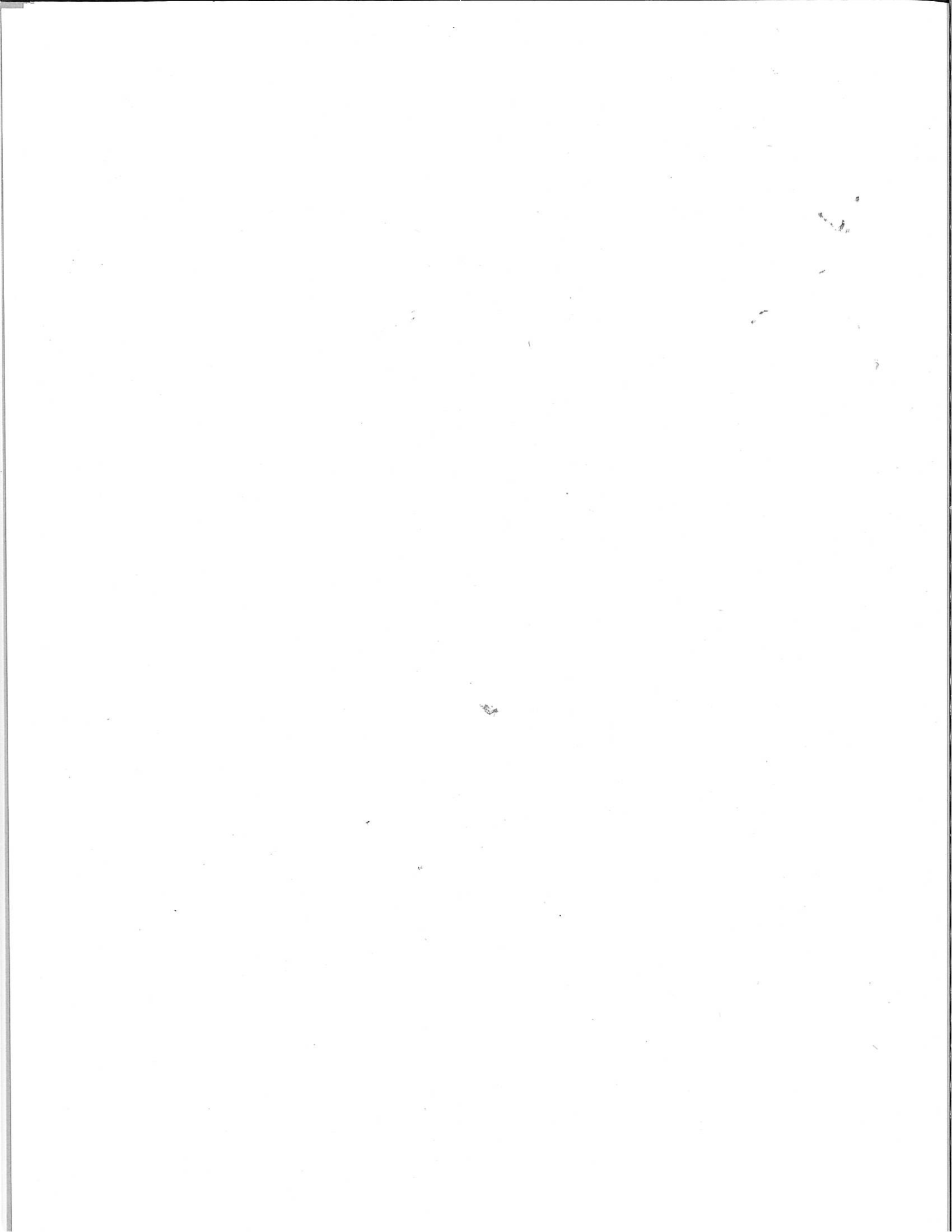


**INTER-GOVERNMENTAL AGREEMENT ON REGIONAL POWER TRADE
IN THE GREATER MEKONG SUBREGION**



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PREAMBLE

The Governments of the Greater Mekong Sub-Region (hereafter referred to as GMS), namely: the Kingdom of Cambodia, the People's Republic of China, the Lao People's Democratic Republic, the Union of Myanmar, the Kingdom of Thailand, and the Socialist Republic of Viet Nam (hereafter referred to as the Parties);

