

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

I. Introduction

1. Objectives

The European Union and the Republic of Chile (hereinafter “the Participants”) wish to establish a strategic partnership on sustainable raw materials value chains (hereinafter “the Partnership”) through signing this Memorandum of Understanding (the Memorandum). In the framework of the Partnership, the Participants intend to deepen cooperation in the field of sustainable global value chains, including raw materials value chains, that support the clean energy and digital transition.

The Participants are both committed to improving the sustainability of global value chains and recognise that securing a sustainable supply of raw materials¹, especially strategic and critical raw materials, is an essential prerequisite for delivering on green and clean energy objectives and ensure open strategic autonomy.

Concretely, the Partnership, based on mutual benefits, aims to support:

- Identifying and jointly developing innovative and sustainable and responsible raw materials value chain projects by facilitating business opportunities, deploying financial and investment de-risking instruments;
- Closer economic and industrial integration of the Participants in sustainable and strategic value chain of raw materials, fostering development and industrial integration in the strategic value chains with mutual long-term political and socio-economic benefits;
- Developing Chile’s sustainable participation in global value chains, including raw materials value chains as a lever for a sustainable and inclusive economic growth, the creation

¹ Activities under the raw materials value chains include the exploration, extraction, processing, refining, recycling, transforming and other forms of value addition, including activities relating to services, such as the marketing and distribution of such products or its derivatives

of local added value, processing, manufacturing and recycling sectors as drivers for economic and social development and domestic revenue mobilisation; thereby increasing the competitiveness of the Chilean economy;

- The development of open, fair and competitive markets for critical raw and processed materials, necessary to achieve the green and digital transition and its open strategic autonomy;
- Developing an internationally competitive and sustainable industry for processing and adding value in mining, both in primary and secondary raw materials, favouring the manufacture of semi-finished products and final consumption both in the country and abroad;
- Taking forward the sustainable exploitation of mineral resources in Chile, in line with internationally agreed principles and guidelines for high environmental, social and governance (ESG) standards;
- Cooperation on skills, capacity building, knowledge transfer and competences necessary for the development of sustainable raw materials value chains;
- Facilitate closer cooperation on research and innovation along the raw materials value chain, including advanced exploration, earth observation, innovative extractive, processing, refining and recycling technologies;
- Commitment of both Participants to work throughout the entire value chain, including local benefit of raw material, in order to contribute towards its industrialization.

2. Policy context

Currently the EU and the Republic of Chile relations are governed by the EU-Chile Association Agreement (AA) signed in 2002, which establishes the basis for the bilateral cooperation in foreign trade, economy, agriculture, industry, environment, science, technology, and information society. The AA lays the political basis for this Partnership. The Participants also concluded negotiations for an Advanced Framework Agreement (AFA), which includes articles related to raw materials both in its political and cooperation chapter as well as in the trade related part.

II. Scope of the Partnership

The Partnership covers non-energy and non-agricultural strategic and critical raw materials that are necessary for the clean energy and digital transition, covering the entire value chain - exploration, extraction, refining, processing, recycling and processing of extractive waste, transforming and other forms of value addition, including activities relating to the marketing and distribution of such products or its derivatives.

Additionally, the Partnership envisages to set the framework, the shared commitment to enhance cooperation in the field of raw materials value chains for the clean energy transition, and the following 5 areas of collaboration:

- integration of sustainable raw materials value chains, including networking, economic and industrial integration, joint development of projects (e.g. via joint ventures), creation of new business models and promotion and facilitation of trade and investment linkages, ensuring the well-functioning, sustainability and resilience of these critical chains;
- cooperation on research and innovation along the entire value chain, including on minerals knowledge and the minimisation of environmental and climate footprint.
- cooperation to leverage Environmental, Social, and Governance (ESG) Criteria and align with international standards, including regulatory alignment.
- deployment of infrastructure for projects development, minimising their environmental and climate impact.
- strengthen capacities, training, and skills development along sustainable raw materials value chains in accordance with international labour standards.

