

THE GOVERNMENT OF THE ITALIAN REPUBLIC

AND

THE GOVERNMENT OF THE REPUBLIC OF HUNGARY

ON THE RECIPROCAL STORAGE OF COMPULSORY STOCKS OF CRUDE OIL
AND PETROLEUM PRODUCTS

The Government of the Italian Republic and the Government of the Republic of Hungary, hereinafter referred to as "Contracting Parties" and each, individually, as the "Contracting Party",

Having regard to the Council Directive 2006/67/EC of 24 July 2006 imposing an obligation on Member States of the EEC to maintain minimum stocks of crude oil and/or oil products (EEL 217 of 8.8.2006 p.8-15);

Having regard to article 7 (1) of the Directive which provides for the establishment of stocks within the territory of a Member State for the account of companies, or bodies/entities, established in another Member State, under intergovernmental agreements;

Having regard to the laws on petroleum stockholding in force in the Italian Republic and in the Republic of Hungary;

Have agreed as follows:

Article 1
DEFINITIONS

For the purpose of this Agreement, unless the context otherwise requires:

1. "Directive" means the Council Directive 2006/67/EC of 24 July 2006;
2. "Commission" means the Commission of European Union;
3. "compulsory oil stocks" means stocks of crude oil and petroleum products covered by the Directive;
4. "national legislation":
 - a) the laws on petroleum stockholding in force in Hungary;
 - b) the laws on petroleum stockholding in force in Italy;
5. "Competent Authorities" means the Ministry or Governmental authority of each State responsible for supervising the fulfillment of compulsory stocks obligation;
6. "Depository State" means state within whose territory the compulsory reserves stocks are being held;
7. "Beneficiary State" means state on whose behalf the stocks are being held;
8. "monthly report" means the report prepared according to the provisions of Article 6 of this agreement;

10. "territory" means the area over which the Contracting Parties exercise their jurisdiction;
11. "party under obligation" refers to a party under the obligation to establish and maintain compulsory reserve stocks according to the respective national legislation;
12. "supply crisis" means a supply crisis as declared by an institution the European Union or the International Energy Agency
13. "contract" means the agreement between companies or bodies or entities to establish storage of compulsory stocks

Article 2

Party under obligation to maintain compulsory stocks reserves in Italy shall be permitted to locate a portion of these stocks in Hungary provided they are held in facilities specially suited for that purpose.

Party under obligation to maintain compulsory stocks reserves in Hungary shall be permitted to locate a portion of these stocks in Hungary provided they are held in facilities specially suited for that purpose.

Article 3

Application for permission to proceed with reference to Article 2 must be made by the party to the Competent Authority in accordance with the procedure set out below.

1. The applications shall contain the following information:
 - a. Name and address of the party under obligation which is applying for authorization;
 - b. Type and quantity of products;
 - c. Name of owner of the compulsory reserve stocks in case this is not the same as the party under obligation;
 - d. Name and address of the owner of the storage facilities in case this is not the same as the party under obligation where compulsory reserve stocks are to be held, precise geographic location of the oil and oil products storage facilities;
 - e. Period for which authorization has been requested which in any case shall start from the first day of any calendar months and have a minimum duration of three months;
2. The actual availability of the stocks for the party under obligation shall be guaranteed, at all times throughout the period of the contract between the companies, bodies or entities, by the party holding the stocks at the disposal of party under obligation.
3. Once the application made by the party under obligation has been approved by the Competent Authority, the same Authority shall then communicate all the information required in point 1 to the Depository State's Competent Authority no later than twenty business days before the beginning of the period for which the authorization has been requested.
4. The Competent Authority of the Depository State shall communicate her decision to the Competent Authority of the Beneficiary State no later than five business days before the beginning of the period for which the authorization has been requested. In the event that no such notification is received it shall be deemed not to have accepted the stocks in question as stocks to which this Agreement applies.

6. Any acceptance under this Article may be withdrawn by either Competent Authority if a significant error or inaccuracy is found in the matters to which the application relates. Before withdrawing an acceptance the Competent Authority concerned shall inform the Competent Authority of the other State and allow the party under obligation a reasonable opportunity to make representations.

