

**Memorandum of Understanding
on Cooperation in the field of Energy
between the European Union and the Republic of Uzbekistan**

THE EUROPEAN UNION and THE REPUBLIC OF UZBEKISTAN
(hereafter jointly referred to as “the two sides”)

HAVING REGARD TO

- the Partnership and Cooperation Agreement of 21 June 1996, establishing a partnership between the European Communities and their Member States, of the one part, and the Republic of Uzbekistan, of the other part;
- the Agreement of 6 October 2003 for cooperation in the peaceful uses of nuclear energy between the European Atomic Energy Community (Euratom) and the Government of the Republic of Uzbekistan;
- “The EU and Central Asia: Strategy for a New Partnership”, adopted during the European Council of 21 and 22 June 2007, which highlights the common interest between the European Union and Central Asia in diversifying export routes, demand and supply structures and energy sources, and supporting the development of market economy structures in Central Asia;
- the European Commission’s Communication “Second Strategic Energy Review – An EU Energy Security and Solidarity Action Plan” of 13 November 2008, which underlined the importance for the European Union to enhance relations in the energy sector with partner countries;
- the Seventh meeting of the Cooperation Committee between the European Union (EU) and the Republic of Uzbekistan held in Brussels on 11 March 2009, in which the Republic of Uzbekistan endorsed areas jointly identified for cooperation in the field of energy, notably energy efficiency, renewable sources of energy, energy efficiency in energy infrastructure, Clean Development Mechanism (CDM) and the implementation of the Kyoto protocol, energy strategy and policy, industrial cooperation;

- the Ninth meeting of the EU-Uzbekistan Cooperation Council between the European Union and the Republic of Uzbekistan held in Brussels on 14 September 2009, in which Uzbekistan reiterated its interest in working with the EU on the implementation of the Central Asia Strategy, including cooperation on energy and environmental sustainability, and expressed support to the creation of new energy corridor;
- the European Union-Central Asia Ministerial Conference of 15 September 2009, which stressed the need for reinforced regional cooperation on environmental issues, including energy resources management and the effects of climate change;

CONSIDERING

- that an enhanced energy cooperation between the European Union and the Republic of Uzbekistan is in the interest of both sides and should target enhancing the energy and environmental security of both sides, as well as of the Central Asia region;
- the interest of the two sides in further developing and strengthening their relations in the energy sector on the basis of a pragmatic and constructive approach in their cooperation;
- the importance of establishing a medium to long-term vision for the further sustainable development of the Uzbek energy sector, based on the potential and the needs of the Republic of Uzbekistan and formulating the necessary policy measures;
- the importance that the modernisation and the expansion of energy infrastructure will have for the further development of the Uzbek economy and the role which the EU could play in this process, bearing in mind the necessary policy measures that would attract and protect national and international investments; the important need for investments in all areas of the Uzbek energy sector and the role that could be played by International Financial Institutions as well as the Uzbek and European private sector in attracting further investments;
- that, since the region is connected through cross-boundary rivers, lakes and seas, a regional approach to protecting these resources is essential and that there is a need for the countries concerned to work together to develop a stable and transparent arrangement for co-operation on water and energy issues on the basis of the ecosystem approach as well as the principle of equitable, sustainable and reasonable use of shared water resources;

- the creation by the European Commission of a “Central Asia Investment Facility (CAIF)” in 2010 that can lead the way for funding projects in the energy and environment sectors;
- the on-going cooperation between the European Commission, the International Atomic Energy Agency (IAEA) and the Central Asian states on remediation of the uranium production legacies in Central Asia, in particular remediation needs of uranium mines, mills and tailings as well as the strong interest expressed by the Republic of Uzbekistan in this context;

CONFIRMING/CONSIDERING

- the firm intentions of the EU and Uzbekistan to cooperate closely in preventing negative impacts on the ecology and the environment, including on the Aral Sea, ensuring the rational, efficient and sustainable exploitation of natural resources and the energy and environmental security of the Central Asian region;
- that, since the Central Asian region has high seismicity and tectonic activity, the construction of hydropower generation capacities and related water dams projects on the trans-border rivers of Central Asia should be based on international standards following an independent feasibility and environmental impact assessment;
- the need to improve electricity generation capacities in view of facing the increasing electricity shortages in Central Asia through the improvement of efficiency of the operating power facilities, the construction of environmentally sustainable hydro-electric cascades in the Central Asia region, as well as renewable energy and, where appropriate, clean and environmentally friendly hydrocarbon and other mineral resources;
- that the currently operating Integrated Energy System of Central Asia was established more than 30 years ago and has to be modernised to reflect market principles, and recognising the need for the development of robust, sustainable national power systems with interconnections as appropriate, as well as coordination and optimisation on the basis of bilateral and multilateral agreements between Central Asian States.

