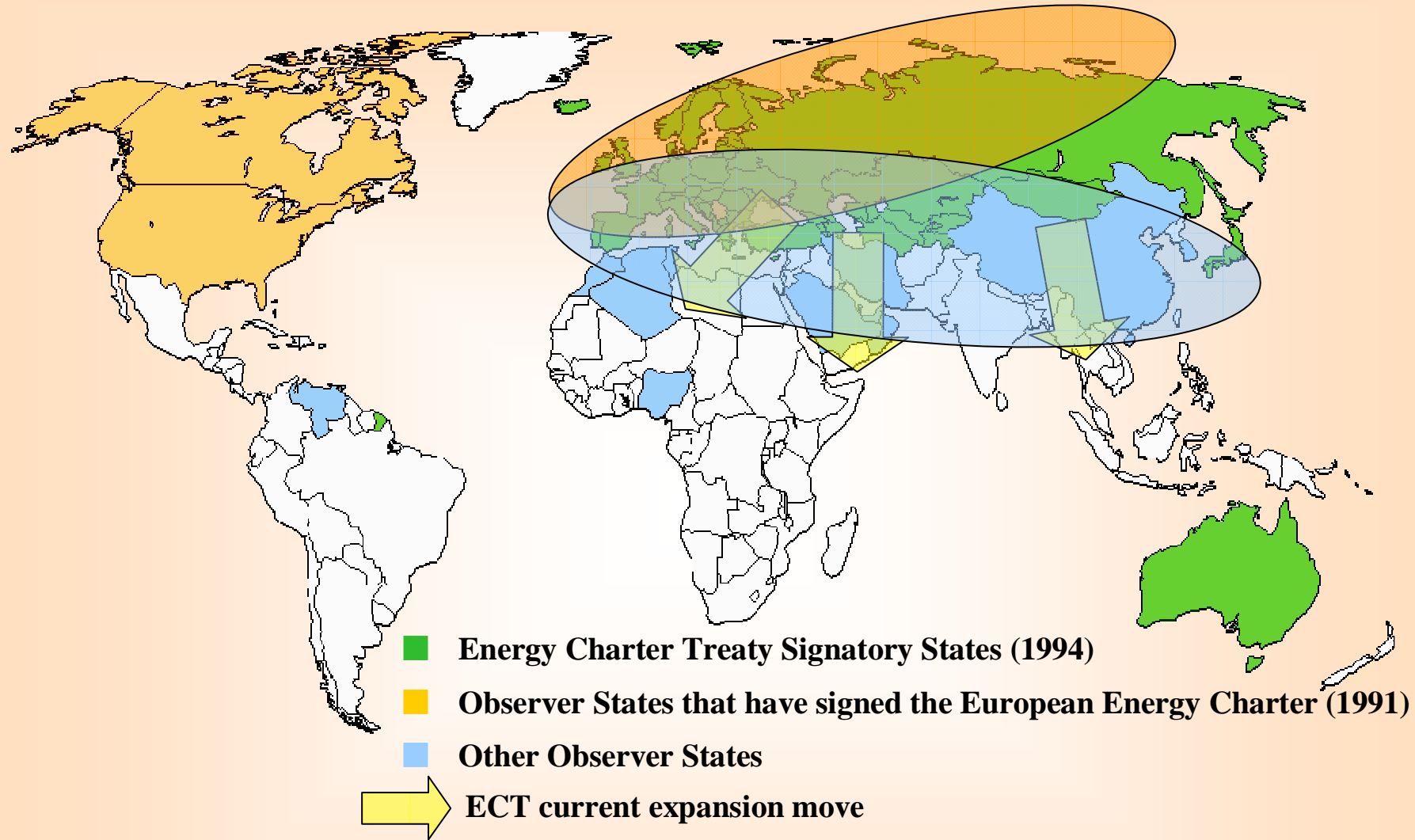
GAS TRANSIT ROLE FOR MAIN EXISTING (1999) AND PROSPECTIVE EXPORTERS TO EUROPE

Country-exporter	Direct supplies, % of volume of exports	Transit through the territory of: % of volume of exports			
		one country	two countries	three countries	four countries
EXISTING EXPORTERS					
Netherlands	76,2	13,8	10,0	-	-
Norway	67,7	7,5	21,4	3,4	-
Algeria	44,9	14,8	9,6	24,3	6,4
Russia	39,5	9,4	11,4	28,1	11,6
PROSPECTIVE EXPORTERS					
Turkmenistan:					
- NW bound	√	--	--	--	--
- SW bound (x)	--	√	√	√	√
Kazakhstan:					
- NW bound	√	--	--	--	--
- SW bound (x)	--	--	--	--	?
Azerbaijan (x)	--	√	√	√	√
Iran (x)	√	√	√	√	√
Nigeria	--	--	√	√	√

