

**Kazakhstan Oil & Gas exports and the Energy Charter  
Protocol on Transit: Outstanding Issues and Draft Solutions**

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# DEVELOPMENT OF ENERGY MARKETS AND MECHANISMS FOR INVESTORS PROTECTION / STIMULATION

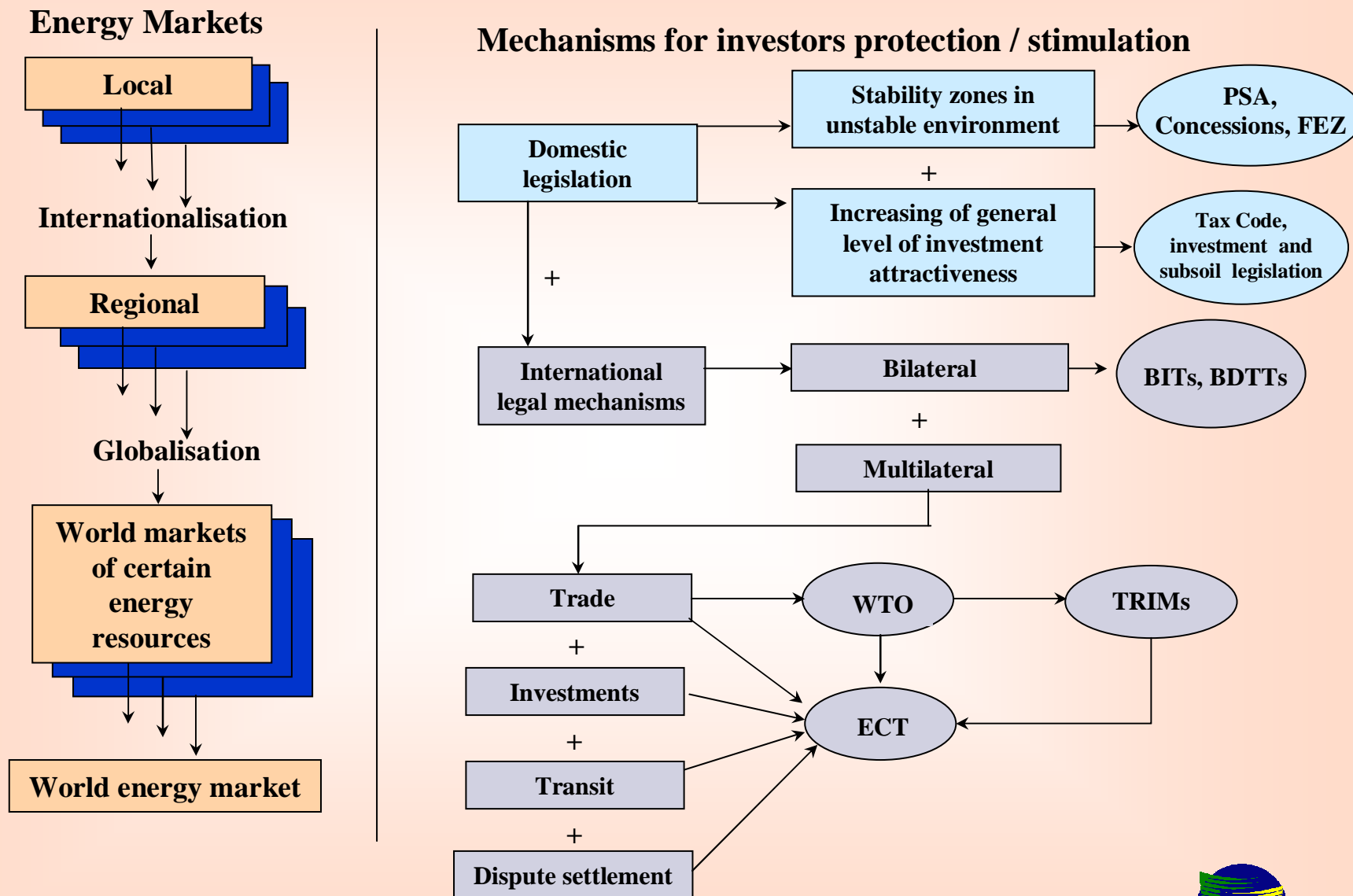
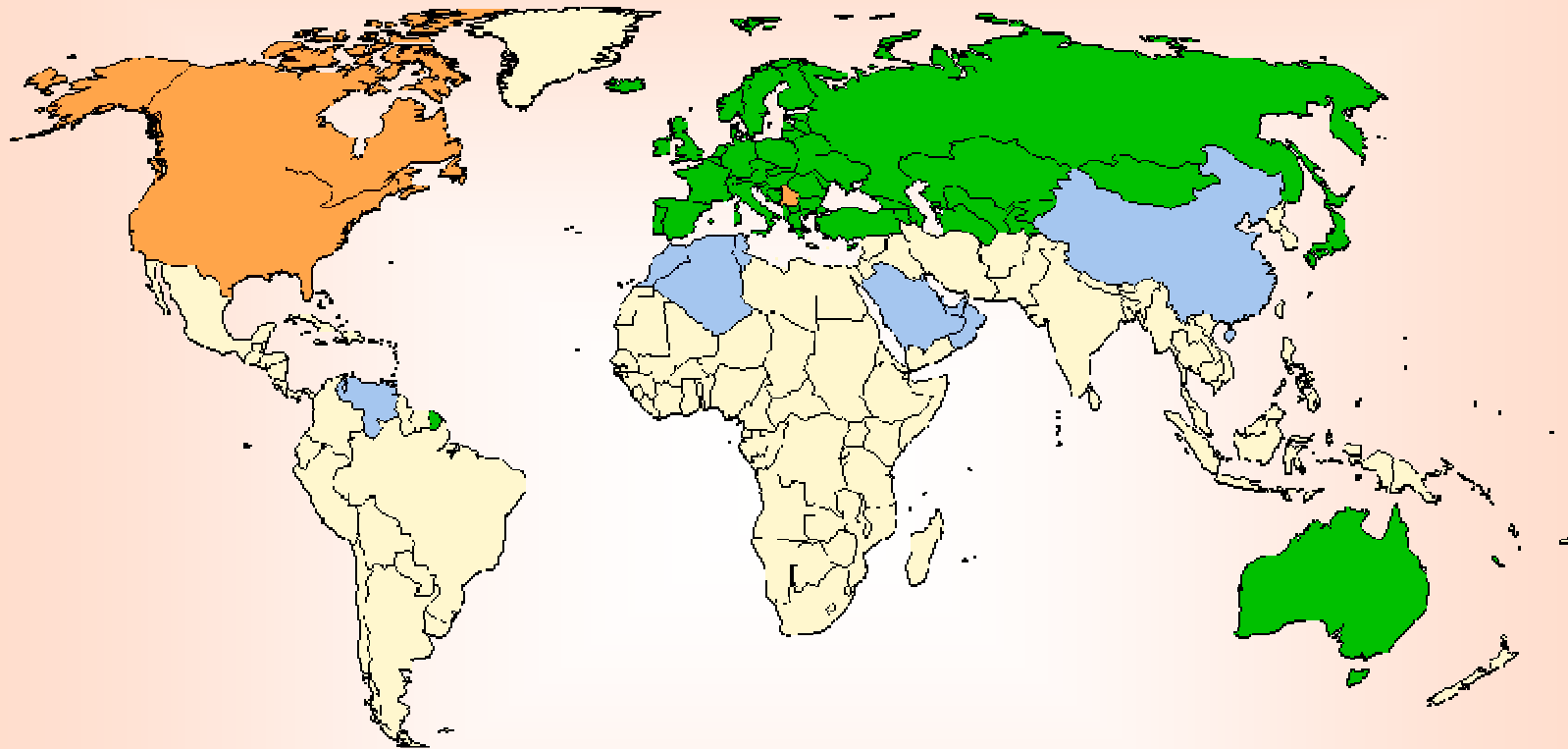