Article 4

Pursuant to terms of the present Agreement the Government of the Depository State may under no circumstances oppose the free transfer of compulsory reserve stocks to the Beneficiary State as referred to in the preceding articles.

Article 5

The compulsory reserve stocks indicated in Article 2 shall not be counted towards meeting the obligations of party in the Depository State, rather they will count towards meeting the quotas for the Beneficiary State.

Article 6

Under the terms of this Agreement any party holding compulsory reserve stocks for the other contracting party, shall send a monthly report to the competent authority of the State whose territory the stocks are being held.

The report shall include:

1. Name and address of the party under obligation towards the Beneficiary State;
2. Type and quantity of product;
3. The name of owner of the compulsory reserve stocks in case this is not the same as the party under obligation;
4. Name and address of the owner of the storage facilities in case this is not the same as the Party under obligation where compulsory reserve stocks are to be held, precise geographic location of the said facilities;

After their inspections, checks, or other verifications of the quality and quantity of the stocks, the Competent Authority of the Depository State shall inform the Competent Authority of the Beneficiary State within the first twenty calendar days of the following month.

Article 7

With regard to the statistical summary required by Article 4 of the Directive, each of the Contracting Parties shall send a report to the Commission regarding the presence of minimum reserve stocks being held on its territory on behalf of the other State, in accordance with the requirements set out in Article 6 of the Directive.

Under the terms of the present Agreement, whenever a party maintains compulsory reserve stocks which are not in its own property, the said stocks shall be deemed the property of the party under obligation to the Beneficiary State.

The contract which ensures that the compulsory quotas are met shall be submitted at any time at the request of to the Competent Authority and shall include an explicit clause for a preferential purchase option and a method for determining the price.

Article 9

Each Competent Authority shall from time to time undertake inspections, check or other verification measures which it considers appropriate of the stocks accepted as being stocks to which this Agreement applies, in particular, whenever so requested by the Competent Authority of the other State. The Competent Authority shall notify the other State immediately of any significant errors or inaccuracies revealed by those measures.

Article 10

If any non-fulfillment of the present Agreement is determined by the Depository State, this shall be communicated to the Beneficiary State as quickly as possible.

Article 11

Non-fulfillment of the terms of present Agreement by any party under obligation to establish and maintain compulsory oil stocks shall be cause for the Competent Authority of Beneficiary State to initiate immediately appropriate sanctions in accordance with its own legislation.

Article 12

Upon the request of either of the Contracting Parties any question regarding the interpretation or implementation of the present Agreement shall be subject to consultations. The consultations shall begin within 60 days from the date of request. In the case of a crisis in supply these consultations shall take place with no delay.

Article 13

The Agreement may be amended by mutual consent by the Contracting Parties. If either Contracting Party wishes to make a change to a provision of the present Agreement it may request the other Contracting Party to initiate a process of consultations. The consultations shall begin within 60 days.

The amendments shall enter into force in accordance with the procedures agreed upon by the Contracting Parties.

Article 14

The Agreement shall enter into force on the first day of the second month after the receipt of the last written notice by which the Contracting Parties notify each other through diplomatic channels that their respective internal procedures for the entry into force have been complied with.

Article 15

The Agreement shall be in force for an unlimited time period.

The Agreement may be terminated by either Contracting Party by giving notice in writing through the diplomatic channel to the other Contracting Party. The Agreement shall cease its effects six months after the above mentioned notification.

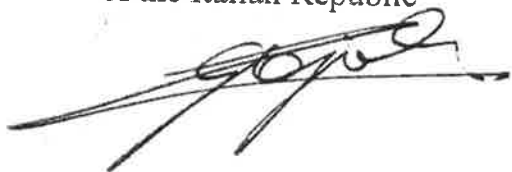
Termination is not exercisable during a supply crisis.

If a Contracting Party exercises the right of termination it shall notify the Commission in writing before the Agreement ceases its effects.

In witness whereof the undersigned Representatives, duly authorized by their respective Governments, have signed the present Agreement.

Done at Rome, on October 22, 2009, in two originals each in English language only.

For the Government
of the Italian Republic



For the Government
of the Republic of Hungary