(x) Turkey = market and transit hub



ENERGY CHARTER TREATY: EMERGING GEOGRAPHY

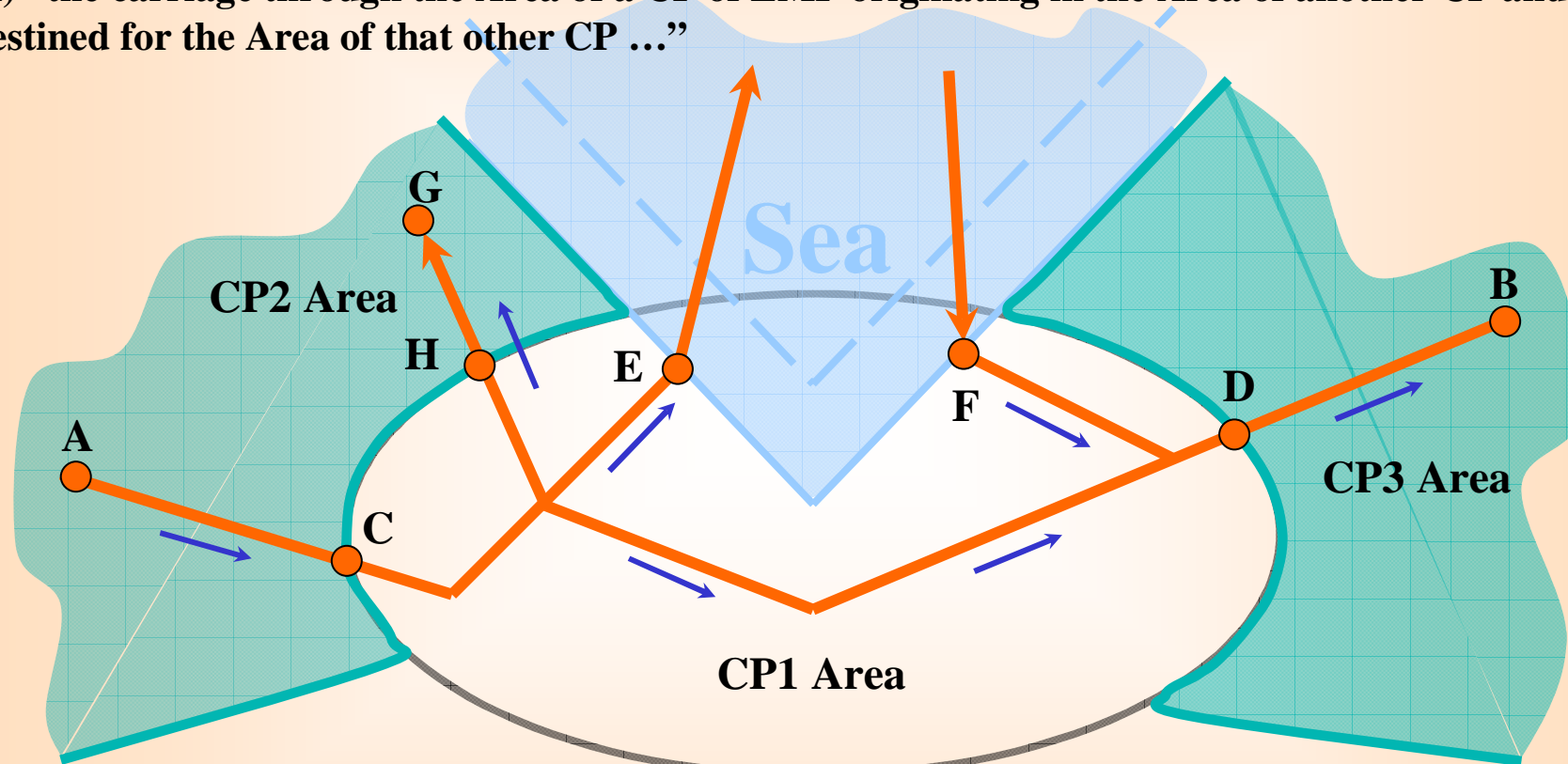


1. From trans-Atlantic political declaration to broader Eurasian single energy market
2. ECT expansion is an objective and logical process based on economic and financial reasons



DEFINITION OF TRANSIT (Art. 7(10) ECT)

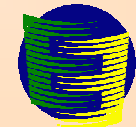
“...(a) Transit means: (i) the carriage through the Area of a CP, or to or from port facilities in its Area for loading or unloading, of EMP originating in the Area of another state and destined for the Area of a third state, so long as either the other state or the third state is a CP; or (ii) the carriage through the Area of a CP of EMP originating in the Area of another CP and destined for the Area of that other CP ...”



