

**MEMORANDUM OF UNDERSTANDING
ON CO-OPERATION IN THE FIELD OF ENERGY
BETWEEN THE EUROPEAN UNION
AND THE REPUBLIC OF KAZAKHSTAN**

Having regard to the Communication of the Commission to the Council and the European Parliament on the Development of Energy Policy for the Enlarged European Union its neighbours and Partner Countries of 13 May 2003,

having regard to the Commission's Green Paper on a European Strategy for Sustainable, Competitive and Secure Energy of 8 March 2006,

having regard to the Conclusions of the Brussels European Council meeting of 23/24 March 2006 which underlined, inter alia, the importance of opening new gas supply routes from the Caspian region,

recalling the conclusions of the Ministerial Conference in Baku on 13 November 2004 on Energy Co-operation between the European Union, the Caspian Littoral States and their neighbouring countries in which the participants agreed on the mutual interest for:

- Supporting the gradual development of regional energy markets in the Caspian Littoral States and their neighbouring countries;
- Enhancing the attraction of funding for new infrastructures;
- Embarking on energy efficiency policies and programmes;
- Making progress towards a gradual integration between the respective energy markets and the European Union,

recalling that, as a result of the Ministerial Conference, four working groups have been created at a regional level covering:

- The harmonisation of the legal, regulatory and institutional framework;
- Enhancing the safety and security of energy production, transportation and supplies;
- Sustainable development;
- Investment attraction and project facilitation,

recognising the key role of Kazakhstan as a major gas and oil producer in the Caspian Sea region, and the mutual interest of both the European Union and the Republic of Kazakhstan for enhancing co-operation in the energy sector to increase the security of energy supplies and the predictability of energy demand.

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Whereas

- The energy sector is strategic for the economic and social development of Kazakhstan and also constitutes a substantial actual and potential external source of revenue. Enhancing consistency with the European Union's internal energy market would offer significant benefits in terms of the stability and attractiveness of the regulatory and investment framework for both International Financial Institutions and the private sector, with possibilities for further development of the resource base and enhancing internal and regional interconnections.
- An enhanced energy co-operation with the European Union could address more specifically those areas not already covered by the regional co-operation, as well as focus more clearly on those issues of particular mutual interest. This could also include improving the safety and environmental aspects of the maritime transportation of oil across the Caspian Sea.
- The European Union and the Republic of Kazakhstan will collaborate in improving the transit of hydrocarbon resources from Central Asia towards the European Union markets.

Recognising the necessity to adopt a comprehensive and balanced approach and taking into account that many issues of common interest are already addressed at a regional level, the Republic of Kazakhstan and the European Union express their readiness to cooperate on the elaboration of two roadmaps concerning enhancement of energy security and industrial cooperation respectively.

1. Road map for enhancing energy security

- 1.1 The European Union and the Republic of Kazakhstan will regularly exchange information on the development of policies that may have an impact on the production, processing, transportation and use of all energy resources, with a focus on energy security.
- 1.2 The European Union and the Republic of Kazakhstan will regularly consult on energy scenarios in order to have a joint understanding of possible future developments including, in particular, plans to expand production capacity and the energy transportation system as well as possible future trends in energy demand within the European Union.
- 1.3 In view of the importance for the European Union to diversify its energy supplies and for the Republic of Kazakhstan to diversify its energy markets and supply routes, both sides will cooperate in implementing the appropriate conditions to facilitate the development of new energy transportation infrastructure of mutual interest (ex. the Odessa - Brody - Plock oil pipeline) and, where necessary, to promote the upgrading of the existing infrastructure of mutual interest. Maritime safety issues and in particular the definition of navigation routes should be promoted under this roadmap.
- 1.4 The European Union and the Republic of Kazakhstan will cooperate in producing short reports on factual actions developed in the context of this Memorandum of Understanding.

2. Road map for enhancing industrial co-operation

Recognising the common interest in attracting further investment into the energy sector in Kazakhstan, the Republic of Kazakhstan and the European Union intend to:

- promote the co-operation between European Union and Kazakh companies in the energy sector through events such as joint conferences and seminars,
- develop and introduce alternative energy sources, as well as ecologically clean and energy saving technologies,
- examine, together with European Union companies engaged or potentially interested in becoming involved in the Kazakh energy sector, opportunities to make the investment climate even more attractive,
- investigate the possibilities for increasing industrial co-operation, both in the upstream and the downstream as well as in the field of energy efficiency, energy saving and renewables, including through development and introduction of alternative sources of energy as well as environmentally clean and resources saving technologies.

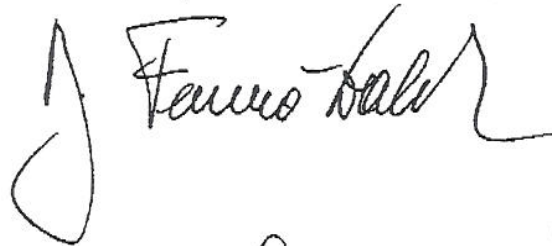
Final considerations

In case of need for specialised expertise, European Union technical assistance may be used as a support in carrying out the practical work under this Memorandum of Understanding.

The present document is a document that records political intent alone and provides for no legal commitment.

Done in Brussels on the fourth day of December 2006, in the English and Kazakh languages.

**On behalf
of the European Union**



**On behalf
of the Republic of Kazakhstan**

