

MEMORANDUM OF UNDERSTANDING
ON A
STRATEGIC PARTNERSHIP ON SUSTAINABLE RAW MATERIALS VALUE CHAINS
BETWEEN THE EUROPEAN UNION
AND
THE GOVERNMENT OF THE REPUBLIC OF UZBEKISTAN

THIS MEMORANDUM of UNDERSTANDING (hereinafter referred to as “MoU”) agreed, on the 5 April 2024, BETWEEN the European Union, hereinafter referred to as ‘Union’, and the Government of the Republic of Uzbekistan, hereinafter referred to as ‘Uzbekistan’, hereinafter jointly referred to as the “Sides” and in the singular as “Side”.

1. Introduction

Grounded on the common interest to deepen their cooperation, the Union and the Government of the Republic of Uzbekistan wish to establish a strategic partnership on sustainable raw materials value chains (“the Partnership”).

Securing the supply of strategic and critical raw materials (CRMs) in a sustainable manner is an essential prerequisite for ensuring the green and digital transitions. The availability of CRMs, such as copper, lithium, cobalt, manganese and natural graphite for batteries, or rare earth elements for permanent magnets for wind turbines, electric motors or computer data storage devices, represents an enabling factor for decarbonising energy production, connectivity, and mobility, while promoting green and digital economic transformation in Uzbekistan, the EU as well as globally.

The Sides are committed to sustainable development, local value addition, and to respecting each other's right to extend raw materials and net-zero technologies value chains within their respective territories. In this respect, the Union acknowledges and supports Uzbekistan's ambition to develop local transformation capacities for battery minerals in cooperation with other Central Asian countries.

Increased extraction and transformation of CRMs, as well as the development of related value chains, should be coupled with respect for human rights and the application of high standards in Environmental, Social and Governance (ESG) areas, including through the application of OECD Guidelines for Multinational Enterprises, notably concerning transparency, traceability and due diligence. As part of the environmental considerations, attention will be given to waste management for projects at all stages of the value chain.

The Sides intend to work together along the entire minerals value chain to further the industrialisation of Uzbekistan, as outlined in:

- The Decree of the President of the Republic of Uzbekistan about the strategy “Uzbekistan – 2030” №PD-158, dated September 11, 2023; and
- The Partnership and cooperation Agreement establishing a partnership between the European communities and their member states and the Republic of Uzbekistan, signed in Florence on June 21, 1996.

2. Political context

Increasing the capacity and sustainability of the extractive industry and developing processing, refining, recovery, and recycling capacities locally has the potential to underpin sustainable, clean and inclusive economic growth, spur domestic resource mobilisation and development, deepen direct linkages with the rest of the economy and enable transformation and economic diversification in Uzbekistan.

Uzbekistan can capitalize on its potential of a wide range of strategic raw materials and CRMs to attract sustainable investments to diversify mineral production and increase mineral processing and recycling activities. Ensuring a strict implementation of the beneficiation strategy should result in direct benefits for Uzbek citizens, through the creation of decent and more qualified jobs, the improvement of skills and technology developments, and contribute to economic diversification, thereby providing a better quality of life and increasing the prosperity of the Uzbek society.

For the Union, securing access to strategic raw materials and CRMs is a strategic security endeavour and is an integral part of its ambition to deliver on the sustainable energy and circular economy objectives, set out in the European Green Deal. The new European Industrial Strategy proposes to reinforce the Union's autonomy by promoting diversified and undistorted access to global markets for raw materials.

The Union's New Strategy on Central Asia adopted in June 2019 recognises the need for enhanced cooperation between the Union and Central Asia to develop new and sustainable investment pathways, to promote secure and clean industrial value chains, while respecting ambitious environmental and climate standards.

In its 2023 proposal for a Critical Raw Materials Act, the Union committed to develop strategic international partnerships to secure a diversified and sustainable supply of CRMs. Likewise, under its Circular Economy Action Plan, the Union aims to provide a global impetus for initiatives related to the circular economy transition, resource efficiency and sustainable consumption and production. On the financing side, the Global Gateway Strategy is driving sustainable and transparent investments in Union's partner countries all around the world.

In light of the above, the Sides reaffirm their commitment to strengthening their partnership in accordance with the Joint Communiqué of the 19th European Union-Central Asia Ministerial Meeting, held on 23 October 2023 in Luxembourg and the Roadmap for Deepening Ties between the EU and Central Asia, including on CRMs. They see a clear synergy between the high strategic raw material and CRM potential of Uzbekistan and the European expertise in advanced CRM mining, processing and recycling. The Sides acknowledge that this serves as a strong basis for this MoU, which builds on the cooperation in the area of mining and raw materials envisaged by the Partnership and Cooperation agreement between the Union and Uzbekistan as well as the Enhanced Partnership and Cooperation Agreement between the Union and Uzbekistan, initialled in 2022.