RECOGNIZING that the national power utilities of the GMS are engaged in the electricity supply business in their own countries and that the said utilities wish to continue with the development of interconnections between their respective networks and expand capacity and energy trade to provide further opportunities to: (i) enhance the reliability of supply, (ii) coordinate the installation and operation of generation and transmission facilities, (iii) reduce investment and operating costs, and (iv) share in other benefits resulting from the interconnected operations of their systems;

MINDFUL that GMS Member Countries, demonstrating their recognition of the benefits of cooperation amongst their national power sectors, formed the GMS Electric Power Forum (EPF) in 1995 and the Experts' Group on Power Interconnection and Trade (EGP) in 1998 to study and provide recommendations regarding power in the GMS;

RECALLING, the ninth GMS Ministers' Meeting in Manila in January 2000, where the GMS Ministers endorsed the "Policy Statement on Regional Power Trade in the Greater Mekong Sub-Region" with the objective of promoting power trade, where economic. In that Policy Statement, the GMS Ministers agreed that those governments who want their power sectors to participate in regional trade sign an inter-governmental agreement to provide the framework to implement the Policy Statement;

Now, through their duly authorized representatives who are the signatories of this Inter-Governmental Agreement on Regional Power Trade in the GMS, the Parties agree as follows:

**ARTICLE 1: PURPOSE OF THIS INTER-GOVERNMENTAL
AGREEMENT**

1.1 The purpose of this Inter-Governmental Agreement is to implement the Policy Statement on Regional Power Trade endorsed by the GMS Ministers in January 2000, including to establish the framework under which the Parties plan to advance regional trade in electricity in the GMS. The Policy Statement is incorporated into this Inter-Governmental Agreement as Annex A.

ARTICLE 2: PRINCIPLES AND OBJECTIVES OF POWER TRADE IN THE GREATER MEKONG SUB-REGION

2.1 The principles and objectives under this Article are consistent with the implementation of the objectives of the Policy Statement on Regional Power Trade in the Greater Mekong Sub-Region, as provided in Annex A.

2.2 The Parties accept that their relationship be based on the following principles:

- i) Cooperation: That issues related to regional interconnection be handled in a spirit of cooperation and mutual benefit, that the Parties have equal rights and obligations, act in solidarity, and refrain from taking advantage of one another;
- ii) Gradualism: That the Parties consider the progressive development of regional electricity trade; and
- iii) Environmentally Sustainable Development: That regional electricity trade is operated within a framework of respect for the environment.

2.3 The objectives of regional power trade under this IGA are for all participants to:

- i) coordinate and cooperate in the planning and operation of their systems to minimize costs while maintaining satisfactory reliability; and
- ii) fully recover their costs and share equitably in the resulting benefits, including reductions in required generation and transmission capacity, reductions in fuel costs and improved use of low-cost electricity sources; and
- iii) provide reliable and economic electric service to the customers of each Party.

ARTICLE 3 – DEFINITIONS

3.1 Annexes: the attachments to this IGA, which form an integral part of this IGA.

3.2 Authorized Agency: the agency designated by the Parties to implement this IGA.

3.3 Electric Power Forum (EPF): the electric power group established pursuant to the GMS Program in 1995.

3.4 Experts' Group on Power Interconnection and Trade (EGP): the group of experts drawn from the utilities and GMS Member governments and constituted by the EPF in 1998.

3.5 GMS Program: the economic cooperation program for the Greater Mekong Sub-region, initiated in 1992.

- 3.6 GMS Ministerial Meetings: the annual Ministerial meetings of GMS Members held as part of the GMS Program to coordinate sub-regional cooperation and provide overall guidance and support.
- 3.7 Regional Power Trade Coordination Committee (RPTCC): the GMS Regional Power Trade Coordination Committee, established to coordinate the implementation of regional power trade pursuant to this IGA.
- 3.8 Greater Mekong Sub-Region (GMS): the Kingdom of Cambodia, Yunnan Province of the People's Republic of China, Lao People's Democratic Republic, the Union of Myanmar, the Kingdom of Thailand, and the Socialist Republic of Viet Nam.
- 3.9 Inter-Governmental Agreement (IGA): this Agreement, together with its Annexes, among the Governments of the Kingdom of Cambodia, the People's Republic of China, the Lao People's Democratic Republic, the Union of Myanmar, the Kingdom of Thailand, and the Socialist Republic of Viet Nam.
- 3.10 Regional Power Trade Operating Agreement (PTOA): The technical and commercial operating agreement for implementation and operation of regional power trade under this IGA, which will be drafted under the management of the RPTCC.
- 3.11 Parties: the Governments of the Kingdom of Cambodia, the People's Republic of China, the Lao People's Democratic Republic, the Union of Myanmar, the Kingdom of Thailand, and the Socialist Republic of Viet Nam.
- 3.12 Policy Statement on Regional Power Trade in the Greater Mekong Sub-Region: the statement endorsed by the ninth GMS Ministers' Meeting in January 2000 in Manila.

