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#### NOTE

From:	European Commission
To:	Delegations
Subject:	Commission's intention to enter into a Memorandum of Understanding on behalf of the EU on Cooperation Related to Trade, Transport, and Export of Natural Gas to the European Union and Clean Energy Transition Cooperation with the Arab Republic of Egypt and the State of Israel



EUROPEAN COMMISSION  
Directorate-General for ENERGY  
Directorate-General for CLIMATE ACTION

Brussels,

**NOTE FOR THE ATTENTION OF THE MASHREQ/MAGHREB WORKING PARTY OF THE COUNCIL**

***SUBJECT:*** Commission's intention to enter into a *Memorandum of Understanding* on behalf of the EU on *Cooperation Related to Trade, Transport, and Export of Natural Gas to the European Union and Clean Energy Transition Cooperation with the Arab Republic of Egypt and the State of Israel*

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## **REMARKS:**

On 8 March 2022, the Commission published its Communication “REPowerEU: Joint European action for more affordable, secure and sustainable energy”. REPowerEU, is the EU’s response to the need for independence from Russian fossil fuels well before the end of the decade, and to replace them with affordable, reliable, and clean energy. The Communication focuses on :

1. **replenishing EU gas stocks** for next winter;
2. **making Europe independent from Russian fossil fuels and diversifying our gas supplies away from Russia** well before the end of the decade; and
3. **transitioning to renewable gases and hydrogen** and accelerating the European Green Deal. As well as scaling up renewables, it will also boost energy efficiency, increase electrification and address infrastructure bottlenecks.

Stronger relations with trusted and reliable energy partners are essential to contribute to priorities 1. and 2. In particular, the EU shall aim at strengthening energy synergies in its neighborhood with a view to underpinning security of supply, energy cooperation and trade, and geopolitical stability.

The Eastern Mediterranean region is a **key energy partner for the EU** on the back of its gas richness, high renewable energy potential, existing intra-regional energy links and cooperation, and growing climate ambition ahead of the COP 27 to be held in Sharm el-Sheikh in November this year. Egypt and Israel already have excellent cooperation in the energy sector, sealed at Energy Ministers level at the East Mediterranean Gas Forum meeting in Cairo on 25 November 2021 via a joint Memorandum of Understanding to support exporting additional amounts of natural gas from Israel to Egypt and the possibility of using in the future the pipeline for hydrogen delivery,.

Israel is a key gas supplier to Egypt, and excess supplies not consumed for domestic consumption are rerouted to the international LNG market via Egypt’s liquefaction capacity in Idku and Damietta, which is estimated at around 17.5 bcm per year, with only a relatively minor share being shipped to the EU so far (around 15% of 2021 deliveries according to press reports).

In the wake of the ongoing energy crisis and on the back of the strong resolve by the Israeli and Egyptian governments to cooperate with the EU in its diversification and energy transition efforts, the European Commission intends to conclude a **trilateral Memorandum of Understanding with Egypt and Israel** to provide a political framing for increasing the delivery of Israeli gas to the EU through Egypt’s liquefaction capacity in Idku and Damietta, and enhance cooperation on clean energy transition agendas with a view to supporting ambitious renewable energy and energy efficiency policies ahead of COP 27.

The proposed trilateral Memorandum of Understanding would:

- 1) be a key contribution to enhancing the EU's security of supply at a critical energy juncture;
- 2) reinforce energy cooperation in the Eastern Mediterranean region;
- 3) provide a political framing to support the sustainable reinvestment of higher energy revenues in the current favorable market conditions for energy exporting countries;
- 4) reaffirm the shared commitment and ambition to rapidly advance the domestic clean energy transitions of all sides involved in accordance with the UfM Ministerial Declaration on Energy of 14 June 2021<sup>1</sup>

The text of the draft Memorandum of Understanding will be provided as soon as feasible, for endorsement by the Council, as per the standard Non-binding Instruments procedure.

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<sup>1</sup> <https://ufmsecretariat.org/wp-content/uploads/2021/06/3rd-UfM-Ministerial-Declaration-on-Energy-14-June-2021-1.pdf>