

Memorandum
between the Government of Japan and the Government of Ukraine
on co-operation in the implementation of the UN Framework Convention on
Climate Change and its Kyoto Protocol in accordance with Articles 6 and 17
of
the Kyoto Protocol

The Ministry of Foreign Affairs, the Ministry of Economy, Trade and Industry, and the Ministry of the Environment of Japan hereinafter referred to as “the Japanese side” and the Ministry of Environmental Protection of Ukraine hereinafter referred to as “the Ukrainian side”,

Considering that Japan and Ukraine are Parties to the United Nations Framework Convention on Climate Change (hereinafter referred to as “Convention”) and the Kyoto Protocol to that Convention (hereinafter referred to as “Protocol”),

Reaffirming Article 6 of the Protocol which provides for the transfer from one Party to another Party of emission reduction units (ERUs) resulting from “Joint Implementation” projects (hereinafter referred to as “JI projects”) aimed at reducing anthropogenic emissions by sources or enhancing anthropogenic removals by sinks of greenhouse gases,

Also reaffirming Article 17 of the Protocol, which, inter alia, states that for the purpose of meeting its commitments under Article 3 of the Protocol, Parties included in Annex B may participate in International Emissions Trading,

Defining the Green Investment Scheme (hereinafter referred to as “GIS”), for the purpose of this Memorandum, as the International Emissions Trading mechanism under Article 17 of the Protocol linked to specific environmental countermeasures,

Considering the joint priority of Japan and Ukraine to preserve the environment and to promote sustainable development,

Reaffirming the mutual co-operation in the light of the objective of the Convention and its Protocol, in particular to facilitate Joint Implementation and International Emissions Trading,

Have shared hereby their intentions as follows:

1. Objective

This Memorandum applies to procedures that – in accordance with Article 6 of the Protocol – facilitate the development and realisation of JI projects in Ukraine and the transfer to Japan of the decided part of ERUs resulting from those projects and to procedures that – in accordance with Article 17 of the Protocol – facilitate the GIS.

Under the recognition of the Ukrainian side, reductions of emissions or enhancement of removals by sinks of greenhouse gases resulting from JI projects that have started before the beginning of 2008, by the approval of both sides, can be transformed into Assigned Amount Units (AAUs) for the period 2008-2012 and may be transferred to the given accounts within the Japanese national registry on the basis of Article 17 of the Protocol.

This Memorandum provides the basic framework for the both sides' co-operation regarding JI projects stipulated under Article 6 of the Protocol and on the basis of Article 17 of the Protocol, and activities under the GIS (hereinafter referred to as "GIS activities"), to be implemented in Ukraine.

2. Focal Points

Both sides assign a Focal Point from each side, which will be responsible for the coordination of the matters related to implementation of this Memorandum in both countries.

The Focal Points may be the same ones as designated for approving JI projects pursuant to Article 6, paragraph 1(a), of the Protocol.

Exchange of information, which includes the information about the status or changes in national policies related to the objective of this Memorandum, intends to be carried out through the Focal Points within the scope of this Memorandum.

3. Contribution of the Japanese Side

The Japanese side contributes to the development and realisation of initiatives that reduce the emission of greenhouse gases or which also lead to other environmental benefits in Ukraine through the mechanisms created by the Protocol, in particular JI projects and the GIS activities.

The Japanese side issues a Letter of Approval when it approves the JI projects in accordance with Article 6 of the Protocol.

AAUs and ERUs may be acquired by Japanese legal entities, authorised by the Japanese side for the acquisition of AAUs and ERUs in accordance with Articles 6 and 17 of the Protocol.

4. Contribution of the Ukrainian Side

The Ukrainian side facilitates the development and realisation of projects by supporting the potential beneficiaries interested in carrying out emissions reduction projects by providing information and by formally approving JI projects, which meet all national requirements, in accordance with Article 6 of the Protocol.

The Ukrainian side ensures that payment for transfers of AAUs, which has been made under the guideline as stipulated in section 5 below, is used to finance specific environmental measures carried out as the GIS activities in Ukraine.

The Ukrainian side transfers from the Ukrainian national registry to the given accounts within the Japanese national registry the decided amounts of ERUs and AAUs resulting from JI projects and AAUs from the GIS activities, according to the arrangement as stipulated in section 6 of this Memorandum.

The Letter of Approval issued by the Ukrainian side confirms its intention to transfer the ERUs. The Letter of Approval also confirms that the transfer will be free of any extra charges beyond the decided payment for ERUs.

As for the transfer of AAUs for emission reductions achieved before 2008 by JI project, it will be based on the same procedures as for ERUs. The Ukrainian side ensures that the transfer of the decided AAUs from the GIS activities will be free of any extra charges beyond the decided payment for AAUs. The Ukrainian side makes all necessary efforts to ensure that all the participation requirements under the Protocol are met, so as to enable the timely transfer of AAUs and ERUs to the Japanese national registry.

5. Guideline for the Green Investment Scheme

Both sides develop a guideline for implementation of the GIS.

6. Payment

Payment for the transfers of AAUs and ERUs will be made on the basis of separate arrangements for the transfers of AAUs and ERUs.

7. Financing

This Memorandum does not mean to require signatories to provide financial means for the facilitation of activities covered by the Memorandum.

8. Settlement of Disputes

Any disputes regarding the interpretation or application of this Memorandum are settled by mutual consultations between both sides.

9. Duration

This Memorandum commences on the date of signature by both sides.

The Memorandum may be amended by a written mutual consent between both sides.

Each side may at any time give a written notice to the other side of its decision to terminate this Memorandum through the focal points as assigned in accordance with section 2 of this Memorandum. The Memorandum will be terminated six months after the receipt of such notice.

The validity of approvals of JI projects that have been provided and arrangements for transfers of AAUs and ERUs that have been concluded at the time of termination of the Memorandum will not be affected by its termination.

Signed in _____, on _____ 2008 in two original copies in English language.