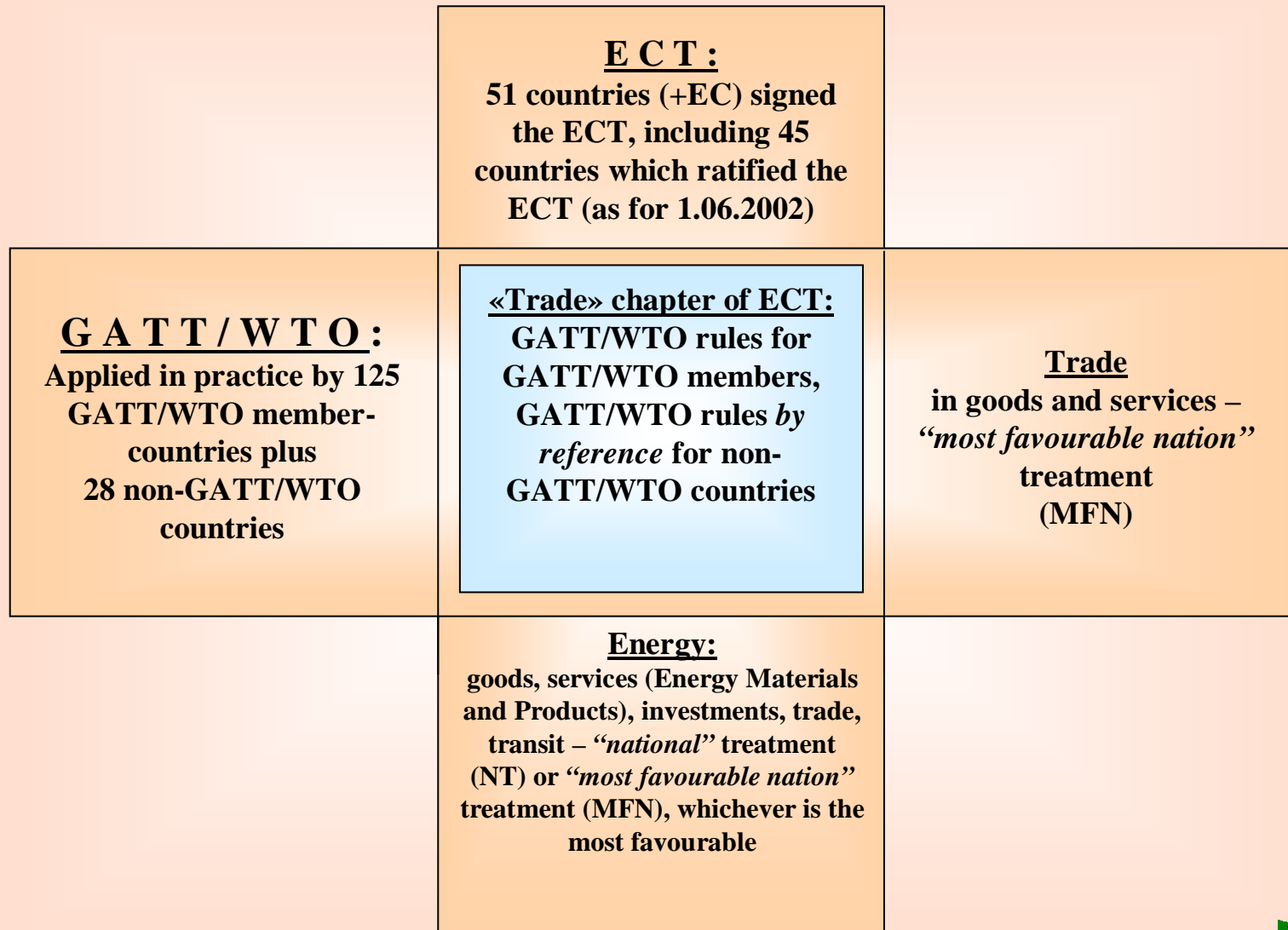
Figure 1

# ENERGY CHARTER TREATY: GEOGRAPHY



- Energy Charter Treaty Signatory States (1994)
- Observer States that have signed the European Energy Charter (1991)
- Other Observer States

