

RENEWABLE ENERGY BUSINESS DEVELOPMENT

ANNEX IV

Cooperative Activities Between the Department of Energy of the United States of America and the State Economic and Trade Commission of the People's Republic of China

The Department of Energy of the United States of America (USDOE) and the State Economic and Trade Commission (SETC) of the People's Republic of China, hereinafter referred to as the Parties:

Noting that the Agreement between the Government of the United States of America and the Government of the People's Republic of China on cooperation in Science and Technology as amended and extended, hereinafter referred to as the "Umbrella Agreement," was signed at Washington on January 31, 1979;

Noting that under the Umbrella Agreement the USDOE and the State Science and Technology Commission (SSTC) signed a Protocol for Cooperation in the Fields of Energy Efficiency and Renewable Energy Technology Development and Utilization on February 23, 1995, hereinafter referred to as the "Protocol;"

Noting that Article 2 of the Protocol identifies a number of areas for potential cooperation in the field of renewable energy technology and other fields in the area of renewable energy and noting that Article 6 of the Protocol provides that the USDOE and the SSTC may invite other organizations to participate in cooperative activities under the Protocol; and

Desiring to establish cooperation between agencies in the United States and in the People's Republic of China (PRC) for renewable energy business development;

Have agreed as follows:

ARTICLE I - OBJECTIVES

- A. This Annex is subject to the terms and conditions of the Umbrella Agreement and the Protocol. In the event of any conflict between the terms and conditions of the Umbrella Agreement or the Protocol and this Annex, the Umbrella Agreement and the Protocol shall govern.
- B. The objectives of this Annex are to establish the framework for specific collaboration in order to promote renewable energy business development between the United States and China and to increase the use of renewable energy. Activities conducted under this Annex will help create market opportunities for suppliers of renewable energy products and services in both countries and will encourage investments and other

participation in renewable energy projects. It is anticipated that implementation of this Annex will assist China to meet its energy demand in the near future and to promote and accelerate the commercialization of renewable energy in China.

ARTICLE II - AREAS FOR COOPERATION

Cooperation under this Annex may include, but is not limited to, the following areas:

- A. Policy Studies;
- B. Information Exchange;
- C. Business Outreach;
- D. Training; and
- E. Finance.

ARTICLE III - PARTICIPATING ORGANIZATIONS

- A. The principal organization responsible for conducting the cooperative activities under this Annex in the United States shall be the USDOE.
- B. The principal organizations responsible for conducting the cooperative activities under this Annex in the People's Republic of China shall be the State Science and Technology Commission (SSTC) and the State Economic and Trade Commission (SETC).
- C. Each Party may invite other government agencies and organizations and private organizations in their respective countries to participate in cooperative activities under this Annex, at their own expense, and subject to such terms and conditions as the Parties may specify. For the PRC, such participants may include the Energy Research Institute (ERI) of the State Planning Commission and for the USDOE, the National Renewable Energy Laboratory (NREL).

ARTICLE IV - FORMS OF COOPERATION

Cooperative activities undertaken pursuant to this Annex may include, but are not limited to, the following:

- A. Renewable Energy Policy Analysis

The Parties undertake to jointly conduct policy studies that include, but are not limited to, analyses of: i) investment policy in China as it applies to the area of renewable energy, including analysis of forms of investment permitted in China; and ii) support

of feasibility studies for project development.

B. Exchange of Technical Information and Experiences and Collaborative Visits

The Parties will exchange technical information and experiences and arrange collaborative visits. These exchanges and visits may address technical, economic, business development, project planning and approval, and trade in the area of renewable energy technology.

C. Retrofit of Renewable Energy Manufacturing Facilities in China

The Parties will support and facilitate cooperation between private organizations, trade associations, businesses, and financial institutions in the United States and in China for the retrofit and upgrade of renewable energy manufacturing facilities in PRC in order to promote the commercialization of advanced renewable energy technologies. Such activities may include, but are not limited to, facilitating the formation of joint ventures for this purpose between U.S. and Chinese companies, and other forms of mutually beneficial business activities.

D. Financial Mechanisms for Renewable Energy Projects

The Parties will assist in identifying financial resources for renewable energy projects in coordination with the World Bank, the Export-Import Bank of the U.S., the United Nations Development Program, and other financial organizations. The Parties will study the development of a secondary market for revolving loan accounts, similar to the secondary mortgage market, to accelerate development of renewable energy technologies for rural energy development.

E. Professional Training

The Parties will participate in providing technical and business training for renewable energy business professionals in the areas of project management, financial management, engineering and technical matters, business management and marketing. USDOE, through NREL, will provide training to Chinese technical representative(s).

F. Business Outreach

The Parties hereby establish a standing committee consisting of U.S. and Chinese private organizations, trade associations, businesses, and financial institutions to promote access to information concerning renewable energy technologies and commercialization by industrial firms of the two countries. Additional members of the standing committee may include the Energy Research Institute (ERI) of the State Planning Commission in China, the U.S. Export Council for Renewable Energy and the National Renewable Energy Laboratory in the United States. The committee will

meet at regular intervals to exchange non-proprietary information on the latest technologies, manufacturing techniques, and market opportunities for renewable energy products and services, as well as to arrange seminars which shall be open to members from both countries.

ARTICLE V - MANAGEMENT

Each Party shall designate one Project Coordinator who shall jointly plan the technical approach for accomplishing the objectives of this Annex, and who shall be responsible for the program, schedule, coordination and reports. A Project Coordination Meeting shall be held at a mutually agreed site, preferably annually.

ARTICLE VI - COSTS AND LEGAL PROVISIONS

Except when otherwise specifically agreed by the Parties in writing, all costs including travel and lodging expenses, resulting from cooperation under this Annex shall be borne by the Party that incurs them. The implementation of this Annex is subject to the availability of appropriated funds and personnel, and subject to applicable laws and regulations of the countries of the Parties.

ARTICLE VII - INTELLECTUAL PROPERTY RIGHTS

Article 8 of the Protocol and Annex I of the Umbrella Agreement govern the dissemination, use and protection of information used or generated in the course of activities conducted under this Annex, and the allocation of intellectual property rights arising from this activity.

ARTICLE VIII - ENTRY INTO FORCE AND TERMINATION

- A. This Annex shall enter into force upon signature by the Parties and remain in force for five (5) years or until termination of the Protocol, whichever occurs first. This Annex may be amended or extended by mutual written agreement of the Parties.
- B. At the discretion of either Party, this Annex may be terminated upon six (6) months advance notice in writing to the other Party.

SIGNED at Washington, this 25th day of October, 1996, in duplicate, in the Chinese and English languages, each text being equally authentic.

FOR THE DEPARTMENT OF
ENERGY OF THE UNITED
STATES OF AMERICA:

Christine E. Dixon

FOR THE STATE ECONOMIC AND
TRADE COMMISSION OF THE
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