

Memorandum of Understanding
Among
The State Development Planning Commission of the People's Republic of China,
China Development Bank,
The United States Department of Energy,
and
Export-Import Bank of the United States
Regarding Cooperation on
Clean Energy Projects and Technologies

March 29, 1999

The State Development Planning Commission of the People's Republic of China, China Development Bank, the United States Department of Energy and the Export-Import Bank of the United States (the "Parties")

NOTING that the development of clean energy is a goal shared by both the People's Republic of China and the United States of America:

NOTING that entities in the People's Republic of China, the United States of America, and other countries are seeking new sources of financing for the development of clean energy:

NOTING that companies in the United States of America desire to cooperate with Chinese entities to develop clean energy in China by providing advanced goods, services, and technical know-how

NOTING that the Parties wish to support the continued development of clean energy projects in China, and thereby to provide mutual benefits for the economies of both countries:

NOTING that the Parties have established a friendly and long-standing relationship based on mutual benefit, which forms a strong foundation for the expansion of their cooperation:

The Parties hereby declare their mutual understanding on the following points:

1. The Chinese Parties shall facilitate the identification of appropriate clean energy projects. It is envisioned that projects qualifying for support will include energy efficient technologies, renewable energy projects (including small hydroelectric projects), and pollution reduction technologies such as for clean coal.
2. Export-Import Bank of the United States shall work with the relevant entities to expedite loan application procedures to support financing of clean energy projects, providing eligible transactions the most favorable terms permitted under standard terms of the Organization for Economic Cooperation and Development and the Export-Import Bank programs and guidelines for qualifying U.S. transactions.
3. Subsequent to receipt of a completed Export-Import Bank application request form from China Development Bank for the establishment of a \$100 million clean energy program and following Export-Import Bank Board approval, China Development Bank, as

borrower, would, at its discretion, on a case by case basis and on behalf of the Chinese end-user/buyer apply for Export-Import Bank final commitments to finance eligible individual transactions.

4. It is envisioned that for individual transactions to be considered under this clean energy program, an Export-Import Bank direct loan or an Export-Import Bank guaranteed loan may be requested by China Development Bank. It is also envisioned that the Master Credit Agreement between Export-Import Bank and China Development Bank entered into as of the 25th day of January 1996, would provide the legal documentation of any individual transactions which are eligible to be under this clean energy program.
5. The Parties intend to cooperate in sharing information about opportunities where the financing of clean energy and renewable energy projects might provide benefits for the economies of both China and the United States.
6. Under the U.S.-China Energy and Environment Cooperation Initiative signed October 29, 1997, both the U.S. Department of Energy and Export-Import Bank plan to work with U.S. companies to promote support of this Memorandum of Understanding. The U.S. Department of Energy plans to encourage U.S. private industry to work with the relevant Chinese authorities to support the identification, assessment, and implementation of appropriate projects that will showcase innovative U.S. energy technologies, goods and services that provide reliable, cost-effective, and environmentally-sound energy production and energy savings.

The State Development Planning Commission of the People's Republic of China will organize cooperation between China Development Bank and Chinese enterprises in the areas of application, preliminary evaluation, and implementation of projects.

7. The U.S. Department of Energy and Export-Import Bank acknowledge that Chinese industrial and commercial companies will consider all available sources of financing clean energy projects in China and that the Chinese Parties are also welcome to pursue all sources of financing for any project identified under this Memorandum of Understanding.

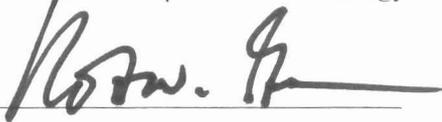
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