3. Objective

The Sides see opportunities for cooperation under this MoU in seeking:

- to develop a closer economic and industrial integration of the Sides in sustainable value chains of raw materials by mapping resources and identifying and jointly developing innovative and sustainable and responsible raw materials value chains projects by facilitating business opportunities, promoting the use of advanced expertise and technologies to the extraction and processing of raw materials that respect high environmental, social and governance standards, mobilising instruments for financial support and investment de-risking;
- to facilitate cooperation on trade and investment in raw materials, including investment facilitation, to create an enabling environment as well as ensure the well-functioning and resilience of raw materials supply chains both upstream and downstream in and between the Union and Uzbekistan;
- to promote and invest in circular economy value chains for the recycling, reusing and remanufacturing of strategic and critical raw materials;
- to promote the alignment of sustainable raw materials value chains developed between the Union and Uzbekistan with the relevant internationally recognised principles and guidelines for Environmental, Social and Governance (ESG) standards;
- to promote regulatory cooperation and establish an early consultation process in case of new legislative/regulatory proposals in the area of raw materials;
- to cooperate on skills, capacity building and competences necessary for the development of sustainable raw materials value chains;
- to facilitate closer cooperation on research and innovation along the raw materials value chain, including advanced exploration, earth observation, and innovative extractive, processing, refining and recycling technologies.

4. Scope of the partnership and main areas of work

The Partnership covers non-energy and non-agriculture raw materials along the entire value chain (exploration, extraction, processing, manufacturing and recycling). The Partnership has a primary focus on strategic raw materials and CRMs, as per the Union's current definition or its future updates.

The Sides intend to cooperate closely in the following six areas:

- I. Integration of sustainable raw materials value chains, including via networking, preliminary selection of project proposals, joint development of projects, and promotion and facilitation of trade and investment linkages along the whole value chain, including general CRM mapping /exploration and mapping of mineral potential from mining waste, advancing best practices for resource classification using international standards (UNFC, JORC) and geodata management.
- II. Increasing the resilience of raw material supply chains and establishing a dialogue to enhance the transparency of measures related to investments, operations and exports, to enhance the implementation of trade and investment facilitating measures, to ensure that bilateral trade and investment is not distorted, and to discuss at an early stage concerns of disruptions of supply chains and possible mitigation measures to be taken by the Sides.
- III. Mobilisation of funding for projects resulting from the Partnership, as well as for the development of infrastructure required for the development of raw materials value chains such as, but not limited to, the development of clean energy supply. The use of financial and investments instruments should facilitate the implementation of the Paris Agreement and comply with relevant (European and international) standards as well as follow best practices regarding environmental protection, sustainability, transparency and governance.

- IV. Cooperation to achieve sustainable and responsible production and sourcing of raw materials, including through the application of increased due diligence and traceability, addressing pricing challenges for ESG compliant CRM products including support measures, the fight against illegal trafficking of raw materials and alignment with international ESG standards and Union principles on sustainable raw materials. This cooperation includes the regular exchange of information regarding application of existing international standards on due diligence and related certification schemes for sustainable production/sourcing of raw materials along the entire value chain including recycling, as well as technical assistance to implementing ESG standards in Uzbekistan;
- V. Cooperation on research and innovation and sharing of knowledge and technologies related to sustainable exploration, extraction, processing and recycling of CRMs; recycling of secondary raw materials, electronic scrap, waste disposal and management and other related aspects;
- VI. Cooperation on building of capacity to enforce relevant rules, and on developing training and skills, including for local communities/civil society and to increase public acceptance and providing relevant expertise, related to the CRM value chain, including the promotion of the most sustainable extraction, transformation, and circular economy practices.

5. Implementation and monitoring

The Sides agree to develop a Strategic Partnership Roadmap (“the Roadmap”). The Roadmap will aim to identify concrete actions for cooperation between the Sides, along the six areas identified in Section 4 above. It should foresee to associate stakeholders from both Sides and identify the leading organisations to implement each action.

The Sides intend to monitor the implementation of the Roadmap through a dedicated Working Group consisting of senior officials. The Sides intend to organise a regular annual meeting to take stock of the Partnership progress, discuss possible new strategic collaboration directions and endorse the Roadmap for the upcoming period. The Sides, may, by mutual agreement, propose a Ministerial level meeting for strategic matters.

The Working Group should report on the Partnership and progress during the annual meeting

6. Status of the Partnership

This MoU is not intended to and does not create rights or obligations under international or domestic law. In particular, nothing in this partnership represents a commitment of financing on the part of either Side.

Furthermore, this MoU does not contain any commitments from either Side to give preferential treatment to the other Side. Each Side intends to implement this MoU and any activity thereunder in accordance with its domestic law and international obligations.

Any dispute that may arise between the Sides regarding the application or interpretation of this Memorandum is to be settled amicably through mutual consultation between the Sides through diplomatic channels and will not be referred to any national or international tribunal or third party for settlement.

In implementing the Roadmap, each Side intends to ensure the protection of the other Side's interests including the protection of information that is confidential for the public authorities and companies concerned.

The activities described in this MoU should start on the day after it has been signed by both Sides. Collaboration may continue until the Sides agree that the objectives of this Memorandum has been achieved or until one Side discontinues its participation in this Memorandum by notifying the other Side in writing.

Signed in Leuven, Belgium in two original copies in English, both having equal validity.

For the European Union;
Mr. Valdis DOMBROVSKIS,
Executive Vice-President of the
European Commission

A handwritten signature in blue ink, consisting of a large 'V' followed by a stylized 'D' and a long horizontal stroke.

For the Government of the Republic of Uzbekistan;
Mr. Laziz KUDRATOV,
Minister of Investments, Industry and Trade

A handwritten signature in blue ink, featuring a large, stylized initial 'L' followed by a horizontal stroke.