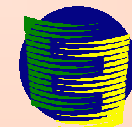
## CORRELATION BETWEEN GEOGRAPHICAL SCOPE AND ACTIVITY TARGET OF ECT AND GATT/WTO



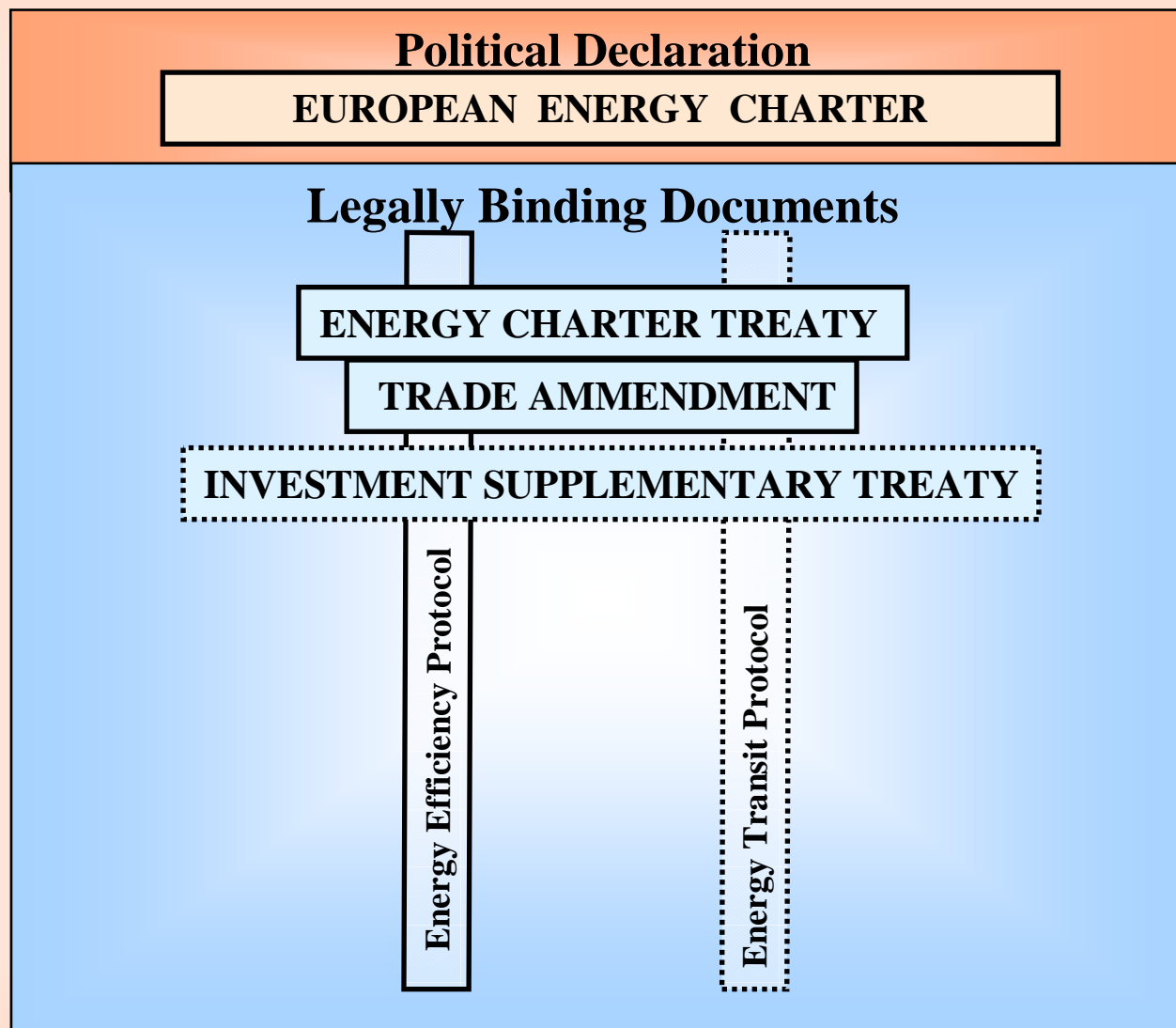
# ENERGY CHARTER HISTORY AND RUSSIA'S POSITION

<b>June 25, 1990</b>	<b>Lubbers' initiative presented in Dublin</b>
<b>December 17, 1991</b>	<b>European Energy Charter signed</b>
<b>December 17, 1994</b>	<b>Energy Charter Treaty (ECT) and Protocol on Energy Efficiency and Related Environmental Aspects (PEEREA) signed</b>
<b>June, 1996</b>	<b>Russia started ECT ratification process</b>
<b>April, 1998</b>	<b>ECT came into full legal power</b>
<b>June 1, 2002</b>	<ul style="list-style-type: none"> <li>• <b>ECT signed by 51 states + European Communities = 52 ECT Contracting Parties</b></li> <li>• <b>ECT ratified by 45 states (excl. 6 countries: Russia, Belarus, Iceland, Japan, Australia, Norway ) + EC</b></li> <li>• <b>Russia: provisional application, together with Belarus</b></li> </ul>

