

**MEMORANDUM OF UNDERSTANDING ON INDUSTRIAL COOPERATION  
IN THE ENERGY SECTOR BETWEEN  
THE MINISTRY FOR FUEL AND ENERGY OF THE RUSSIAN FEDERATION  
AND THE EUROPEAN COMMISSION**

**Moscow, 11 February 1999**

**The undersigned:**

as the Minister for Fuel and Energy of the Russian Federation, Minister Generalov,  
and the Member of the European Commission responsible for Energy, Commissioner Papoutsis;

- considering the framework of the Agreement on Partnership and Cooperation signed between the European Communities and their Member States, of the one part, and the Russian Federation of the other part;
- bearing in mind the Second EU-Russian Industrialists' Round Table of May 1998, at which EU and Russian industrialists acknowledged the positive developments in industrial cooperation and expressed their readiness to contribute to further progress;
- recognising the strategic need for closer cooperation in the field of energy between the European Communities and the Russian Federation;
- recognising the added value of a framework of cooperation specific to the energy sector to promote the efficient production and use of energy and to foster investment in the sector;
- considering the importance of furthering the links between industries of the Russian Federation and the European Communities for the mutual benefit of both parties;
- bearing in mind the necessity of a continuous dialogue to develop a coherent and mutually reinforcing energy policy between the European Communities and the Russian Federation;
- noting the achievements made in industrial cooperation in the nuclear sector with a view to creating the conditions for enhanced cooperation;
- acknowledging the achievements of Technical Assistance projects and of the Synergy Industrial Cooperation Initiative (hereinafter referred to as "the Initiative") implemented with the support of the European Community;

give their full endorsement to the furthering of industrial cooperation in the energy sector, primarily with reference to the joint activities between the European Union and Russia, and notably through the proposed activities of the Industrial Cooperation Initiative, which it is intended will include the following:

- measures to facilitate access to finance for cooperation initiatives in the energy sector;
- activities in support of the promotion of trade and co-operation between EU and Russian companies active in the energy sector;
- measures to encourage the promotion of energy efficient practices in the energy sector;  
and
- training activities and personnel development.

The undersigned will promote cooperation activities and projects to foster industrial cooperation in the energy sector, taking into account possibilities existing under the Tacis programme.

The undersigned also undertake to continue the process of establishing a permanent and effective dialogue on energy policy issues of mutual importance in the context of the relevant PCA Sub-Committee and with the industry.

Regarding the Initiative, the undersigned:

- will work together for the successful development and implementation of the Initiative's activities;
- call upon the International Financial Institutions (particularly the European Bank for Reconstruction and Development and the IFC) to consider possible involvement in the proposed activities of the Initiative;
- call upon the energy industry of the European Union and the Russian Federation to involve themselves fully in the process of cooperation defined by the Initiative.

In particular, special consideration will be given to the development of a Leasing Fund, financed from a variety of commercial and institutional sources, designed to provide lease finance to Russian and European Union enterprises in the energy sector. Furthermore, special emphasis will be placed on promoting energy efficient technologies and equipment. Institutional support will concentrate on disseminating the results and on expanding EU-Russian trade enabled by access to finance.

With this in mind, the undersigned recommend continuing the process of industrial cooperation, as represented in the Initiative, in order to develop further links between industries in the energy sectors in the European Union and the Russian Federation, to work together for the achievement of common aims.

This memorandum does not create rights and obligations under international law between the undersigned; it is intended as a declaration of political intention.

Signed in Moscow on 11 February 1999 in two copies in Russian and in English. Both versions are equally authentic.