



Ministero dello Sviluppo Economico

Memorandum of Cooperation

between

the Government of the Italian Republic

and

the Government of New Zealand

on

**the Holding of Stocks of Crude Oil, Major Products and Unfinished
Oils**

The Government of the Italian Republic and the Government of New Zealand

(hereinafter referred to as "the Participants"):

Having regard to the Agreement on an International Energy Program of 18 November 1974 as amended by the International Energy Agency (hereinafter referred to as "the IEP Agreement");

Having regard to Article 3 of the Annex to the IEP Agreement which envisages the holding of stocks within the territory of another country for the account of a Participating Country, under an agreement between the two Governments of those countries;

Having regard to the Italians' national legislation regarding oil stockholding obligations;

Have reached the following understanding:

Paragraph 1

For the purposes of this Memorandum of Cooperation (MoC):

- (a) "Competent Authority" means the Governmental authority of each Participant responsible for supervising the fulfillment of stock holding obligations;
- (b) "Stock" means any stock of crude oil, major products and unfinished oils covered by Article 1 of the Annex to the IEP Agreement;
- (c) "Stock Holding Obligation" means the overall quantity of stock required to be held under applicable national law or pursuant to the IEP Agreement;

- (d) "Territory" means, in respect of the Italian Republic, the area within the European Union over which the Italian Republic exercises jurisdiction and, in respect of New Zealand, the area over which New Zealand exercises jurisdiction;
- (e) "Entity" means anybody or undertaking, including the Competent Authority of New Zealand, established in the territory of one Participant, which holds Stocks for the purpose of facilitating New Zealand's compliance with its Stock Holding Obligation.

Paragraph 2

This MoC applies to Stocks which have been approved by the Competent Authority of the Italian Republic in accordance with the approval process in Paragraph 5.

Paragraph 3

1. An Entity established in New Zealand may hold Stocks to which this MoC applies on the territory of the Italian Republic. Such Stocks may be held either:
 - (a) directly by the Entity established in New Zealand; or
 - (b) by an Entity established in the Italian Republic (as described in Paragraph 6), on behalf of the Entity established in New Zealand.
2. For Stocks to be eligible for approval under Paragraph 5 of this MoC, the Entity established in New Zealand must have consented to hold them itself or through the other Entity, from the first day of any calendar quarter for one or more full calendar quarters.

3. If an Entity established in New Zealand holds Stocks in accordance with Paragraph 3(1) of this MoC , then those Stocks will not be regarded as being part of the stock obligation of the Italian Republic, but will be regarded as being part of the stock obligation of New Zealand.

Paragraph 4

The Government of the Italian Republic will impose no impediment to the removal of Stocks to which this MoC applies from its territory, and the transfer of those Stocks to the Entity established in New Zealand, in accordance with a purchase option exercised by the Entity established in New Zealand under a contract described in Paragraph 6.

Paragraph 5

1. All holding arrangements established under Paragraph 3 will require the approval of the Competent Authority of the Italian Republic, which will be applied for in accordance with the procedure laid down in this Paragraph.
2. The Competent Authority of New Zealand will notify the Competent Authority of the Italian Republic of the arrangements established under Paragraph 3. This notification will be provided at least one month before the commencement of the period for which the arrangements will be in effect, and will include the following information:
 - (a) the name and address of the Entity established in the Italian Republic where the Stocks are to be held, and the name and address of the Entity established in New Zealand that will hold the Stocks, or on whose behalf the Stocks will be held.