AIMING

- to cooperate on modernising, expanding and improving the efficiency of the hydrocarbon energy infrastructure in the Republic of Uzbekistan both for domestic supplies and for transit purposes towards the European Union;
- to cooperate on developing cleaner power generation capacities, energy efficiency measures and alternative energy sources, in particular solar and wind energy, in the Republic of Uzbekistan;
- to support the development of a self-sustainable, stable and reliable national energy system in Uzbekistan;
- to facilitate further optimisation and coordination of the national energy systems of the Central Asian States on the basis of bilateral and multilateral agreements in accordance with international practices;
- to step up cooperation in the areas of energy technology and exchange of expertise, including technical support and transfer of know-how;
- to respect the objectives outlined in the United Nations Framework Convention on Climate Change and to implement the provisions of the Kyoto Protocol;

INTEND to cooperate as follows:

I. AREAS OF THE COOPERATION

1. Policy Measures

Both sides endeavour to cooperate in:

- further developing and implementing a comprehensive and sustainable energy policy in the Republic of Uzbekistan's energy sector based on a medium to long-term national strategy for the development of all Uzbek energy resources, including hydrocarbons and renewable energies as well as more efficient power generation;
- developing and implementing a comprehensive energy demand management strategy including incentives, transparency of energy tariffs and institutional reforms, as appropriate;

- developing energy efficiency measures through energy savings and modern clean energy technologies as well as enhancing capacity and expertise of the institutions in the Republic of Uzbekistan dealing with energy efficiency and energy savings;
- developing a policy for the development of renewable energy sources, in particular solar and wind energy;
- establishing appropriate cooperation mechanisms and arrangements between the competent public and technical agencies of the European Union and the Republic of Uzbekistan to achieve these objectives.

2. Infrastructure

The two sides endeavour to cooperate in upgrading the existing infrastructure of mutual interest, and in developing new energy infrastructure in the Republic of Uzbekistan on the East-West axis that would be beneficial for transit towards the European Union.

Where appropriate, this cooperation may include in particular:

- a) assessment of the existing hydrocarbon transit and supply network, with a view to developing an infrastructure modernization plan;
- b) assistance to the Republic of Uzbekistan in the reduction of gas flaring and venting;
- c) assistance to the Republic of Uzbekistan in implementing concrete new hydrocarbon energy infrastructure projects;
- d) assessment of the power generation and electricity grid network needs in terms of modernisation and possible expansion;
- e) promotion of the realization of such investments through involvement of European partners, including European banking institutions.

3. Technical and industrial cooperation

The two sides intend to cooperate in view of facilitating the introduction of the most efficient state-of-art energy technologies in Uzbekistan, including energy saving and renewable energy technologies as well as enhancing technical expertise and strengthening contacts and cooperation between businesses from the European Union and the Republic of Uzbekistan. The possibility of assistance by the European Union will be explored. The cooperation may include:

- a) facilitating dissemination of information and other forms of communication with a view to exchanging know-how and assisting in the acquisition of technological skills;
- b) cooperation in research and development;
- c) appropriate training targeted at the priority issues of this energy cooperation, taking advantage of the European Commission's regional education programmes (TEMPUS, Erasmus Mundus);
- d) exchanging information on further development of policies by the European Union or by the Republic of Uzbekistan, including in their external relations, that may have an impact on the production, processing, transportation and use of energy resources, with a focus on the energy security of both sides;
- e) promoting exchange and cooperation between public and private businesses from the European Union and the Republic of Uzbekistan active in the energy sector through events such as joint conferences, business forums and seminars;
- f) supporting industrial cooperation for projects of mutual interest aiming at the modernisation and upgrading of the energy sector in Uzbekistan as well as the construction of new energy facilities;
- g) supporting industrial cooperation in the energy sector, with a special attention to the areas of energy efficiency, energy savings and renewable energy;
- h) supporting the capacity of the services sector in the area of energy efficiency and energy savings services to the Uzbek business sector, including small and medium enterprises;

- i) collaborating through appropriate European Commission instruments in international cooperation initiatives with the member states of the European Union, the International Atomic Energy Agency (IAEA), the United Nations Development Programme (UNDP) and other interested partners on the remediation of uranium mining waste products and on improving operational safety of the research reactor at the Institute of Nuclear Physics in Uzbekistan.

4. Implementation

The two sides intend, in their cooperation, to fully support the establishment and the work of a technical office in Tashkent, that will, until a delegation by the European Union is established in the Republic of Uzbekistan, serve to implement this Memorandum of Understanding and that will also serve as a focal point for the elaboration and implementation of regional programmes on energy, and on energy-related climate change issues.

II. FINAL CONSIDERATIONS

The present document records political intent alone and the sides do not intend to create any legal commitment.

Signed in Brussels on 24 January 2011 in the English and the Uzbek languages.

On behalf of the European Union

On behalf of the Republic of Uzbekistan