ARTICLE 4: INSTITUTIONAL FRAMEWORK

- 4.1 The Parties assign responsibility for the policy direction and supervision of regional trade under this IGA to the Ministers responsible for electricity or electricity policy, as appropriate. These Ministers shall meet as and when they deem necessary, or at the request of the Chair of the Regional Power Trade Coordination Committee (RPTCC) to be formed in accordance with Article 4.2 herein.
- 4.2 The Parties recognize the need for a high-level body, the RPTCC, to actively coordinate for successful implementation of regional trade and to represent the countries involved in regional power trade. The Parties designate their national representatives to the current Electric Power Forum to constitute the first interim RPTCC to implement this IGA. The RPTCC shall report to the GMS Ministerial Level Conference and the respective national governments through the Ministers under Article 4.1 herein. The RPTCC shall have independence in

management of its operations for purpose of achieving its main objectives. The current Experts' Group on Power Interconnection and Trade shall provide technical support to the RPTCC.

4.3 Role of the RPTCC. The first task of the RPTCC shall be to determine more precisely, the first steps to establish and implement of regional trade arrangements, which they shall submit to the Parties for endorsement. This should include a plan to accomplish the following:

- i) provide to the Parties a final draft of the Regional Power Trade Operating Agreement (PTOA) which will specify the rules of regional power trade;
- ii) provide to the Parties a recommendation for the overall policy and day-to-day management of regional power trade, including the necessary bodies for coordination;
- iii) establish the short, medium and longer term initiatives which need to be pursued on a priority basis in order to achieve the objectives of regional power trade within a specified timetable; and
- iv) identify necessary steps for implementation of regional trade, including means for financing.

4.4 The Parties also authorize their respective appropriate national authorities and government-designated electric utilities to enter into the necessary agreements to regulate the establishment and operation of regional power trade, including the PTOA, subject to the approval of the RPTCC. The Parties shall support and assist their respective appropriate national authorities and government-designated electric utilities in the performance and execution of their obligations in terms of any agreement entered into between the respective utilities pursuant to this IGA and consistent with the Policy Statement.

ARTICLE 5: PARTIES TO THIS IGA

5.1 This Inter-Governmental Agreement is open to signature by all GMS Member Countries.

5.2 The inclusion of non-GMS Countries shall be subject to the approval of the GMS Parties to this Inter-Governmental Agreement. The terms for such inclusion shall be set forth in separate agreements, which shall be annexed to and form part of this Inter-Governmental Agreement.

ARTICLE 6: SETTLEMENT OF DISPUTES

The agencies authorized to implement this agreement shall seek amicable resolution through consultation for any divergence in interpretation or implementation of this Inter-Governmental Agreement. In the event that the authorized agencies are unable to settle any issue amicably, that issue shall be referred to the Parties for resolution.

ARTICLE 7: RATIFICATION AND ENTRY INTO FORCE

7.1 This Inter-Governmental Agreement shall be ratified or accepted by the Parties in accordance with their respective national procedures. The Parties shall oversee and expedite the ratification or acceptance process in their respective national bodies. Each Party shall notify its ratification or acceptance to the other Parties.

7.2 This Inter-Governmental Agreement shall enter into force between and among the Parties that have ratified or accepted or accepted this Inter-Governmental Agreement upon the date of issuance of the third (3rd) certified instruments of ratification or acceptance.

ARTICLE 8: DURATION OF AGREEMENT

This Inter-Governmental Agreement shall remain in effect until revised or terminated by all Parties.