- (b) the type and quantity of the Stocks to be held;
 - (c) the period for which the Stocks are to be held;
 - (d) the location of the depot(s) where the Stocks are to be held.
3. The Competent Authority of the Italian Republic will notify the Competent Authority of New Zealand whether or not it approves the arrangements notified no later than 10 (ten) working days before the start of the period for which authorization was sought.
 4. The Competent Authority of New Zealand will notify the Competent Authority of the Italian Republic if there is any significant change in the information supplied in accordance with Paragraph 5(2) of this MoC .
 5. Any approval of an application may be withdrawn by the Competent Authority of the Italian Republic if any significant inaccuracy is found in the particulars furnished in respect of that approval under Paragraph 5(2) of this MoC . Before withdrawing an approval under this provision the Competent Authority of the Italian Republic will inform the Competent Authority of New Zealand and afford the Entity with the stockholding obligation, which had furnished the particulars a reasonable opportunity to make representations.
 6. Notwithstanding the time limits indicated in Paragraph 5 (2) and (3), the Competent Authorities may, if required by particular circumstances, mutually decide to vary any or all of those time limits.

Paragraph 6

Where an Entity is applying for approval to hold Stocks under the framework of this MoC in circumstances where it will not be the owner of those Stocks, the Competent Authority of the Italian Republic will not

approve the holding of the Stocks concerned under the framework of this MoC unless:

1. the Entity holding the Stocks on behalf of the applicant is one who is subject to the jurisdiction of Italy insofar as the legal powers of Italy to control and verify the existence of those Stocks are concerned;
2. the Stocks are to be held by virtue of an agreement in writing between the Entity with the Stock Holding Obligation and the entity holding the Stocks on his behalf (the "contract") which will subsist throughout the period for which authorisation is sought;
3. the Entity with the Stock Holding Obligation has the contractual right to acquire the Stocks throughout the period of the contract and the methodology for establishing the price of such acquisition is specified in the contract; and
4. the actual deliverability of the Stocks for the Entity with the Stock Holding Obligation is guaranteed throughout the period of the contract.

Paragraph 7

1. The Participants will consult each other as soon as reasonably practicable in the event of a supply crisis.
2. The Participants will consult each other at the request of either of them in order to:
 - (a) resolve any difficulty arising in the interpretation or application of this MoC; or
 - (b) amend this MoC, in which case the consultations will in any event begin no later than sixty days after the request has been received.

Paragraph 8

The present MoC will not affect rights and obligations of each Participant arising from other international agreements to which they (or their countries) are parties and their (or their countries') membership in international organisations and, as far as the Italian Republic is concerned, rights and obligations deriving from being member of the European Union.

Paragraph 9

This MoC may be amended by the Participants by an exchange of diplomatic notes. The amended MoC will enter into effect on the thirtieth day following the date of receipt of the last such diplomatic note.

Paragraph 10

Differences relating to the interpretation or implementation of this MoC will be settled by diplomatic means.

Paragraph 11

This MoC will enter into effect on the first day following its signature by both Participants.

Paragraph 12

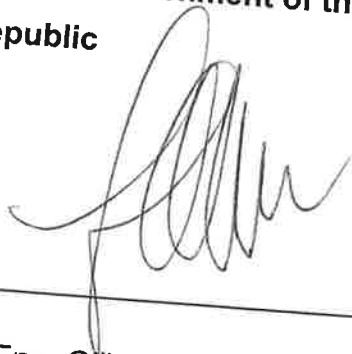
1. This MoC may be terminated by either Participant upon giving notice in writing through the diplomatic channel to the other Participant, not less than six (6) months before the end of any calendar year. In such

event the MoC will cease to be in effect from the first day of the immediately following calendar year, provided that this MoC will continue to apply to any holding arrangements for Stocks approved in accordance with Paragraph 5 prior to the giving of notice under this Paragraph, for the period of such holding arrangements.

2. Neither Participant will exercise the power of termination in Paragraph 12(1) of this MoC during a supply crisis.

SIGNED at *Rome* on *23rd / 9 / 16* 2016 in in two (2) originals copies each in Italian and English languages all texts being equally valid. In case of any divergence of interpretation of the provisions of this Memorandum of Cooperation, the English text prevail.

For the Government of the Italian Republic



Eng. Gilberto Dialuce

For the Government of New Zealand



H.E. Amb. Patrick Rata