



U.S. TRADE AND DEVELOPMENT AGENCY

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USTDA ENCOURAGES SUSTAINABLE OIL AND GAS DEVELOPMENT IN GEORGIA

HOUSTON, TX and TUPELO, MS (FEBRUARY 24, 2010) – This week, the U.S. Trade and Development Agency is sponsoring a visit by high-ranking Georgian officials responsible for design and procurement activities related to Georgia’s construction of new underground gas storage (UGS) facilities.

The visit is designed to develop relationships with the U.S. private sector from which Georgia could utilize U.S.-manufactured goods and services as it constructs underground storage facilities to ensure sufficient supplies of gas, especially during the cold winter months. The delegation will meet with U.S. companies that can provide technologies and services, which can assist in the construction of a new UGS facility at Ninotsminda, a project estimated to cost \$170 million. Design work for this project is being funded by the U.S. Government’s Millennium Challenge Corporation (MCC).

“The visit will help the Georgian delegation to understand the design, engineering and operation of UGS facilities,” said Leocadia I. Zak, USTDA’s Acting Director. “As they begin to evaluate options to construct new underground gas storage facilities, I am proud that USTDA is able to introduce the delegates to U.S. and multilateral financial institutions and U.S. firms that can provide technology, goods and services for the construction and operation of UGS facilities.”

In Mississippi (February 24) and Texas (February 25 – March 4), the Georgian delegation will visit multiple UGS facilities and will meet with U.S. companies and government officials in order to make contacts in the oil and gas sector and obtain information about modern UGS construction technologies, operations, and regulatory and management techniques.

As part of MCC’s \$395 million compact program with Georgia, the Government of Georgia will undertake studies required to prepare for the construction of an UGS facility to provide further energy security for Georgia. These comprehensive studies consist of a full economic, geological and environmental study, technical design and public and a private financing plan for the proposed gas storage facility and associated infrastructure.

“MCC recognizes that governments alone cannot reduce poverty and sustain economic growth - - collaboration with the private sector to leverage investments is critical,” said MCC Chief Executive Officer Daniel W. Yohannes. “The opportunity to learn from and collaborate with U.S. companies will empower the visiting Georgian delegation as they move forward with building an underground gas storage facility that will benefit Georgian households and businesses.”

Underground gas storage is needed within Georgia to ensure that natural gas service continues uninterrupted throughout the entire year even when there are temporary supply disruptions and to allow for regular gas deliveries from its suppliers. Georgia produces very little gas and currently has no UGS capability. Because the proposed facility represents approximately 20% of Georgia’s annual gas demand, the stored gas would provide a significant “cushion” for periods of interruption in service.

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, feasibility studies, 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.

The Millennium Challenge Corporation, a U.S. Government agency designed to reduce poverty in developing countries, is based on the principle that aid is most effective when it reinforces sound political, economic, and social policies that promote poverty reduction through economic growth. To date, MCC has launched 20 compacts and has funded 21 threshold programs, committing nearly \$7.7 billion to worldwide poverty reduction through results-driven programs built on measureable and transparent objectives. Some of MCC’s progress to date includes more than 102,000 farmers trained to boost productivity and food security and the ongoing construction of more than 1,200 kilometers of roads to facilitate access to markets, schools, and health clinics.

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