

## ATTACHMENT 1

Principal economic benefits of the projects are expected to accrue from the following:

- **Capital investment** - ACG full field development and the BTC project would result in projected capital expenditure of over \$15 billion over 20 years.
- **Operations expenditure** - for the pipeline project, operational expenditures are forecast to peak by 2009 at \$200 million per annum for the three countries combined.
- **Multiplier benefits** – all expenditures in-country are expected to have an additional “multiplier” effect on the local economy, which is a real benefit despite the difficulty of accurately estimating its quantitative consequences.
- **Employment** - even though oil and gas projects are not labor intensive, the projects are creating temporary and permanent employment in the region, important because unemployment and underemployment levels are high in all three countries. During peak construction activities, there could be up to 10,000 people employed, with citizens of Azerbaijan, Georgia and Turkey filling a significant percentage of these jobs.
- **National revenues** – current forecasts indicate that the ACG and BTC projects have the potential to generate significant revenues for Azerbaijan, Georgia and Turkey. The projects will periodically report on their economic, social and environmental performance, including reported revenues to the governments, and these documents will be made available to the public.

### Azerbaijan

ACG Fields: the government of Azerbaijan, including SOCAR which is the 100% government-owned oil and gas company, will receive approximately \$27 billion during the economic life of the ACG fields (2005 – 2024) through profit oil, taxes, royalties, bonus payment, etc. using the World Bank oil price projection and proved plus probable reserves.

BTC Pipeline: Transit-related revenues from BTC pipeline for the life of BTC project (2005 – 2024) are expected to amount to about \$500 million through the 27% profit tax on BTC Co's. taxable income attributed to operations in Azerbaijan.

### Georgia

BTC Pipeline: As a transit country, government of Georgia will earn revenues in the form of BTC transit fees, which vary from \$0.12 to a maximum of \$0.25 per barrel. For the life of the BTC pipeline (2005 – 2024), the revenues to government will amount to approximately \$600 million. The revenue for BTC will peak when BTC reaches the full capacity of 1 million barrels per day in 2009 – 2012 at approximately \$50 million per year (or almost 10% of the current annual government revenue).

## Turkey

ACG Fields: TPAO, a state-owned company of Turkey, will earn revenues of approximately \$1 billion over the economic life of the ACG fields as a PSA financing party (6.75%) in ACG fields.

BTC pipeline: government of Turkey's transit related revenue will amount to approximately \$1.0 billion based on transit fees starting at \$0.20 per barrel of oil. In addition, an operating fee of \$0.35 to \$0.43 per barrel will be payable to BOTAS, the Turkish government-owned pipeline company, that will operate the Turkish section of the pipeline.