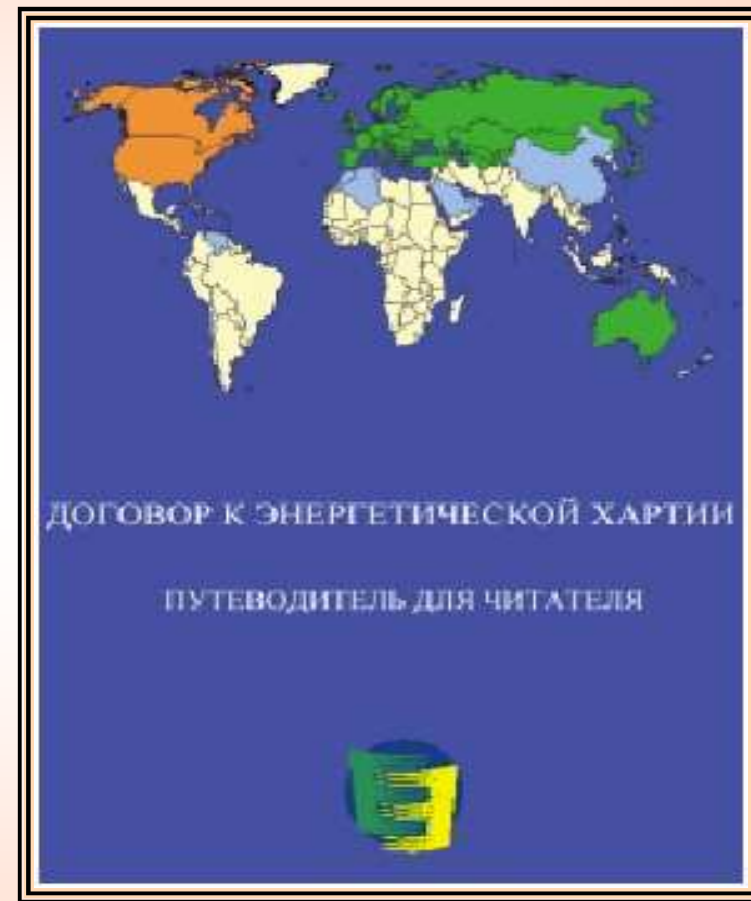
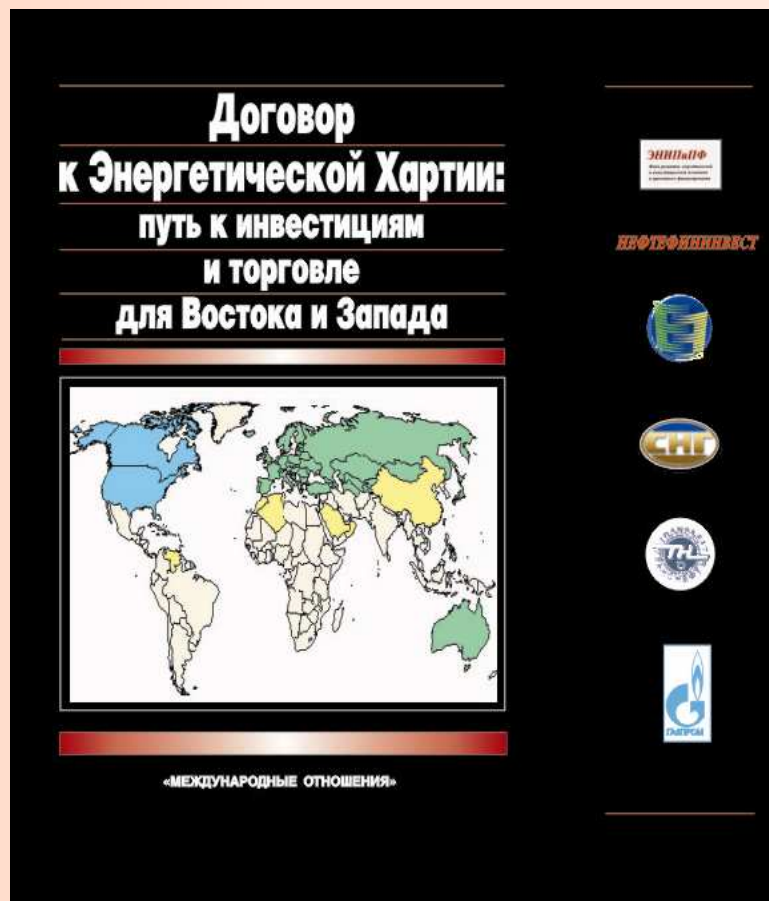
**RF State Duma: Russia will ratify ECT, but not yet (depending on Transit Protocol)**



