

# Energy Policy in Russia and the Impact on Trade in Natural Gas

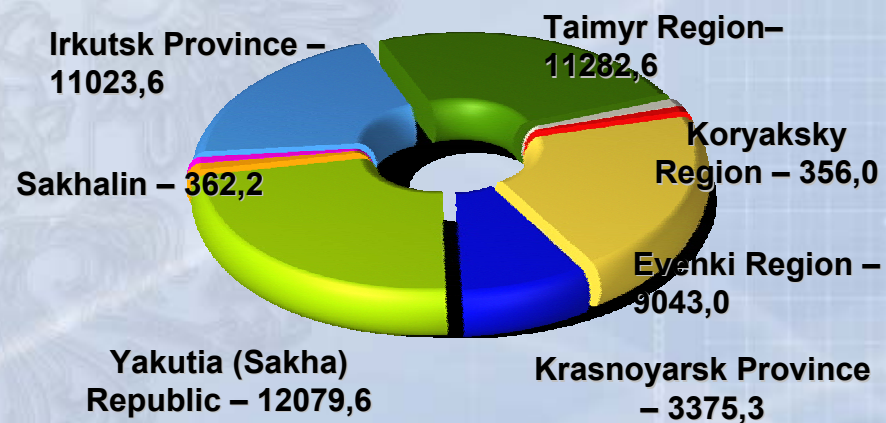
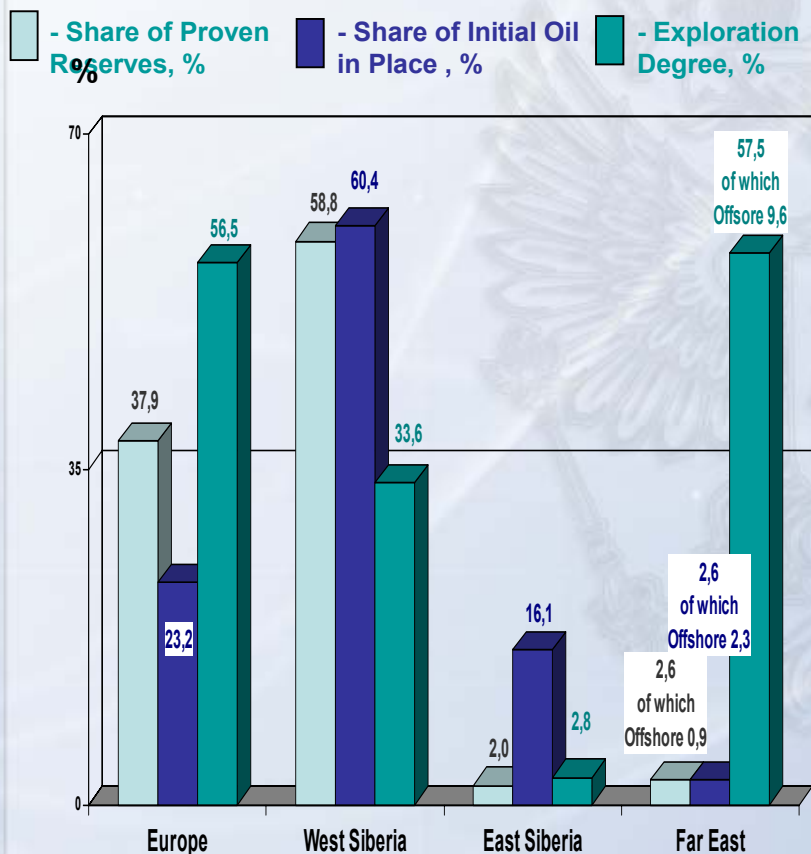
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## Estimates of Oil Resources

## East Siberia and Far East onshore gas resources (bcm)



# ENERGY STRATEGY OF RUSSIAN FEDERATION THROUGH 2020

## Geographical Distribution of Russia's Gas Production, bcm



## Expected Demand for Russian Gas in Asia-Pacific Region, (bcm)

	2010	2015	2020
<b>CHINA, of which</b>	<b>2,0</b>	<b>9,7</b>	<b>17,0</b>
<i>pipeline</i>	2,0	8,5	15,0
<i>LNG</i>	–	1,2	2,0
<b>REPUBLIC OF KOREA, of which</b>	<b>7,5</b>	<b>12,3</b>	<b>17,0</b>
<i>pipeline</i>	3,0	6,5	10,0
<i>LNG</i>	4,5	5,8	7,0
<b>JAPAN</b>	<b>4,0</b>	<b>6,5</b>	<b>9,0</b>
<b>TAIWAN</b>	<b>1,0</b>	<b>2,0</b>	<b>3,0</b>
<b>USA</b>	<b>2,0</b>	<b>3,5</b>	<b>4,0</b>
<b>TOTAL</b>	<b>16,5</b>	<b>33,9</b>	<b>50,0</b>

# Alternative Transportation Routes of Eastern Siberia and Far East Gas (the "West" option)



# Alternative Transportation Routes of Eastern Siberia and Far East Gas (the "Center" option)



# Alternative Transportation Routes of Eastern Siberia and Far East Gas (the "East" option)



## Risk-bearing factors by segment

### **Gas Production:**

- considerable distances from production centers to markets;
- rational utilization of associated gas depends on the timing of oil fields development;
- inconsistency of licenses terms and actual development progress on certain fields

### **Gas Transportation Infrastructure:**

- raising sufficient investment capital;
- guarantees of long-term supply contracts;
- regionally locked markets

### **Marketing:**

- limited capacity of internal (East Siberia and Far East) markets;
- strong competition with local coal and hydropower producers;
- uncertainty concerning gas prices at some of exports markets

## Responsibility distribution in risks management

### **Government of the Russian Federation:**

- intergovernmental agreements;
- diplomatic support of Russian companies operating in Asia-Pacific region;
- solution of social problems in affected regions;
- optimized combination of administrative and market tools;
- adaptation of regulatory provisions

### **Russian oil and gas companies:**

- financial risks associated with market assessment and contract terms;
- operational, technical and environmental risks (pipeline operation risks excluded)

### **Program Coordinator:**

- operation of gas transmission pipelines;
- contract prices collapse below planned level