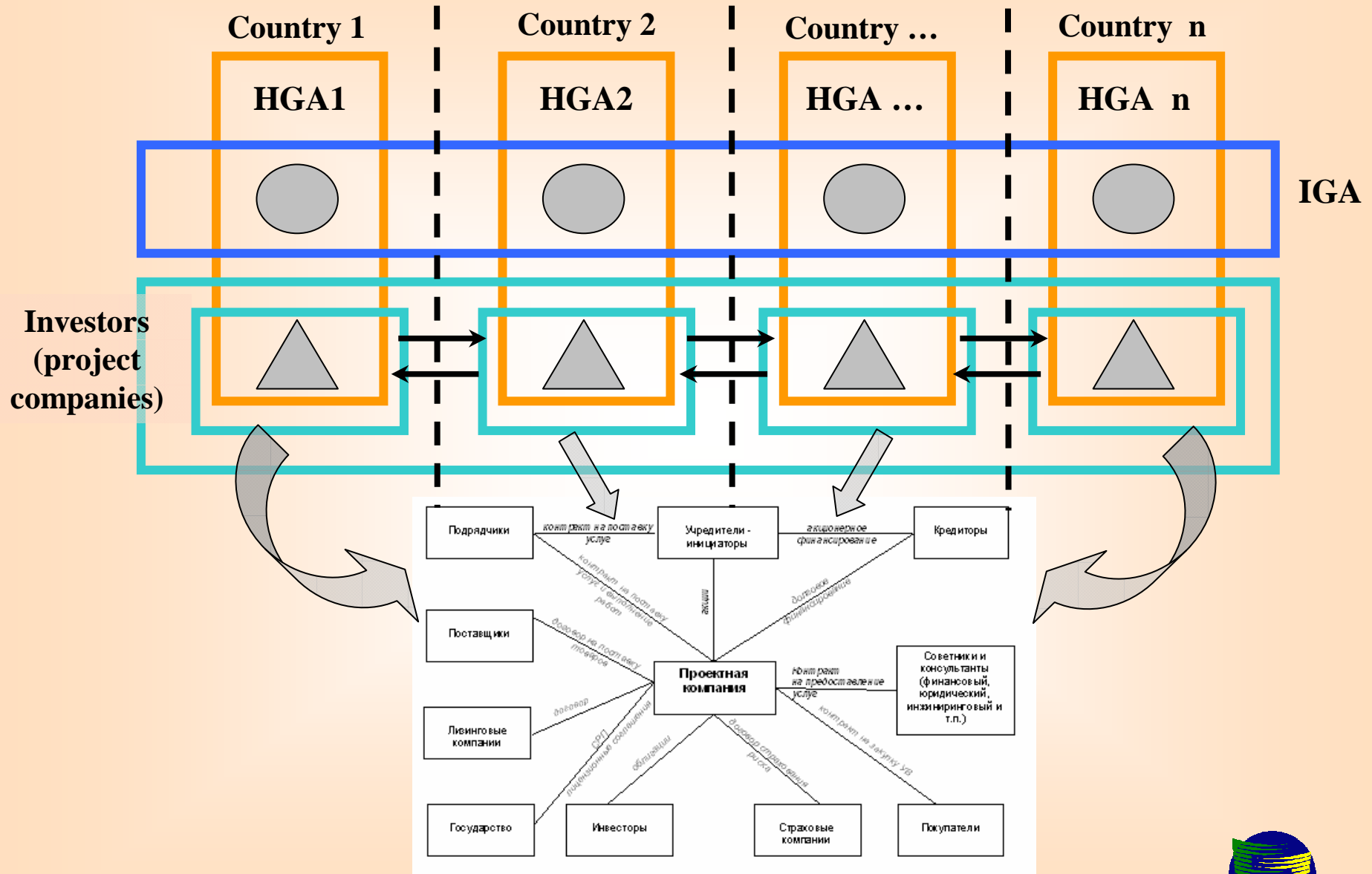
3 possibilities of energy supplies from A to B:

No transit (on-boarder sales at C and D), f.i. RUF-EU, Turkm-RUF, Kaz-RUF

Transit: • through the pipe owned/leased by shipper, f.i. Fr-Germ, Norw-Fr; planned RUF-CIS/EE
• through the pipe not owned by shipper



LEGAL STRUCTURE OF THE [CASPIAN] PRODUCTION & TRANSNATIONAL PIPELINE TRANSPORTATION CONTRACTS AND ECT



Dr. A. Konoplianiuk, 26-27 January 2004, London - Figure 5