# ENERGY CHARTER AND RELATED DOCUMENTS



# MOST RECENT PUBLICATIONS ON ECT:



# LIST OF OUTSTANDING ISSUES RELATED TO TRANSIT OF ENERGY

*1. Transit tariffs*

*2. Right of first refusal*

*3. REIO clause*

\* \* \* \*

**4. Available capacity**

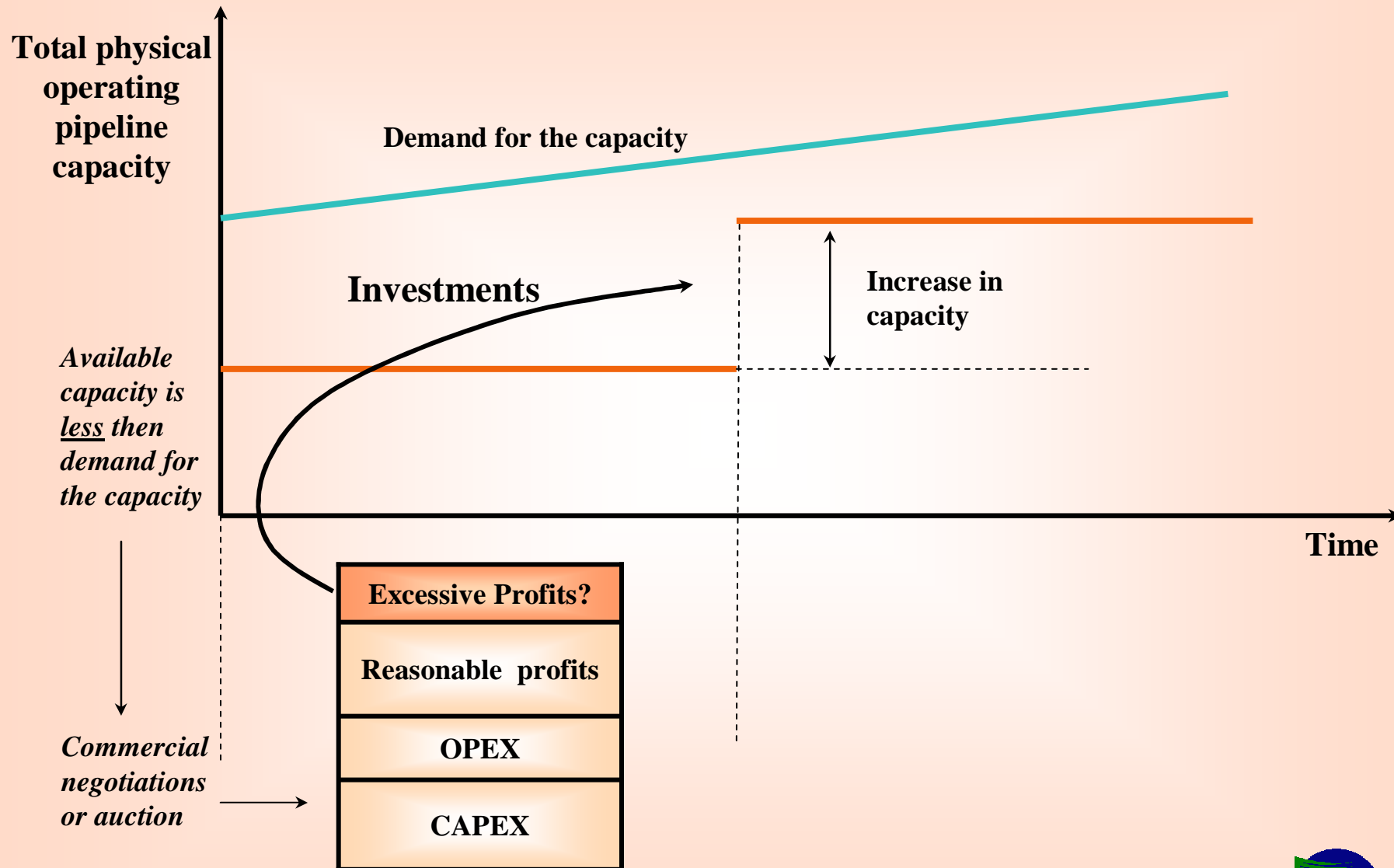
