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## U.S. TRADE AND DEVELOPMENT AGENCY

**FOR IMMEDIATE RELEASE**

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### **USTDA AWARDS \$1.7 MILLION GRANT FOR STUDY OF TRANS-CASPIAN OIL AND GAS PIPELINES**

BAKU, AZERBAIJAN (August 16, 2007) – Continuing the U.S. Government’s commitment to improve world energy security, assist in the development of new energy transportation corridors, and promote growth in Azerbaijan and the entire Caspian region, USTDA awarded a \$1.7 million grant today to the State Oil Company of the Azerbaijan Republic (SOCAR). The grant, which will be used to conduct early investment analysis on proposed Trans-Caspian oil and gas pipelines, was awarded as a concrete example of U.S. – Azerbaijan cooperation in the energy sector.

“This is a critical part of the next phase in the development of Caspian oil and gas resources,” said USTDA General Counsel James A. Wilderotter. “We look forward to the day when oil and gas will flow to customers in Europe through these pipelines.”

A signing ceremony to officially confer the grant was held at the Azerbaijan Ministry of Foreign Affairs. Mr. Wilderotter and Mr. Rovnaq Abdullayev, President of SOCAR, signed the grant agreement on behalf of the U.S. Government and SOCAR, respectively. The Honorable Daniel Sullivan, U.S. Assistant Secretary of State for Economic, Energy and Business Affairs, and His Excellency Elmar Mammadyarov, Foreign Minister of Azerbaijan, signed as witnesses to the grant agreement.

The feasibility study funded by the USTDA grant will include technical and economic analysis of a gas pipeline from Kazakhstan to Azerbaijan through Georgia to Turkey and an oil pipeline from Kazakhstan to Azerbaijan. It will include a determination of exportable quantities and net-back estimates for natural gas producers, the preparation of preliminary designs, and an estimation of capital and operating costs. When constructed, the pipelines will provide alternate export routes for oil and gas from Kazakhstan to markets in Turkey, Europe and the world. In addition, the pipelines will contribute to the energy security of Europe.

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Kazakhstan is an important oil producer, but is landlocked and relatively far from oil importing countries. At present, Kazakhstan produces 1.5 million barrels per day and this amount is expected to increase to 3.5 million by 2015. Furthermore, natural gas production in Kazakhstan is estimated to increase from nearly 30 billion cubic meters (bcm) in 2005 to over 70 bcm by 2015, with much of the increased production available for export. Current oil and gas export pipelines in the region do not have enough capacity to handle these increased volumes, so the additional capacity that the Trans-Caspian pipelines will provide is needed.

The opportunity to provide assistance to SOCAR under the USTDA grant awarded today will be competed on the Federal Business Opportunities website at [www.fbo.gov](http://www.fbo.gov). Interested U.S. firms should submit proposals following the instructions in the Federal Business Opportunities announcement. SOCAR will select the U.S. firm that will provide the USTDA-funded assistance associated with the grant.

The U.S. Trade and Development Agency advances economic development and U.S. commercial interests in developing and middle-income countries. The agency funds various forms of technical assistance, early investment analysis, training, orientation visits and business workshops that support the development of a modern infrastructure and a fair and open trading environment. USTDA's strategic use of foreign assistance funds to support sound investment policy and decision-making in host countries creates an enabling environment for trade, investment and sustainable economic development. In carrying out its mission, USTDA gives emphasis to economic sectors that may benefit from U.S. exports of goods and services.

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