

MEMORANDUM OF UNDERSTANDING

**ON COOPERATION RELATED TO TRADE, TRANSPORT, AND EXPORT OF NATURAL GAS TO THE
EUROPEAN UNION**

BETWEEN

**THE ARAB REPUBLIC OF EGYPT REPRESENTED BY THE MINISTRY OF PETROLEUM AND
MINERAL RESOURCES**

THE STATE OF ISRAEL REPRESENTED BY THE MINISTRY OF ENERGY

THE EUROPEAN UNION REPRESENTED BY THE EUROPEAN COMMISSION

TOGETHER HEREINAFTER REFERRED TO AS THE "SIDES",

Emphasising the importance of regional cooperation between natural gas producing and consuming countries to support security of the energy supply;

Recalling the objectives defined under the Paris Agreement that has been ratified by the Sides and that defines their commitment to reducing greenhouse gas emissions;

Acknowledging that natural gas shall continue to play an important role in terms of energy consumption and electricity generation in the European Union until 2030, after which its use in the European Union will decline in line with its climate neutrality commitment by 2050;

Recalling the importance of the recent declarations, initiatives and agreements in implementing the cooperation of the Sides in the field of energy, in particular:

- The Memorandum of Understanding on a Strategic partnership on energy between the Arab Republic of Egypt and the European Union signed in 2018;
- The Memorandum of Understanding between the Ministry of Petroleum and Mineral Resources of the Arab Republic of Egypt and the Ministry of Energy of the State of Israel signed in November 2021, which aims to set forth a general framework to study the construction and operation of a pipeline to transport additional quantities of natural gas from Israel's offshore gas fields to Egypt;
- The East Mediterranean Gas Forum Statute signed on 22nd September 2020, which established a regional inter-governmental organization of natural gas producing, consuming and transit countries, which aims to coordinate structured discussions and develop joint initiatives with the objective of supporting and accelerating the establishment of an efficient and competitive regional East Mediterranean gas market.

Noting that the Arab Republic of Egypt and the State of Israel, along with four EU member-states (Cyprus, France, Greece and Italy), are members of the East Mediterranean Gas Forum, of which the European Union is an observer, and which serves as a platform for a structured policy dialogue on natural gas;

Noting the intention of the Arab Republic of Egypt to serve as a regional energy hub for natural gas;

With a view to recording their intention to work together on the transport, trade and export of natural gas to the European Union and enhancing their cooperation on their respective green energy transitions;

THE SIDES HAVE DECIDED to conclude the following Memorandum of Understanding:

Section 1

(Affordable, Stable and Secure Natural Gas Supply)

The Sides will endeavour to work collectively towards enabling a stable delivery of natural gas to the EU that is consistent with long-term decarbonisation objectives and is based on the principle of market-oriented pricing, to the extent that it coincides with each Side's domestic laws, regulations, policies and procedures.

Any shipment of natural gas from the Arab Republic of Egypt and the State of Israel to the European Union may be shipped inter alia via the use of the LNG infrastructure in the Arab Republic of Egypt.

The activities contemplated in this Memorandum of Understanding shall be without prejudice to, and shall not restrict the ability of, the Arab Republic of Egypt or the State of Israel to export natural gas to other buyers or through other routes.

Any natural gas to be shipped to the European Union will originate either from the Arab Republic of Egypt, the State of Israel, or any other source in the East Mediterranean region, including EU Member States in the region, that is deemed acceptable by the Sides.

This goal is without prejudice to the needs of the local consumption of the domestic markets, as well as to the existing and future contractual commitments of the Arab Republic of Egypt and the State of Israel, or their licensees.

The Sides will endeavour to promote the reduction of methane leakages, and in particular examine new technologies for reducing venting and flaring and explore possibilities for the utilisation of captured methane throughout the entire supply chain.

Section 2

(Implementation)

The Sides will explore the possibility of working collaboratively to set forth the appropriate ways and means for implementing the purpose of this Memorandum of Understanding in order to expedite the export of natural gas to the EU. Such collaboration will focus on, but not be limited to the following areas:

- a) Formulating a plan for the efficient utilization of infrastructure in order to accelerate the export and shipment of natural gas to the EU;
- b) Developing a road map for attaining the requisite governmental and regulatory approvals for advancing the objectives of this Memorandum of Understanding;

- c) Endeavouring to encourage by the EU for European companies to invest in natural gas exploration and production in Israel and Egypt, including participation in competitive tenders for exploration licenses taking into consideration the EU's climate policies and its REPowerEU strategy;
- d) Exploring possibilities to apply carbon capture and carbon sequestration, and assisting in the creation of a plan to reduce emissions of natural gas to international industry-best-practice standards;
- e) Exploring ways to make funds available, including by the EU to develop technologies, and provide best-practice standards, knowledge and technologies regarding emissions reduction and natural gas decarbonization.

