

**ARRANGEMENT ON COOPERATION IN IMPLEMENTATION
OF JOINT IMPLEMENTATION PROJECTS AND
EMISSION TRADING IN ACCORDANCE WITH ARTICLES
6 AND 17 OF THE KYOTO PROTOCOL
BETWEEN THE REPUBLIC OF AUSTRIA AND NEW ZEALAND**

The Federal Minister for Agriculture, Forestry, Environment and Water Management of the Republic of Austria and the Convenor, Ministerial Group on Climate Change of New Zealand (the "Signatories"):

Noting that the Republic of Austria and New Zealand have ratified the United Nations Framework Convention on Climate Change (UNFCCC) and the Kyoto Protocol to that Convention;

Recognising the common interests of the two countries in promoting the use of Joint Implementation Projects and emissions trading under the flexibility provisions of Article 6 and Article 17 of the Kyoto Protocol to create incentives for an efficient contribution to the reduction of greenhouse gas emissions;

Recalling the Austrian JI/CDM programme in which emission reductions are purchased from joint implementation (JI) projects and clean development mechanism (CDM) projects and the New Zealand Projects to Reduce Emissions (PRE) programme in which emission reduction projects in New Zealand are selected to contribute abatement during the first commitment period of the Kyoto Protocol;

Noting the importance of the ongoing development of domestic policies and measures in both countries to meet obligations under the Kyoto Protocol and the supplementary role of activities under Article 6 and Article 17 of the Kyoto Protocol;

Have reached the following understanding to guide their cooperation in the area of Joint Implementation Projects and emissions trading to further the objectives of the UNFCCC and the Kyoto Protocol:

OBJECTIVES

1. In order to strengthen and build on the existing cooperative relationship between the Republic of Austria and New Zealand in the implementation of emission reduction projects and emissions trading, the Signatories have decided to encourage further cooperation consistent with the objectives and requirements of the United Nations Framework Convention on Climate Change and its Kyoto Protocol.

2. The objectives of cooperation under this Arrangement will be to:
 - a Facilitate and promote participation in the Austrian JI/CDM programme by New Zealand project providers selected for the PRE programme (Project Companies);
 - b Facilitate and promote purchase of emission abatement by the Government of Austria through the JI/CDM programme from Project Companies; and
 - c Encourage cooperation and dialogue in developing and implementing JI projects and emissions trading between the two countries.

FACILITATION OF PARTICIPATION IN THE JI/CDM PROGRAMME

3. To promote participation in the JI/CDM programme, the Signatories will seek to facilitate achievement of the objectives listed in paragraph 1 above by:
 - a Providing information to Project Companies and potential PRE programme participants about the JI/CDM programme tender process;
 - b Encouraging exchange of information between officials, including programme managers, about JI/CDM programme tenders and PRE tender rounds;
 - c promoting New Zealand business sector awareness of opportunities to engage in the JI/CDM programme;
 - d promoting Austrian business sector awareness of the PRE programme and the opportunity for participation by companies from Austria; and
 - e The Convenor, Ministerial Group on Climate Change providing letters of approval (by which JI projects are approved for the purpose of Article 6 of the Kyoto Protocol) and of no objection as provided in the Directive for the Austrian JI/CDM Programme, for successful PRE projects that are eligible for participation in the JI/CDM programme. Such letters of approval will confirm that the Government of New Zealand intends to transfer ERUs awarded to the particular JI-project to the Republic of Austria upon satisfaction of specified conditions.
4. The Signatories acknowledge that for both the JI/CDM and PRE programmes, assessment of projects will be carried out separately on a case by case basis, according to the rules of each programme. Qualification of a project for the PRE programme will not automatically qualify a project for the JI/CDM programme or vice versa.
5. The Signatories recognise that provision of units by the New Zealand Government for projects in the PRE tender round is conditional on fulfilment of the terms and conditions of the PRE Project Agreement, and that in particular to receive ERUs:
 - a The Project Company must provide verified abatement in accordance with the PRE Project Agreement as required in accordance with the PRE Project Agreement during the first commitment period of the Kyoto Protocol;
 - b The Project Company must elect to receive ERUs in return for its emission abatement;

- c The PRE project must comply with rules of the UNFCCC and the Kyoto Protocol to the UNFCCC for participating in Joint Implementation (JI).

6. The Signatories recognise that provision of payments for the JI/CDM programme to project providers is conditional upon meeting the separate requirements for monitoring, verification and delivery of abatement as specified in the Directive for the Austrian JI/CDM Programme and the individual JI/CDM Programme Emission Reduction Purchase Agreements between the Government of Austria, represented by Kommunalkredit Public Consulting, and JI/CDM project providers.

GENERAL FACILITATION OF COOPERATION

7. The Signatories will also work towards:

- a Maintaining and facilitating engagement at official level on projects and emission trading issues;
- b Encouraging exchange of information and strengthening of public institutions required for projects based emission trading;
- c Promoting implementation of, and compliance with, international rules relating to the transfer of units under the Kyoto Protocol;
- d Promoting public and business awareness of opportunities to engage in Joint Implementation Projects and emissions trading and the environmental benefits of abatement arising from such activities; and
- e Identifying and resolving issues that hamper the effectiveness of project participation and emission trading between the two countries.

GENERAL PROVISIONS

8. The Signatories recognise that the cooperative activities covered by this Arrangement will be carried out in conformity with the respective laws and regulations of the Republic of Austria and New Zealand and the rules developed by the Conference of Parties to the UNFCCC and the Meeting of Parties to the Kyoto Protocol to the UNFCCC.

9. The Federal Ministry for Agriculture, Forestry, Environment and Water Management of the Republic of Austria and the New Zealand Climate Change Office of the Ministry for the Environment for New Zealand are the competent authorities for the purpose of implementing this Arrangement.

10. This Arrangement may be amended by mutual written agreement.

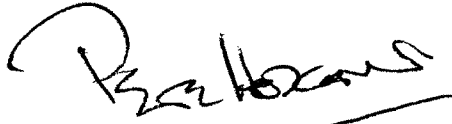
11. This Arrangement will take effect on signature.

This Arrangement is executed in two originals in the English language.

Signed at Buenos Aires on 17 December 2004.



Josef Pröll
Federal Minister for Agriculture,
Forestry, Environment and
Water Management
Republic of Austria



Hon. Pete Hodgson
Convenor,
Ministerial Group on Climate Change
New Zealand