III. Principles of the Partnership

The Partnership envisages to be conducted fully in concordance with the AA.

The Participants reaffirm the principles of Transparency, predictability and non-discrimination and ensuring that rules are not trade-distortive is the best way to create an environment favourable to foreign direct investment in the production and trade in all stages of value chains of raw materials and its derivatives.

The Participants intend to promote the active participation of relevant stakeholders in European Industrial Alliances as platforms for cooperation and development of investment projects.

The Participants should encourage appropriate cooperation between market participants, professional associations in civil society through the entire value chain - exploration, extraction, refining, processing, recycling and processing of extractive waste, transforming and other forms of value addition, including activities relating to the marketing and distribution of such products or its derivatives.

The Participants reaffirm their willingness to reinforce dialogue and cooperation on sustainable raw materials value chains, while contributing to the implementation of the Agenda 2030 for Sustainable Development.

The Participants envisage to ensure that the assessment of the environmental impact of future joint projects is carried out in line with the relevant provisions of the laws and regulations of the respective sides, including on public participation, while promoting alignment with international standards and conventions.

The Partnership should be open and inclusive, ensure a strong multi-level public-private partnership with the participation of representatives of industrial enterprises, business associations and social partners from

both Participants, relevant ministries of interested EU Member States and the Republic of Chile, public organisations, non-governmental organisations, interested financial, scientific, technical, and educational institutions and investors, among others.

IV. Implementation and monitoring

The Participants intend to develop a Strategic Partnership Roadmap (Roadmap) to implement the Partnership.

The Roadmap should identify concrete actions for cooperation as decided by both Participants, along the 5 areas of collaboration identified above as well as the corresponding working arrangements.

The Participants intend to monitor the implementation of the Roadmap through a dedicated working group consisting of senior officials.

The Participants 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 Participants acknowledge that, once the AFA enters into force, it will provide a forum to discuss the state of their cooperation and for the monitoring and implementation of this Memorandum.

V. Legal status

This Memorandum is not intended to create rights or obligations under international or domestic law. Additionally, nothing in this Memorandum represents a commitment of financing on the part of either Participant.

Furthermore, this Memorandum does not intend to represent any commitment from either Participant to give preferential treatment to the other Participant in any matter contemplated herein or otherwise.

Likewise, any activity carried out according to this Memorandum is subject the laws and regulations of each Participant.

VI. General provisions

This Memorandum will come into effect on the date of its signature.

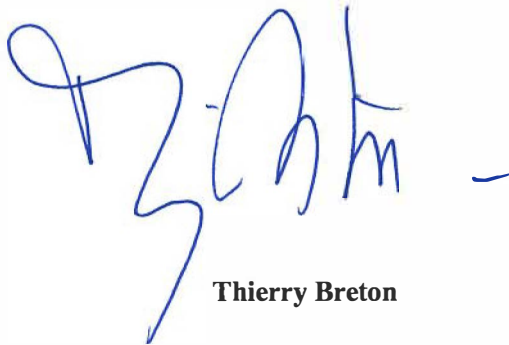
This Memorandum may be modified at any time as mutually decided by both Participants.

Any disagreement that might arise from the implementation of this Memorandum will be settled amicably by consultations between both Participants.

Either Participant may terminate this Memorandum at any time by giving written notice to the other Participant through diplomatic channels. This Memorandum will terminate within six (6) months after the date on which the other Participant receives the notice of termination. The termination of this Memorandum by either Participant will not affect ongoing activities under the terms of this Memorandum. Such activities will continue until they have been completely executed, unless otherwise decided by both Participants.

Signed in Brussels on the 18 July 2023 in two originals, in the Spanish and English languages, being both equally valid.

For the European Union



Thierry Breton

Commissioner for Internal Market

For the Republic of Chile



Albert Van Klaveren Stork

Minister of Foreign Affairs