

AGREEMENT

between the Government of Australia and the Government of Hungary concerning oil stock contracts

Preamble

The Government of Hungary and the Government of Australia (the “Contracting Parties”):

RECOGNISING the Agreement on an International Energy Program of 18 November 1974, as amended from time to time (hereinafter referred to as “the IEP Agreement”);

RECOGNISING that, as a party to the IEP Agreement, Australia is obliged to maintain oil reserves equal to 90 (ninety) days of net oil imports and to comply with its obligations under the IEP Agreement following the activation of emergency measures by the Governing Board of the International Energy Agency (hereinafter referred to as the “IEA”) to respond to a supply disruption;

RECOGNISING that, pursuant to Article 3 of the IEP Agreement and to Article 3 of the Annex to the IEP Agreement, oil stocks held by Australia in the territory of another country may be credited towards Australia’s emergency reserve commitment, provided that the country has an agreement with the Government of Australia that no impediment shall be imposed to the transfer of those oil stocks to Australia in an emergency;

RECOGNISING Hungary’s national legislation regarding oil stockholding obligations;

HAVE AGREED as follows:

Article 1 Definitions

For the purposes of this Agreement:

- (a) the term “Competent Authority” means
 - (i) For Hungary: the Hungarian Ministry of Innovation and Technology, or its successor responsible for energy policy; and
 - (ii) For Australia: the agency responsible for implementing the Agreement, being the Australian Government Department of the Environment and Energy or its successor;
- (b) the term “entity” includes, without limitation, any legal person or any other body duly constituted or otherwise organised under national law of one of the Contracting Parties;
- (c) the term “impediment” includes any legislative, physical or other measures with the effect of restricting or preventing the removal of oil stocks held in Hungary pursuant to oil stocks contracts notified to Hungary in accordance with this Agreement;
- (d) the term “notification” includes communication by hand delivery, facsimile, and electronic mail. A notification shall be deemed to have been received:

- (i) in the case of hand delivery, at the time of actual delivery; or
 - (ii) in the case of delivery of facsimile, from the time of transmission specified in a transmission report from the sending machine which indicates that the facsimile was sent in its entirety to the recipient; or
 - (iii) in the case of delivery by email, from the time the email was sent, provided that the sender has not received any notification of delivery failure or delay in respect of that email.
- (e) the term “oil stock” means any stock of crude oil, major products and unfinished oils covered by Article 1 of the Annex to the IEP Agreement;
- (f) the term “oil stocks contract” means a contract between the Government of Australia or an Australian entity authorised to act on behalf of the Australian Government, and an entity in Hungary that provides the Government of Australia with an option to purchase or option to release oil stocks held by the entity in Hungary;
- (g) the term ‘release’ includes the cancellation of the oil stocks contract; and
- (h) the term ‘removal’ includes the transfer of title of oil stock, and the exit of oil stock from the borders of Hungary.

Article 2 Objectives

1. The primary objective of this Agreement is to facilitate the Government of Australia’s fulfilment of its obligation to maintain emergency oil reserves equal to 90 (ninety) days of net oil imports pursuant to Article 2 of the IEP Agreement.
2. This Agreement shall enable Australia to hold oil stocks in the territory of Hungary under oil stocks contracts, with those oil stocks to be credited towards Australia’s emergency reserve commitment for the purpose of satisfying its obligation to maintain emergency oil reserves equal to 90 (ninety) days of net oil imports, pursuant to Articles 2 and 3 of the IEP Agreement and Article 3 of the Annex to the IEP Agreement.
3. Oil stocks to which this Agreement applies can be held:
 - a) directly by the Competent Authority in Australia; or
 - b) by an Australian entity authorised to act on behalf of the Australian Government; or
 - c) by an entity established in Hungary, on behalf of the Competent Authority in Australia.
4. For the avoidance of doubt regarding the Contracting Parties’ IEP reporting obligations in relation to oil stocks held in Hungary, notifications made under Article 6 shall constitute the formal record of oil stocks held in Hungary which are subject to oil stocks contracts between the Competent Authority of Australia, the Competent Authority of Hungary, or an entity described in Article 2(3), and to which this Agreement applies.

Article 3 Scope

This Agreement shall apply to the oil stocks contracts that are notified to Hungary in accordance with Article 6 of this Agreement.

Article 4 Competent Authorities

This Agreement shall be administered by the Competent Authorities of each Contracting Party.

Article 5 Oil Stocks Contracts

1. The Competent Authority of Australia, or an Australian entity, shall have the right to negotiate and conclude oil stocks contracts with entities in Hungary or with the Competent Authority of Hungary.
2. All oil stocks contracts concluded under this Article shall require the approval of the Competent Authority of Hungary, which shall be applied for in accordance with the procedure laid down in Article 6.