**5. Environment**

**6. Geographical scope**

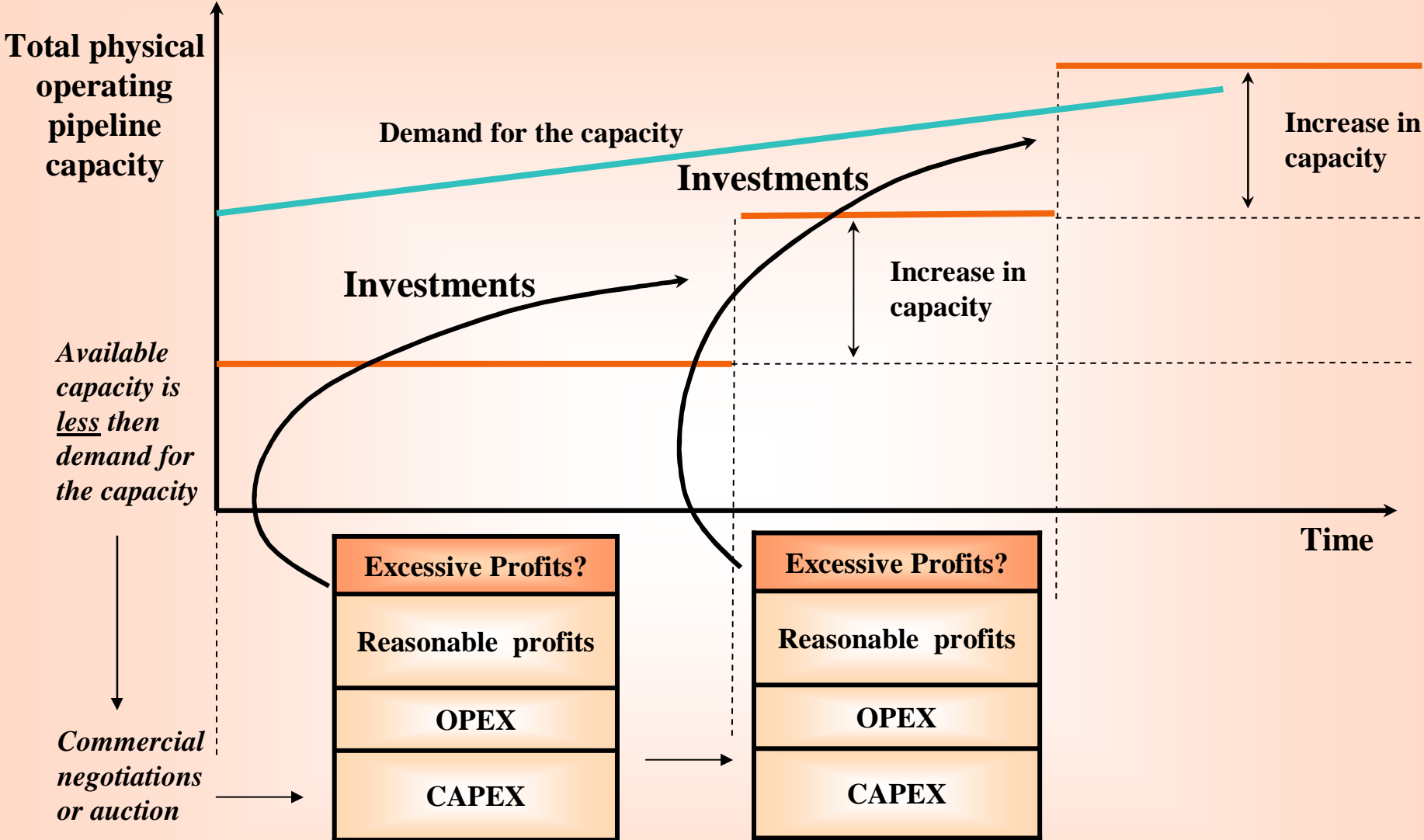
**7. Conciliation of transit disputes**



# TRANSIT TARIFFS



# TRANSIT TARIFFS (continued)



Commercial negotiations or auction

# TRANSIT TARIFFS (continued)

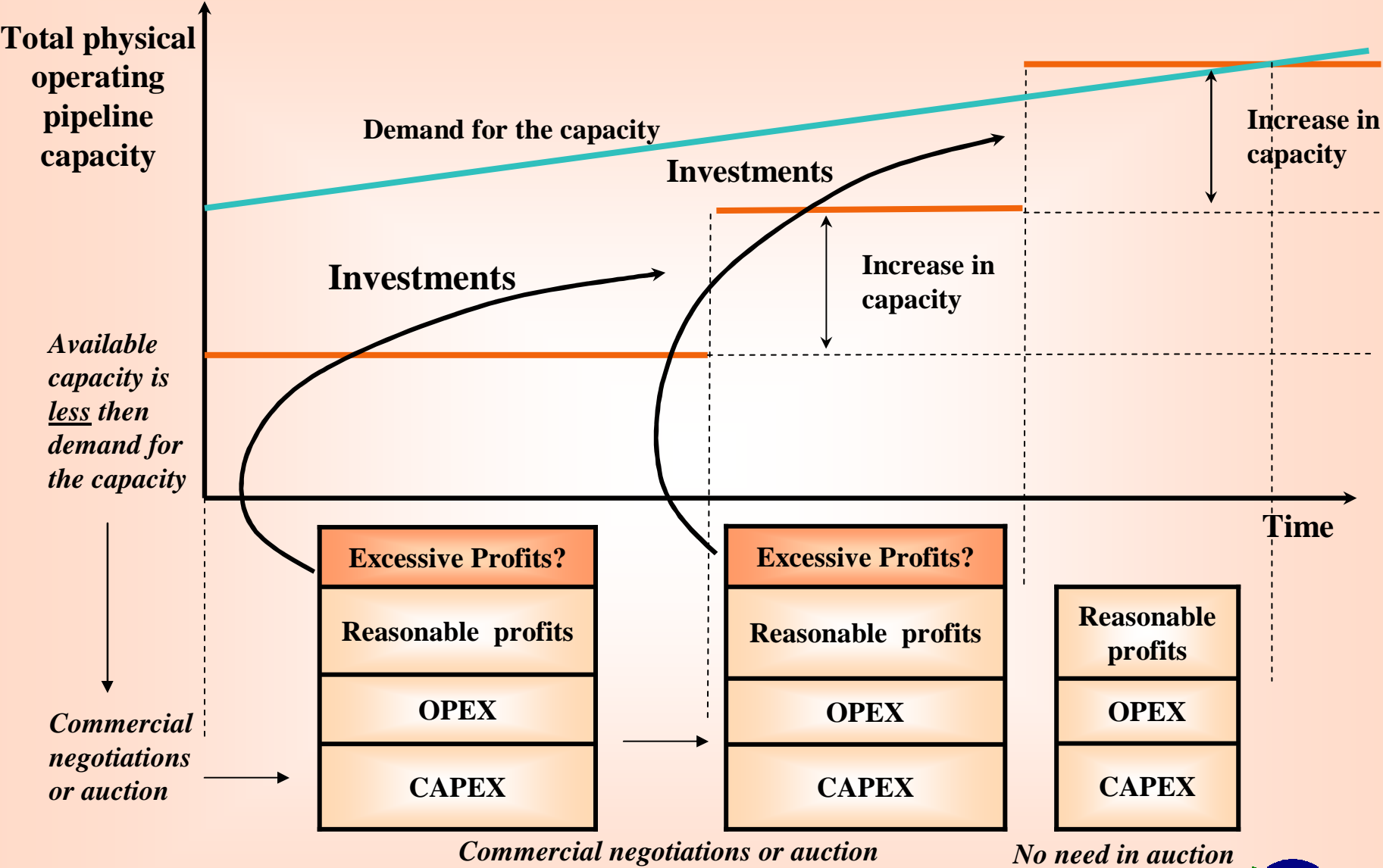
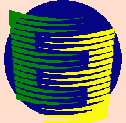
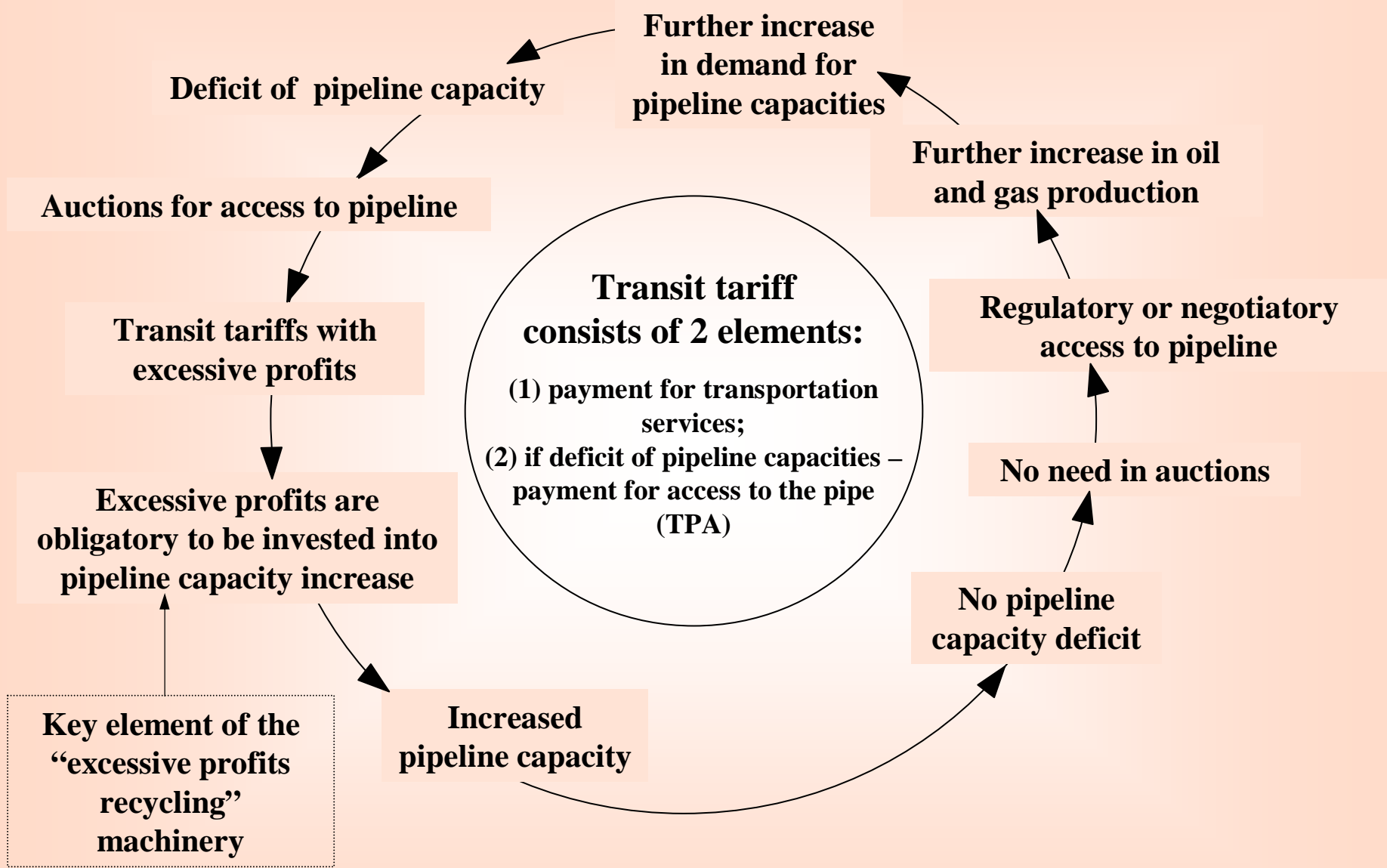