Section 3

(Environmental Protection)

The Sides will endeavour to ensure, jointly and severally, that future investments in projects or activities developed within the framework of this Memorandum of Understanding will not cause pollution of the marine or land environment, or damage by pollution to a coastline, shore facilities or amenities, or be a hindrance to vessels or fishing gear of any country.

Section 4

(Safety)

The Sides may consult one another with a view to preventing safety hazards to the extent necessary for natural gas infrastructure used for the trade, transport and export of natural gas between the Sides, in accordance with each Side's domestic laws, regulations, policies and procedures.

Section 5

(Promotion of Hydrogen, Green Energy Production, and Energy Efficiency)

The Sides will endeavour to encourage the Sides' public and private sector corporations to cooperate on the means for achieving green energy goals and combatting climate change in the following areas:

Hydrogen – Utilizing renewable and low carbon hydrogen in a large number of applications such as industrial processes, transportation and energy storage.

Green Energy – Developing safe and sustainable energy technologies and identifying innovative ideas for enhancing incentives for promoting the use of green energy, and finding solutions relating to their integration into the energy grid.

Energy Efficiency – Promoting energy efficiency.

Section 6

(Meetings of the Sides)

The Sides intend to meet in order to monitor the adequate implementation of the provisions of this Memorandum of Understanding, and may meet at least once a year at a place and time mutually agreed by the Sides, or upon the request of any Side.

The Sides, may, from time to time, propose a Ministerial level meeting for strategic matters, including the renewable energy transition.

Section 7

(The Laws in Force & Dispute Settlement)

Nothing in this Memorandum of Understanding will create any legally binding obligations or commitments, or any financial obligations or commitments, between the Sides or in relation to any third party, under domestic or international law. This Memorandum of Understanding does not constitute an obligation to allocate funds.

The implementation of this Memorandum of Understanding and any other activity hereunder shall be in accordance with each Side's domestic laws, regulations, policies and procedures, as well as each Side's international obligations.

Any dispute that may arise between the Sides regarding the application or interpretation of this Memorandum of Understanding shall be settled amicably through mutual consultation or negotiation between the Sides, in good faith and in the spirit of this Memorandum of Understanding, through diplomatic channels, and will not be referred to any national or international tribunal or third party for settlement.

Section 8

(Confidentiality)

1. It is the intention of the Sides to exchange information generated in the course of the implementation of this Memorandum of Understanding.
2. Subject to its applicable domestic law, a Side will not disclose to third parties any information received from any other Side, including any information expressed in writing or orally, without its prior written consent.
3. Notwithstanding the above, a Side may disclose information generated during the course of the implementation of this Memorandum of Understanding, without obtaining the other Side's prior written consent, to any consultant or legal counsel retained by said Side, in order to facilitate the implementation of this Memorandum of Understanding, provided that said Side requires its consultant or legal counsel to subject itself in writing to the terms of this section.
4. This section will not apply to information which was in the public domain before being disclosed or information which was already known by the receiving participant before its dissemination.

Section 9

(Duration & Termination)

This Memorandum of Understanding will come into effect on the date of its signature by the Sides and will continue to have effect for a period of three (3) years. It will be renewed automatically for two successive three (3) year periods.

This Memorandum of Understanding may be modified by the written consent of the Sides, and such modifications will come into effect with the same procedures that were followed for coming into effect of this Memorandum of Understanding on the date determined by the Sides. Any such modification will be included in an addendum signed by the Sides and will form an integral part of this Memorandum of Understanding.

This Memorandum of Understanding may be terminated by a six (6) months' prior written notice via diplomatic channels by any of the Sides. The termination of this Memorandum of Understanding will not affect any ongoing activity arising out of this Memorandum of Understanding, unless the Sides agree otherwise in writing.

Signed in on the..... , in three original copies in English language equally authentic.

**For the Ministry of Petroleum and
Mineral Resources of the Arab
Republic of Egypt**

Ministry of Energy of Israel

Eng. Tarek El Molla

Karine Elharrar

Minister

Minister

For the European Union

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