Article 6 Maximum Limits and Approval of Proposed Oil Stocks Contracts

1. The Competent Authority of Australia shall seek prior approval from the Competent Authority of Hungary as to any applicable maximum thresholds of oil stocks to contract on an annual basis.
2. The Competent Authority of Australia shall notify the Competent Authority of Hungary of any oil stocks contracts concluded under Article 5, for the purpose of seeking the Competent Authority of Hungary's approval for the oil stocks contracts. This notification shall be provided at least 4 (four) weeks before the commencement of the term of any such oil stocks contract and shall include the following information:
 - a) the name and address of the entity with whom the contract is in place;
 - b) the nature, quantity and location of the oil stocks subject to the contract; and
 - c) the term of the contract.
3. The Competent Authority of Hungary shall notify the Competent Authority of Australia whether or not it approves an oil stocks contract notified under Article 6(2) no later than 2 (two) weeks before the start of the term of the oil stocks contract in respect of which approval was sought.

4. The Competent Authority of Australia shall notify the Competent Authority of Hungary if there is any significant change in the information supplied in accordance with Article 6(2).

5. The Competent Authority of Hungary has the right to withdraw its approval for an oil stocks contract if it identifies any significant inaccuracy in the particulars provided to it under Article 6(2). Before withdrawing an approval under this provision, the Competent Authority of Hungary shall inform the Competent Authority of Australia of its intention to withdraw its approval in respect of an oil stocks contract and afford the entity with the stockholding obligation, and which had detailed the particulars, a reasonable opportunity to rectify the inaccuracy identified. If the inaccuracy is so rectified, the Competent Authority of Hungary shall not withdraw its approval in respect of the oil stocks contract.

6. Notwithstanding the time limits indicated in Articles 6(2) and (3) and Article 8(2), the Competent Authorities may mutually decide to vary any or all of those time limits.

Article 7

Exercise of Rights under an Oil Stocks Contract

The Competent Authority of Australia, or an Australian entity, may exercise a contractual right, including the option to purchase or option to release, regarding any or all oil stocks held directly or, in the case of the Competent Authority of Australia, on its behalf by an entity established in Hungary, pursuant to an oil stocks contract to which this Agreement applies, when Australia's obligations under the IEP Agreement to implement emergency measures to deal with a supply disruption are activated.

Article 8

Notification of Intention to Exercise Purchase Options

1. Where the Competent Authority of Australia or an Australian entity has decided to exercise a purchase option, or other contractual rights, under an oil stocks contract to which this Agreement applies, in the circumstances referred to in Article 7, the Competent Authority of Australia shall notify the Competent Authority of Hungary of that decision.

2. This notification shall be provided no less than 2 (two) weeks before the exercise of the purchase option, or other contractual rights, is intended to take place.

Article 9

No Impediment to Removal of Oil Stocks

The Government of Hungary shall impose no impediment to the removal of oil stocks held under oil stocks contracts to which this Agreement applies from its territory, and the transfer of those oil stocks to the Competent Authority of Australia or an Australian entity, in accordance with the terms of any such oil stocks contract.

Article 10 Consultation

The Competent Authorities of both Contracting Parties shall consult with each other as soon as reasonably practicable:

- (a) where either of the Contracting Parties faces a supply emergency which has, or may have, an effect on oil stocks contracts to which this Agreement applies;
- (b) if any circumstances arise which may be taken into consideration in the exercise of Australia's purchase options, or other contractual rights, under oil stocks contracts to which this Agreement applies;
- (c) where either of the Contracting Parties requests consultation to resolve any difficulty in the interpretation or application of the Agreement; or
- (d) if either of the Contracting Parties wishes to amend this Agreement.

Article 11 Entry into Force, Amendment and Termination

1. This Agreement shall enter into force on the 30th (thirtieth) day following the date of receipt of the last written notice by which the Contracting Parties have notified each other, through diplomatic channels, that their internal legal procedures necessary for its entry into force have been completed.
2. This Agreement may be amended by the Contracting Parties in writing. The amendments shall enter into force as declared in subsection 1 of this Article.
3. This Agreement may be terminated by either Contracting Party upon giving 12 (twelve) months advance notice in writing.
4. This present Agreement shall not be cited or interpreted neither in whole or in part as to annul, amend or influence in any way the duties of Hungary arising from the Treaty on the European Union and the primary and secondary legislation of the European Union.

The foregoing represents the agreement reached between the Contracting Parties.

IN WITNESS WHEREOF, the representatives of both Parties, duly authorised by their respective governments, have signed this Agreement.

Done at on..... in two original copies in Hungarian and English languages; both versions being equally authentic. In case of any divergence in interpretation, the English text shall prevail.

FOR THE GOVERNMENT OF
AUSTRALIA

FOR THE GOVERNMENT OF
HUNGARY