ARTICLE 9: WITHDRAWAL FROM AGREEMENT

The Parties expect to continue their cooperation for regional power trade. However, any Party may, by giving one (1) year written notice to the other Parties, withdraw from this IGA after the expiration of two (2) years from the date of its entry into force or any time thereafter. The withdrawal shall take effect one year after receipt of notification by all other Parties, during which time the withdrawing Party shall continue to comply with the provisions of this IGA. Withdrawal from this IGA will not affect agreements and contracts signed on basis of this IGA until the expiration of those agreements and contracts.

ARTICLE 10: RELATION TO OTHER AGREEMENTS

10.1 **Agreements with Non-GMS Parties.** This IGA shall not restrict any GMS Party from having power trade agreements with non-GMS parties, provided that such agreements do not create obligations upon a GMS Party that is not party to such agreement, and that such agreements shall not impair a GMS Party from fulfilling its obligations under the GMS Regional Power Trade Agreements.

10.2 **Pre-existing Agreements**

i) The execution of this IGA shall not impair, amend or change any previous contract or agreement, until the expiration or termination of such contracts or agreements in accordance with their governing provisions, unless modified or terminated by mutual consent of the parties thereto. Such agreements will not be

extended past their original expiry date, and all new agreements shall seek to be consistent with this IGA.

ii) While the IGA imposes no obligation to convert, modify or terminate pre-existing agreements or contracts, the Parties encourage the parties to such agreements to comply, to the extent feasible, to make good faith efforts to re-negotiate any terms and conditions affecting regional trade prior to the date of operation of the first trades under the PTOA.

10.3 Other Regional Agreements

i) The Parties confirm that they shall continue to respect their rights and obligations under any existing regional agreements or conventions to which they are also parties;

ii) The Parties are aware that there are several initiatives relating to regional power trade in the GMS region. The Parties therefore assign responsibility to the RPTCC to ensure coordination of all initiatives promoting regional trade in the region in order to avoid duplication of effort and to enhance benefits of cooperation.

ARTICLE 11: REVIEW AND AMENDMENT

The provisions of this IGA shall be reviewed at five-year intervals or earlier, as requested by at least one-third of the GMS Parties, and amended, if required, by consent of all Parties to this IGA.

ARTICLE 12: ENTIRE AGREEMENT

12.1 This IGA constitutes the entire understanding among the Parties.

IN WITNESS HEREOF, the undersigned, being duly authorized thereto, have in the names of their respective Governments, signed this Inter-Governmental Agreement on Regional Power Trade in the Greater Mekong Sub-Region in six originals in the English language.

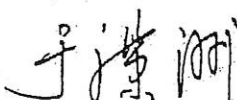
THUS DONE AND SIGNED AT PHNOM PENH
ON THIS 3rd DAY OF NOVEMBER 2002

For the Royal Government of Cambodia



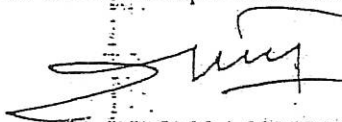
His Excellency, SUY SEM, Minister of Industry, Mines and Energy

For the Government of the People's Republic of China



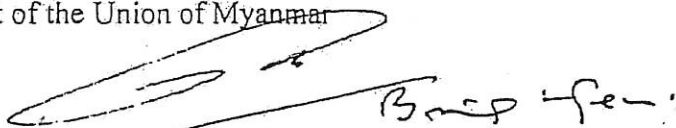
His Excellency, YU GUANGZHOU, Vice Minister of State Development Planning Commission

For the Government of the Lao People's Democratic Republic



His Excellency, SOMPHONG MONGKHONVILAY, Minister to the Prime Minister's Office

For the Government of the Union of Myanmar



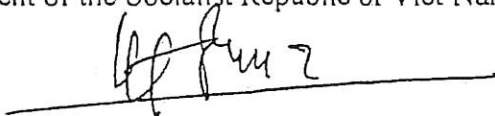
His Excellency, Brig. Gen. DAVID ABEL Minister, State Peace and Development Council, Chairman's Office

For the Government of the Kingdom of Thailand



His Excellency, PHONGTHEP THEPKANJANA, Minister of Energy

For the Government of the Socialist Republic of Viet Nam



His Excellency, VO HONG PHUC, Minister of Planning and Investment