

KTO transit tariff from Russia to China increased by 32%.

Altynay Ibraimova — January 04, 2019

According to KazTransOil, the Ministry of Energy of the Republic of Kazakhstan revised the tariffs for transit oil transportation of 10mn tons per year from Russia to China, approving for the period 2019-2023 tariff of \$15/ton. In particular, in the section “Border of Russia - Priirtyshk-Atasu (RK)”, including oil transshipment at the HOPS “Atasu” - \$4.23/ton and in the section Atasu - Alashankou (China) - \$10.77/ton.

In the period 2017-2018 the price of transit from Russia to China was \$11.36/ton, including \$3.11/ton to Atasu and \$8.25/ton to Alashankou.

Our view

Transit traffic from Russia to China accounts for a relatively small (compared to export) volume of KTO traffic — 10mn tons (22% in 2017). Despite this, we rate the news as clearly positive for KazTransOil shares and reiterate our Buy recommendation with 12M target price of T1582/share.

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