

**MEMORANDUM OF UNDERSTANDING ON COOPERATION IN THE FIELD
OF ENERGY BETWEEN THE SECRETARIAT OF ENERGY OF THE
UNITED MEXICAN STATES AND THE MINISTRY OF TRANSPORT AND
ENERGY OF THE KINGDOM OF DENMARK**

The Secretariat of Energy of the United Mexican States and the Ministry of Transport and Energy of the Kingdom of Denmark, hereinafter referred to as "the Parties";

IN A SPIRIT of promoting closer relations between the Parties;

IN FULL RECOGNITION of the importance of the relationship between Mexico and Denmark, and the common interests of both Parties;

TAKING INTO ACCOUNT the potential for mutual benefits to be derived from cooperation in this sector;

MAKING REFERENCE to the Memorandum of Understanding between the Ministry of Environment and Natural Resources of the United Mexican States and the Ministry of Environment of the Kingdom of Denmark on Climate Change Initiatives, including Clean Development Mechanism Projects, signed in Mexico City, on April 18th, 2005, and in New York City, on April 20th, 2005;

DESIRING to strengthen and develop bilateral cooperation in the field of energy based on the principles of equality and mutual benefits.

Have agreed as follows:

ARTICLE 1

Objective

The present Memorandum of Understanding has as its main objectives to:

- Establish a general framework for the Parties to carry out actions of cooperation for mutual benefit on energy matters;
- Promote favourable conditions for energy production, energy efficiency and conservation, and broader application of renewable energy sources;
- Learn from best practices, regulatory schemes, and sector expertise in the energy sector of each Party;
- Strengthen collaboration in training capabilities and energy education with the support of higher education institutions from both Parties.

ARTICLE 2

Forms of Cooperation

Forms of cooperation under this Memorandum of Understanding might include:

- exchange of know-how, including information on best practices;
- technology transfer, strengthening of institutional expertise and capacity building;
- promotion of technical cooperation, including exchange of experts, and internships;
- design and implementation of studies, projects and programs;
- joint research and workshops;
- joint commercial applications;
- development of quantitative tools for analysis and methodologies for long term strategic planning;

- any other form of cooperation determined by mutual written agreement of the Parties.

ARTICLE 3 Areas of Cooperation

Cooperation under this Memorandum of Understanding may include the following areas of interest:

Hydrocarbon exploration and energy production:

- Hydrocarbon recovery regulation and norms.
- Technology and know-how on hydrocarbons exploration and exploitation activities, including deep water exploration and exploitation.
- Long term power generation policies.
- Development and large scale implementation of renewable sources of energy.
- Optimising resources for waste recovery and incineration for energy production.

Energy distribution and the energy market:

- Energy market, methodology for tariffs estimation, charge for transmission network use and service guarantees.
- Infrastructure inspection and rehabilitation for oil products transportation and storage.
- Electricity dispatch with intermittent energy sources (rules and operation).

Energy use:

- Energy efficiency and conservation standards.

General Issues:

- Environmental standards in the energy sector.
- Climate change policies, strategies and mechanisms (CO₂ reduction, long-term planning and Clean Development Mechanism).

Any other area of cooperation agreed upon by the Parties, in writing.

ARTICLE 4
Coordination and Follow Up

Each Party shall designate a Senior Official responsible for international affairs of the energy sector to serve as its Coordinator to supervise and coordinate the planning, performance, evaluation and approval of the cooperation activities to be carried out by the Parties under this Memorandum of Understanding.

The Coordinators shall meet, as agreed by both Parties, to review and analyze the progress of activities under this Memorandum of Understanding, and shall keep their respective Ministries, duly informed of progress and achievements. The location of bilateral meetings will alternate between the Parties, unless they decide otherwise.

The program of activities should be specified in a Work Plan. The Work Plan should be decided upon in writing between the Parties.

ARTICLE 5
Confidentiality of Information

The Parties may freely use and disclose all the information exchanged by virtue of this Memorandum of Understanding, subject to any legal requirement related to the use or disclosure of specific confidential or personal information.

Information supplied in confidence such as industrial secrets and national security information by one Party to the Other will not be disclosed, unless otherwise stipulated in writing by the supplying Party.

ARTICLE 6
Financing

The Parties accept that all costs arising from the cooperation activities defined in the Work Plan will be assumed by the Party who incurs them, unless otherwise stipulated in writing.

Each Party will conduct the activities provided for in this Memorandum of Understanding subject to applicable laws, regulations and statutory authority of appropriated funds and personnel. The Parties will establish, in writing, the details for the financing of each particular activity before commencing such activity.

ARTICLE 7
Labour Relationship

The personnel designated by each Party for the execution of the cooperation activities derived from the present Instrument, shall continue under the direction and dependence of the institution to which they pertain, and shall not create any labor relation with the other Party, which in no case shall be considered as a substitute employer.

Both Parties shall assure that the personnel assigned to the execution of the activities set forth in the present Memorandum of Understanding, have medical, personal damage and life insurance, so that, if a damage results from such activities derived from the present Instrument, repair or indemnification shall be covered by the corresponding insurance company.

ARTICLE 8
Entrance and Departure of Personnel

Each Party shall make the necessary arrangements with the competent authorities for the entry, stay and departure permits of the participants who will officially take part in the cooperation projects that shall derive from this Memorandum of Understanding. Such participants shall be subject to the migration, fiscal, customs, sanitary and national security provisions in force in the receiving country and shall not be able to carry out any activity other than those pertaining to their functions, without the previous authorization of the competent authorities on the subject. The participants shall leave the receiving country according to the law and provisions of such country.

ARTICLE 9
Applicable Law

Cooperation initiatives under this Memorandum of Understanding shall be specified in writing by mutual consent of the Parties, and shall be implemented in accordance with the national legislation of the Parties.

ARTICLE 10
Other Agreements -

Cooperation under this Memorandum of Understanding will not affect the rights and obligations of the Parties arising from other international agreements to which they are Party.

ARTICLE 11
Settlement of Disputes

The Parties shall resolve any differences that may arise from the interpretation or application of this Memorandum of Understanding by mutual consent.

ARTICLE 12
Commencement, Amendment and Termination

This Memorandum of Understanding shall enter into force upon signature of both Parties, and shall remain in force for five (5) years, it shall be automatically extended for additional periods of five (5) years.

Either Party may at anytime give notice in writing to the Other of its decision to terminate this Memorandum of Understanding with ninety (90) days in advance.

The anticipated termination of this Memorandum of Understanding shall not affect the completion of cooperation activities initiated while this Instrument is in effect, unless otherwise mutually determined in writing by the Parties.

This Memorandum of Understanding may be amended by mutual written consent of the Parties, specifying the date of entry into force of such amendments.

Signed in Copenhagen, Denmark, on June 8th, 2007, in two original copies, in the Spanish and English languages, being both texts equally authentic.

**FOR THE SECRETARIAT OF ENERGY
OF THE UNITED MEXICAN STATES**


Georgina Kessel
Secretary

**FOR THE MINISTRY OF TRANSPORT
AND ENERGY OF THE KINGDOM OF
DENMARK**


Flemming Hansen
Minister