

MEMORANDUM OF UNDERSTANDING BETWEEN THE DEPARTMENT OF ENERGY OF THE UNITED STATES OF AMERICA AND THE MINISTRY OF MINES AND ENERGY OF THE FEDERATIVE REPUBLIC OF BRAZIL FOR THE ESTABLISHMENT OF A MECHANISM FOR CONSULTATIONS ON ENERGY COOPERATION.

The Department of Energy of the United States of America and the Ministry of Mines and Energy of the Federative Republic of Brazil (hereinafter referred to as the Participants),

Bearing in mind the importance for both Participants of developing reliable and diversified sources of energy in a sustainable manner in order to assure their social and economic development;

Recognizing the need to improve their energy infrastructure in accordance with sound environmental criteria and, to this end, to create an appropriate climate for investment, both domestic and foreign, in the expansion of energy generation;

Noting the Agreement Relating to Cooperation in Science and Technology between the United States of America and the Federative Republic of Brazil of February 6, 1984, as amended and extended and the Implementing Arrangement between the United States of America and the Federative Republic of Brazil for Cooperation in the Area of Energy Technology of October 14, 1997 (hereinafter the Arrangement);

Having a mutual interest in enhancing the implementation arrangements provided for in the Arrangement;

Wishing to exchange ideas and information regarding energy issues relevant to both Participants including but not limited to:

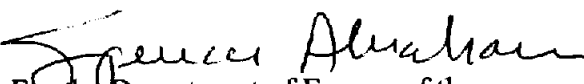
- a) Energy efficient and advanced energy technology, particularly in the area of hydrogen energy with the intention of working together bilaterally or under any multilateral arrangement that may be agreed upon to promote the hydrogen economy;
- b) Carbon sequestration technology, with the intention of working together bilaterally or under any multilateral arrangement that may be agreed upon to promote research and development on that technology;
- c) Coal and other advanced power systems;
- d) Technologies for sustainable development;
- e) Renewable energy technologies, including bio-diesel, biomass, and distributed energy systems;
- f) Basic research in energy; and

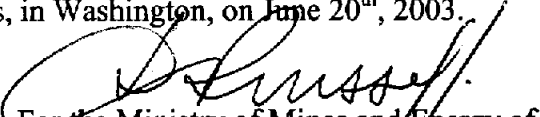
g) Information, planning and regulation, particularly in the areas of electricity modernization and offshore energy infrastructure safety.

Have reached the following understanding:

1. The Participants intend to establish at the ministerial level a mechanism for consultations to address issues of mutual interest in the field of energy, including energy planning and policy analysis, energy trade and investment and energy technology cooperation.
2. These consultations are intended to coordinate future collaboration in the fields of energy planning and policy analysis, energy trade and investment and cooperation in energy technologies and to review and assess the progress made in this cooperation.
3. The Participants understand that these consultations are not intended to create legally binding obligations between them.
4. The consultations provided for under this Memorandum of Understanding will be held once a year alternately in Brasilia and Washington, subject to the availability of appropriated funds. The first of these consultations will be held in Brasilia in December 2003.
5. To facilitate the exchange of views, each Participant will designate a Focal Point at the Department of Energy and at the Ministry of Mines and Energy, who will be responsible for the preparation of the regular meetings of the consultation mechanism whenever they are held in his capital.
6. Each Participant's Focal Point is to coordinate with the other Participant's Focal Point, through the Participant's respective Embassies, on the development and approval of each draft meeting agenda. Each agreed agenda should be finalized at least two weeks prior to the subject meeting date.
7. Changes to this Memorandum of Understanding can be proposed in writing at any time. Either Participant may terminate this Memorandum of Understanding at any time by giving thirty days written notice to the other Participant.

Signed in the English and Portuguese languages, in Washington, on June 20th, 2003.


For the Department of Energy of the
United States of America:


For the Ministry of Mines and Energy of
the Federative Republic of Brazil: