

ANNEX II

**TO THE PROTOCOL ON COOPERATION IN THE FIELD OF FOSSIL ENERGY
TECHNOLOGY DEVELOPMENT AND UTILIZATION
BETWEEN
THE DEPARTMENT OF ENERGY OF THE UNITED STATES OF AMERICA
AND
THE MINISTRY OF SCIENCE AND TECHNOLOGY
OF THE PEOPLE'S REPUBLIC OF CHINA**

**FOR COOPERATION IN THE AREA OF
CLEAN FUELS**

The Department of Energy (DOE) of the United States of America, and the State Development Planning Commission (SDPC) of the People's Republic of China, hereinafter referred to as the "Parties":

Noting 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 signed January 31, 1979, as amended and extended, hereinafter referred to as the "Umbrella Agreement";

Noting that under the Umbrella Agreement the DOE and the Ministry of Science and Technology (MOST) of the People's Republic of China signed the Protocol on Cooperation in the Field of Fossil Energy Technology Development and Utilization on April 20, 2000, 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 fossil energy technical development and utilization, and noting that Article 7 of the Protocol provides that the DOE and the MOST 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 for clean fuels;

Have agreed as follows:

**ARTICLE 1
OBJECTIVES**

1. 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.

2. The objectives of this Annex are to jointly investigate and discuss key factors, analyses, data, processes, and technologies leading to the preparation and utilization of coal as (a) an environmentally acceptable and economic resource for the production of alternative transportation fuels, additives, and chemicals; (b) a preferred feedstock for the production of power; and (c) a source of energy for the industrial sector.

ARTICLE 2 AREAS OF COOPERATION

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

1. Coal Conversion
2. Advanced Separation Processes (i.e., Innovative Coal Preparation Technologies)
3. Co-Production of Alternative Fuels, Chemicals and/or Power
4. Ultra-Clean Transportation Fuels to Include Hydrogen
5. Solid Fuels and Feedstocks

Other areas may be added by written agreement of the Parties.

ARTICLE 3 PARTICIPATING ORGANIZATIONS

1. The principal organization in the United States responsible for conducting the cooperative activities under this Annex shall be the DOE and its National Energy Technology Laboratory.
2. The principal organization in the People's Republic of China responsible for conducting the cooperative activities under this Annex shall be the SDPC.
3. By written agreement of DOE and SDPC, other government agencies and organizations in their respective countries may be invited to participate in this Annex and sign the cooperative agreement which shall be attached to the Annex as an amendment. The date of signature shall be the effective date of eligibility for participating in cooperative activities under the Annex.

**ARTICLE 4
FORMS OF COOPERATION**

Cooperative activities undertaken pursuant to this Agreement may include any of those forms listed in Article 3 of the Protocol. DOE and SDPC shall agree, in advance, in writing, to any new areas of cooperation not identified in the Protocol.

**ARTICLE 5
MANAGEMENT**

Each Party to the Annex shall designate an Annex Coordinator to oversee all activities under it. In addition to overseeing all activities and consistent with Item D, Article 5, MANAGEMENT, of the Protocol, the Annex Coordinators shall be responsible for harmonizing the future program opportunities with a view to maximizing the mutual benefits of cooperation. An Annex Coordination Meeting shall be held at a mutually agreed site, preferably annually. Individual Tasks under the Annex shall have a Task Coordinator from each of the signatory organizations participating in the Tasks, to manage specific cooperative activities initiated under it, and to establish and maintain working contacts at the staff level.

**ARTICLE 6
COSTS AND TECHNICAL SCOPE**

Except when otherwise specifically agreed by the Parties in writing in each Joint Task, all costs, including travel and lodging expenses, resulting from cooperation in each Joint Task under this Annex shall be borne by the Party that incurs them. The implementation of this Annex by way of Joint Tasks is subject to the availability of appropriated funds and personnel, and subject to applicable laws and regulations of the countries of the Parties. Joint Tasks shall, as appropriate, cover such things as exchange of proprietary information, management, total costs, cost sharing, and schedule, and any undertakings, obligations or conditions necessary to the proposed Task.

**ARTICLE 7
ENTRY INTO FORCE, AMENDMENT, AND TERMINATION**

1. This Annex shall enter into force upon signature by DOE and SPDC , and by the Annex II Coordinators, and (subject to paragraph 2 of this Article) shall remain in force for five (5) years or until termination of the Protocol, whichever occurs first. This Annex may be amended or extended by written agreement of the Parties, so long as the Protocol remains in force.

2. At the discretion of each Party, its participation in this Annex may be terminated upon six (6) months advance notice in writing to the other Party.

Signed in duplicate in the English and Chinese languages, each text being equally authentic.

PERMANENT COORDINATING GROUP

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

DATE: 11/19/02

PLACE: Beijing, China

FOR THE STATE DEVELOPMENT
PLANNING COMMISSION OF THE
PEOPLE'S REPUBLIC OF CHINA:

DATE: 2002.11.19

PLACE: 中国. 北京

ANNEX II COORDINATORS:

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

DATE: 11/19/02

PLACE: BEIJING, PRC.

FOR THE STATE DEVELOPMENT
PLANNING COMMISSION OF THE
PEOPLE'S REPUBLIC OF CHINA:

DATE: 2002.11.19

PLACE: 中国. 北京