

MEMORANDUM OF UNDERSTANDING

for the establishment of a competitive Regional Electricity Market (REM)
in South Eastern Europe

Athens, June 2, 2000

The undersigned:

Minister of Public Economy and Privatisation of the Republic of Albania

Mr. Mustafa Muçi

Minister of Foreign Trade and Economic Relations of Bosnia and Herzegovina

Mr. Mirsad Kurtović

President of the State Agency for Energy and Energy Resources of the
Republic of Bulgaria

Mr. Ivan Shiliashki

Secretary of State of the Ministry of Industry and Commerce of Romania

Mr. Eugen Constantin Isbasoiu

Minister of Economy of the former Yugoslav Republic of Macedonia

Mr. Borko Andreev

Minister of Development of the Hellenic Republic

Prof. Nikolaos Christodoulakis

- [Handwritten signatures and initials in blue ink are visible on the left margin of the document, including what appears to be 'D. L. Albanian' and other illegible marks.]*
- A. Following the Declaration of Intent for the establishment of a competitive Regional Electricity Market (REM) in South Eastern Europe, signed in Thessaloniki on September 10, 1999, and approving the ongoing procedures of the REM Management Committee to prepare a second, more detailed Declaration for a phased development of REM, according to its mandate as described in the aforementioned Declaration;
 - B. Being aware of the fact that, in addition to the initiative to establish the REM in South Eastern Europe, there are, at least three other initiatives in the region with a similar intention (the SECI project on development of interconnections of electric power systems, the Canadian-financed Southeast European Electrical System Technical Support Project and the Black Sea Economic Cooperation initiative). Furthermore, there is a list of projects included in the lists of Table II of the Stability Pact, the European Investment Bank and the European Bank for Reconstruction and Development, which are also aiming at developing a regional electricity market;
 - C. Considering that the existence of such parallel initiatives and actions could result in overlapping, duplication of effort, unnecessary waste of time and resources, and may create confusion, especially among possible investors and market players, in the whole region;
 - D. Judging, therefore, that it is necessary to:
 - 1. ensure that all initiatives to develop a Regional Electricity Market in South Eastern Europe are coordinated;
 - 2. benefit from the considerable advance of the European Union initiated competitive REM in South Eastern Europe;
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express, with this Memorandum, their common understanding of the issues that have to be dealt with, in order to establish the REM, and agreed as follows:

1. The signing of the Thessaloniki Declaration has created a positive momentum, that was enhanced by the commitment of the countries of the region and the partners of the Stability Pact to work together for peace, stability and prosperity in South Eastern Europe;
2. In order to avoid overlapping or duplication of efforts, it is necessary to secure coordination of all initiatives related to or promoting the establishment of a REM;
3. The initiative is open to all countries of the region, if they express their interest in joining;
4. Proceed to a Ministerial meeting of the REM countries, the European Commission and representatives of all relevant initiatives. This Ministerial meeting, properly prepared should take place in the last quarter of this year;
5. The undersigned recommend the continuation of the work of the REM-MC in order to finalise a second Declaration with the view to adopting it in the next Ministerial Meeting;
6. Hellas, as a Member State of the European Union, will take the initiative to cooperate closely with the European Commission for continued support in the implementation of the Regional Electricity Market.



For the Republic of Albania
Mr. Mustafa Muçi



For Bosnia and Herzegovina
Mr. Mirsad Kurtovic

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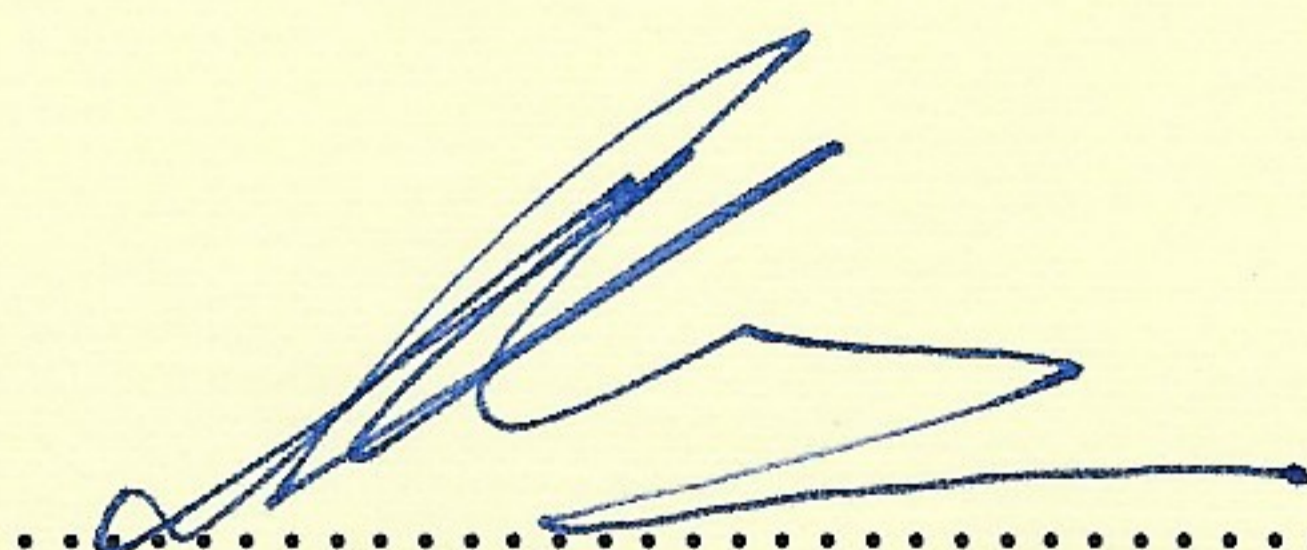
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