Figure 8b

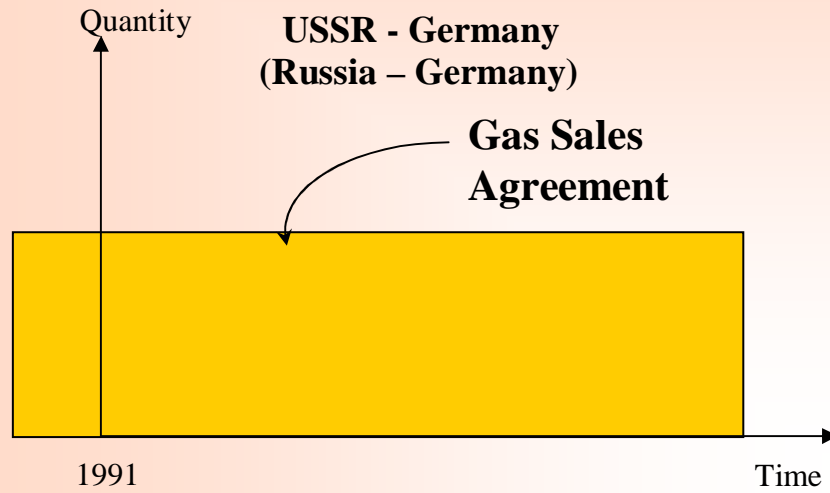


# TRANSIT TARIFFS AND AUCTIONS: “EXCESSIVE PROFITS RECYCLING” MACHINERY

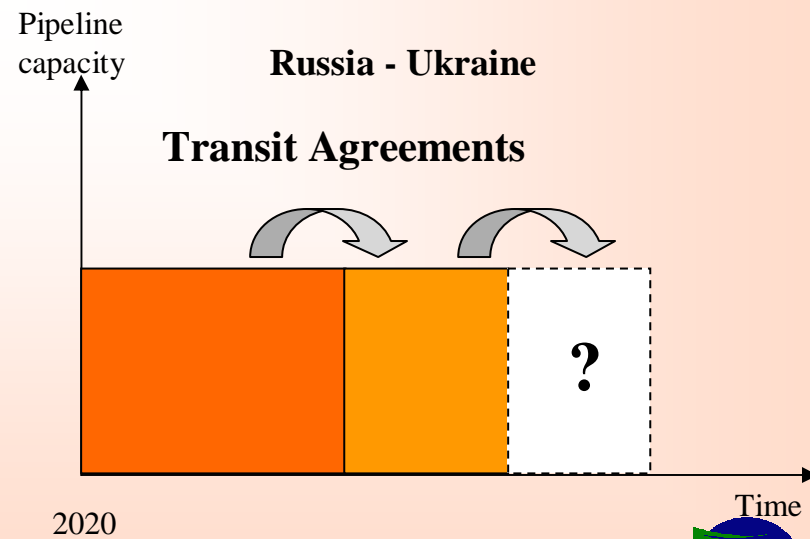
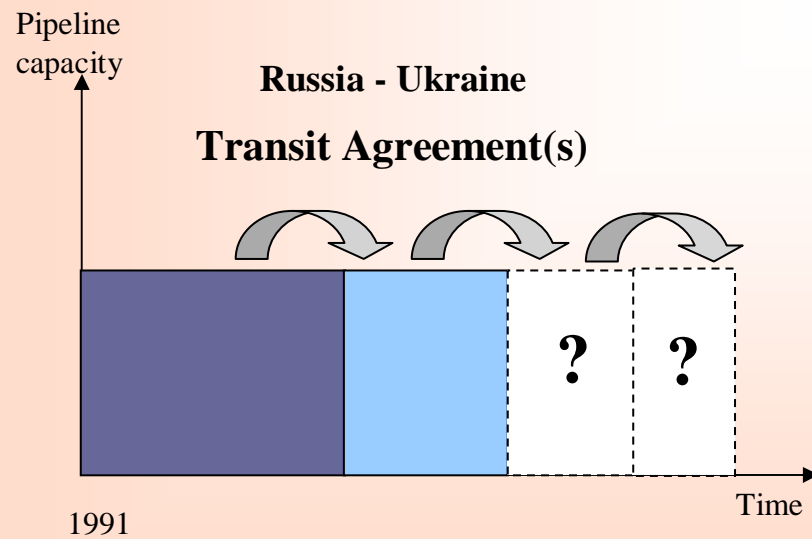
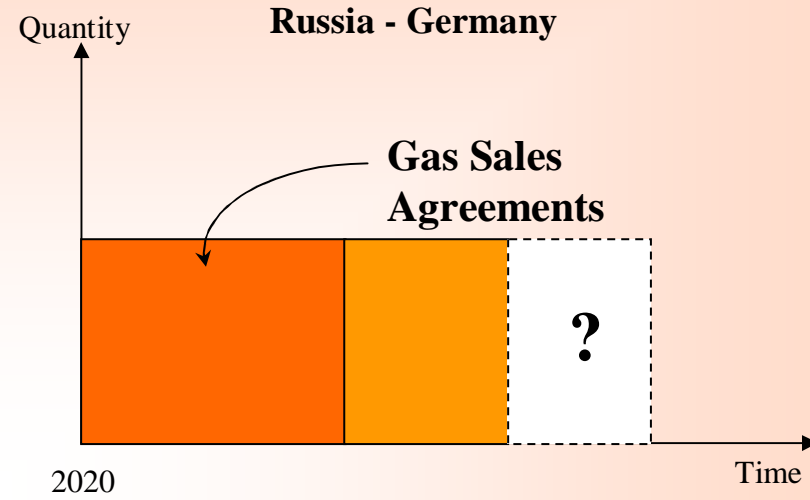


