

CONTRACTS, JOINT AGREEMENT AND CHALLENGES OF DOING BUSINESS IN THE CASPIAN: AN INDEPENDENT'S VIEW

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Following the dissolution of the Soviet Union, Caspian region almost overnight Became one of the most intriguing areas of the world for oil and gas enterprises. However, with the exception of a few farsighted ones, no western oil company had an idea of the ways, and means of doing business in this virtually alien piece of earth. Their counterparts were no different; they didn't even have a clue with respect to western (or, should we say international?) petroleum industry practices. Moreover, the legal status of the Caspian Sea began to emerge as the subject of an endless debate among the littoral states, thus making things more complicated.

Now, after nearly a decade of continuous and usually cumbersome interaction among the parties involved, the oil and gas business climate of the region has changed drastically, in a positive direction. Parliaments, governments and state officials of the Caspian states sooner or later realized the importance of foreign investment and technology transfer into their respective countries and so, took the necessary legislative measures to ease them. They further realized that an agreement was nothing but a record of compromises and trade-offs, that an agreement should work to the benefit of both sides and that an agreement should be negotiated and drafted with a win-win approach in order to have a long term component attached.

In this presentation, the existing legal regimes and past and present business climates of some of the Caspian states will be described with examples emphasizing the dramatic change that occurred in the last couple of years.