# RIGHT OF FIRST REFUSAL

**Currently**



**In the future**



## REIO CLAUSE: GEOGRAPHICAL SCOPE (EC - 15)

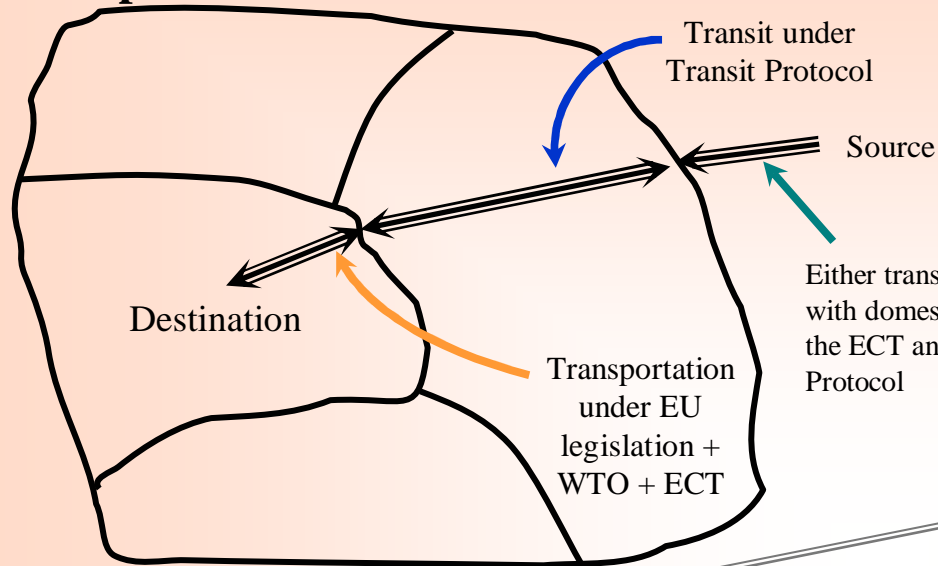


## REIO CLAUSE: GEOGRAPHICAL SCOPE (EC - 30)



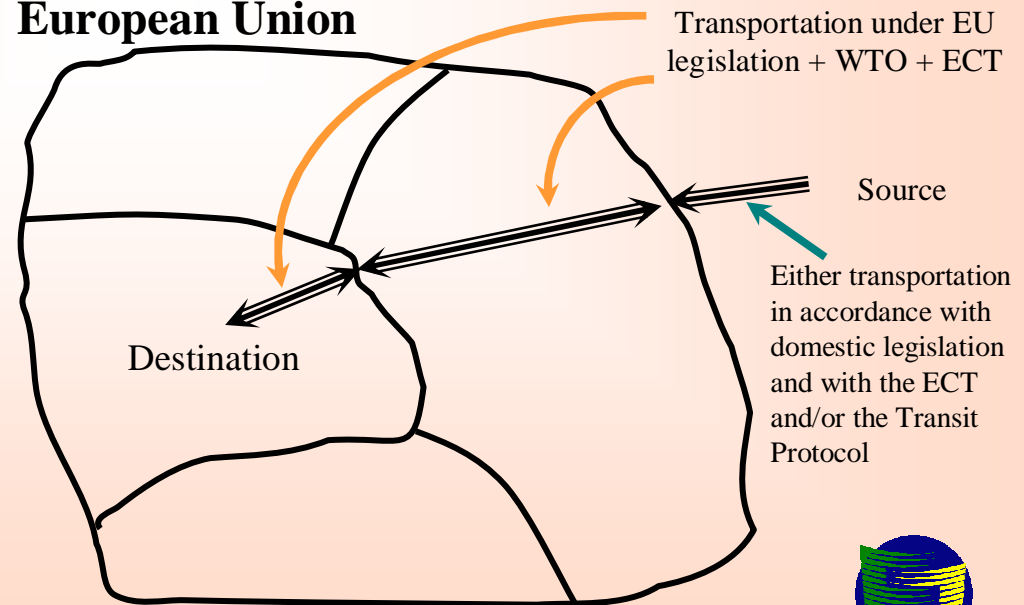
# REIO CLAUSE: LEGAL ASPECTS

## European Union



## (a) Before REIO:

## European Union



## (b) After REIO: