

**Memorandum of Understanding between the Republic of Kazakhstan and
the European Union on a strategic partnership on sustainable raw materials,
batteries and renewable hydrogen value chains**

I. Introduction / Policy context

1. Objectives

The Republic of Kazakhstan and the European Union (hereinafter – the Sides) wish to start a strategic partnership (hereinafter “the Partnership”). In the framework of the Partnership, the Sides intend to deepen cooperation in the field of raw materials, batteries and renewable hydrogen with the aim of achieving closer integration of their respective sustainable value chains.

The Sides recognise that securing a sustainable supply of raw materials, especially critical raw materials (CRMs)¹, is an essential prerequisite for delivering common green and digital objectives and decarbonising energy production, industry and mobility. Furthermore, both primary and processed raw materials, are in increasing demand for most industrial ecosystems². In the context of the geopolitical situation, mitigating possible supply disruptions is a matter of open strategic autonomy, building resilient industries and preserving global competitiveness.

The high CRM potential in Kazakhstan, combined with European expertise in advanced CRM mining, processing and recycling, batteries and hydrogen, make a solid base for the Partnership.

Hence, it is in the interests of both Sides to continue building stronger political ties and economic links, as launched under the Enhanced Partnership and Cooperation Agreement between the European Union and Kazakhstan signed on 21 December 2015

¹ Communication on Critical Raw Materials - COM(2020) 474

² Critical Raw Materials for Strategic Technologies and Sectors in the EU: A Foresight Study - <https://ec.europa.eu/docsroom/documents/42881>

and entered into force on 1 March 2020³. Specifically, the Sides see the opportunity for cooperation in seeking:

- to foster development and industrial integration in the strategic value chains of raw materials and batteries with mutual long-term political and socio-economic benefits;
- to create added value in the mining, processing, manufacturing and recycling sectors as drivers for economic and social development;
- to support the development of renewable energy sources in the Kazakh energy sector for its decarbonisation, with a particular focus on renewable hydrogen as a means for the decarbonisation of otherwise hard to abate sectors;
- to facilitate investments and funding opportunities to upgrade and modernise raw material value chains;
- to develop mineral resources sustainably and in a socially responsible way through improved local governance and dissemination of responsible mining practices;
- to facilitate closer cooperation on research and innovation along the raw materials value chain, including on mineral knowledge and circularity, battery and hydrogen technologies and skills;
- capacity building and knowledge transfer between the Sides along the raw materials, batteries and hydrogen value chains;
- Enhance their dialogue to ensure the well-functioning and resilience of this critical supply chains.

The proposed Partnership would also become one of the key elements of our positive and long-term «green» agenda.

In developing this Partnership, several important developments are taken into account, namely:

- The Enhanced Partnership and Cooperation Agreement (EPCA) between the European Union and Kazakhstan, signed on 21 December 2015 and entered into force on 1 March 2020, includes specific provisions on strengthening cooperation in the field of business policy and investment, as well as mining industry, raw materials and energy.

³ Enhanced Partnership and Cooperation Agreement between the European Union and its Member States, of the one part, and the Republic of Kazakhstan, of the other part - http://data.europa.eu/eli/agree_intemation/2016/123/oj

- Joint Communication to the European Parliament and the Council of the European Union on “The EU and Central Asia: New Opportunities for a Stronger Partnership”, adopted on 15 May 2019⁴.
- The New EU Strategy on Central Asia, adopted by the Council of the European Union on 17 June 2019⁵.
- The European Commission’s Action Plan on Critical Raw Materials (2020) with a dedicated commitment (Action 9) on developing strategic partnerships with resource-rich countries like Kazakhstan.
- The launch of the European Battery Alliance (2017), European Raw Materials Alliance (2020).
- The EU’s Hydrogen Strategy adopted in 2020⁶ describes how hydrogen offers new opportunities for advancing clean hydrogen production in Europe and supply diversification, helping design stable and secure supply chains.
- The EU Global Gateway (2021)⁷ aims at delivering sustainable and high-quality infrastructural projects, considering the needs of partner countries and ensuring lasting benefits for local communities. It intends to attract investment involving Europe’s leading industry, private sector knowledge and investment capacity.
- The EU External Energy Engagement Strategy adopted in 2022⁸, part of the REpowerEU package, emphasises the benefits of the cooperation on the energy transition to promote local production and consumption of renewable electricity and renewable hydrogen and the development of green industry value chains in partner countries.
- Code of the Republic of Kazakhstan «On Subsoil and Subsoil Use» dated 27 December 2017.
- The Concept of industrial-innovative development of the Republic of Kazakhstan for 2021 – 2025.

⁴ Joint Communication to the European Parliament and the Council - The EU and Central Asia: New Opportunities for a Stronger Partnership <https://op.europa.eu/en/publication-detail/-/publication/4dd8e5fa-77ef-11e9-9f05-01aa75ed71a1/language-en/format-PDF/source-269545931>

⁵ New EU Strategy on Central Asia | EEAS Website (europa.eu)

⁶ Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions - A hydrogen strategy for a climate-neutral Europe - COM/2020/301 final

⁷ Joint Communication to the European Parliament, the Council, the European Economic and Social Committee, the Committee of the Regions and the European Investment Bank The Global Gateway JOIN/2021/30 final

⁸ Joint Communication to the European Parliament, the Council, the European Economic and Social Committee, the Committee of the Regions - EU external energy engagement in a changing world JOIN/2022/23 final

2. Scope of the Partnership

The Sides expect the Partnership to include activities along the entire value chain of both primary and secondary raw materials, as well as batteries and the production of renewable hydrogen. The Partnership has the focus on critical raw materials as defined in the European Union current definition or its future updates as well as a definition and classification agreed by both Sides through future interactions but includes in any case other metals and industrial minerals also important for the green and digital transition. The Sides intend to strive for close cooperation in the field of mining and processing industry, in particular, search for and evaluation of minerals, refining/processing, manufacturing and transportation. In addition, for secondary raw materials, the cooperation may cover the recycling of secondary raw materials, electronic scrap and waste disposal.

Regarding specific products such as rare earth elements and rare earth metals, batteries and electronic scrap, the Partnership should contribute to the expansion of business opportunities between the value chains of both Sides, as well as a deeper understanding of the requirements governing market access.

3. Principles

The Partnership will be conducted fully in concordance with the EPCA, as an instrument for the implementation of its article 148 “Cooperation in raw materials and energy goods”. The Partnership should be open and inclusive, ensure a strong multi-level public-private partnership with the participation of representatives of development institutions and organisations, industrial enterprises, business associations and social partners from both sides, relevant ministries of interested EU Member States and Kazakhstan (economy, trade and finance, mining and processing industry, energy, environment), public organisations, interested financial, scientific, technical and educational institutions and investors.

The Sides reaffirm the principles set out in Article 148(2) of the EPCA, which are that respecting 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 of raw materials and renewable hydrogen. The Sides agree that trade and investment in these sectors should be open and absent of distortions.

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

The Sides should encourage appropriate cooperation between market participants, professional associations and civil society in the extractive, processing, refining and recycling industries.

At the same time, the priority of using raw materials is meant to be the processing of industrial mineral waste and extraction of CRMs from them.

II. The main areas of work under the Partnership

In view of the above and in accordance with the EPCA, the Sides intend to cooperate closely in the areas of work defined in this Section of the Memorandum.

1. Integration of the sustainable CRM and battery value chains

Integration of primary and secondary CRMs and battery value chains through the participation of joint ventures of stakeholders, including investment organisations, in business opportunities.

In particular, the Sides intend to work on the following issues:

- exploration of new primary and secondary CRM deposits in Kazakhstan;
- advancing best practices for resource classification and mapping, including mapping mineral potential from waste sources;
- modernisation of mining and refining processes and technologies through the introduction of new technologies and sustainable practices;
- support for the circular economy in raw materials through integrated and efficient use, recycling and processing of CRMs;
- examination of possibilities and promotion of cooperation in manufacturing of battery components / sub-components in Kazakhstan for use in the European Union;
- application of the principles of sustainable mining and processing of raw materials by monitoring the regulatory framework of the mining and processing

industry and their compliance with international standards and best practices, in particular as regards environmental, social and good governance standards;

- application of data, services and technologies to support exploration and monitoring of active and abandoned mining sites (from production to full development) to improve operational safety and minimize environmental impact.

2. Development of renewable hydrogen and its integration

The Sides see potential advantages in concentrating cooperation in the following areas:

- support the development of renewable energy to decarbonise the energy system, including support to investments through open and fair competitive markets;
- sustainably develop a renewable hydrogen market and promote new channels for investment and trade opportunities;
- foster the decarbonisation of their economies through renewable hydrogen.

3. Increasing the resilience of raw material, battery and renewable hydrogen supply chains

The Sides agree to enhance their cooperation to increase the resilience of the supply chains within the scope of this partnership, and agree to work together and hold a dialogue as appropriate on issues relevant to:

- enhancing the transparency and dissemination of information on measures related to investment, operations and export relevant to the scope of this partnership;
- enhancing their efforts to implement trade and investment facilitating measures;
- discussing at an early stage any concerns of disruptions of supply chains reported by the industry and possible mitigation measures to be taken by the Sides;
- ensure that bilateral trade and investment is not distorted.

4. Research and innovation, skills & capacity-building

The Sides intend to promote professional development, training and advanced training in all stages of the CRM, battery and renewable hydrogen value chains through specially designed programmes and internships.

The Sides also envisage strengthening cooperation in the field of research and innovation within the CRM, battery and renewable hydrogen value chains by strengthening the participation of Kazakhstani research and innovation organisations (private/public) in Horizon Europe, the EU Framework Programme for Research and Innovation⁹, as well as in other relevant programmes and addressed targeted financing of research organisations.

In particular, the Sides intend to cooperate in research in the following areas:

- decarbonisation of the CRM value chain including by using renewable energy and digitalisation;
- greening and sustainability of mining processes;
- management of industrial mineral waste and extraction of CRMs from them;
- advanced materials and their replacement;
- technology transfer and mutual access to advanced technology developments for the Sides research centres;
- digitalisation, data management and harmonisation
- new methods and advanced technologies for exploration of new types of raw materials and environmental monitoring of mining activities using Earth Observation and Copernicus data and services.
- exchange of experience and best practices in the field of geological exploration of the subsurface using methods of remote sensing.

The Sides also envisage the use of the Technical Assistance and Information Exchange programme to organise expert seminars and trainings (TAIEX) and intend to explore the support possibilities of the forthcoming bilateral EU-Kazakhstan cooperation facility.

III. Attracting investment in sustainable CRM, battery and renewable hydrogen projects

Recognising the importance of the objectives of the above-mentioned areas of the Partnership, the Sides intend to cooperate in the field of mobilisation of financial and investment instruments of the main relevant financial and investment organisations.

⁹ Regulation (EU) 2021/695 of the European Parliament and of the Council of 28 April 2021 establishing Horizon Europe – the Framework Programme for Research and Innovation, laying down its rules for participation and dissemination, and repealing Regulations (EU) No 1290/2013 and (EU) No 1291/2013 (Text with EEA relevance)

The Sides intend to also support the development of investment platforms within the framework of the European Raw Materials Alliance and the European Battery Alliance, especially as a tool for:

- coordination of sustainable and innovative projects in the value chain of CRMs and batteries in Kazakhstan with private investors and preparation of a portfolio of viable projects;
- preliminary selection of project proposals by community experts;
- increase transparency and involvement of stakeholders;
- reviewing the framework conditions which may make investment projects happen in a financially, socially and environmentally sustainable way.

The use of financial and investment instruments should follow the Paris Agreement and comply with relevant (international and European) standards, as well as follow best practices regarding not only financial risks and acceptability for banks, but also environmental protection, sustainability, transparency and governance.

IV. Implementation and monitoring

Within 6 months from the signature of the Memorandum, the Sides intend to develop a Strategic Partnership Roadmap. The Roadmap should identify concrete actions for cooperation agreed by the Sides, along the four areas of work identified above as well as the corresponding working arrangements.

The Sides intend to organise a regular biennial high - level meeting (at ministerial level) to take stock of the Partnership progress, discuss possible new strategic collaboration directions and endorse the Partnership Roadmap for the upcoming period.

The Sides furthermore intend to create a dedicated working group consisting of senior officials, experts and respective actors (as specified in the Partnership Roadmap), where any matters of relevance to the Partnership's implementation should be discussed. The Sides envisage regular meetings of the Working Group, with progress being reported to the Cooperation Committee in trade configuration under the EPCA and during the biennial high-level meeting.

In the process of implementing the Roadmap, the Sides intend to work together to achieve common goals in accordance with the statutory objectives and interests of each of the Sides to the Partnership, strive to build their relationships based on equality,

honest cooperation and mutual protection of each other's interests including of information that is confidential for the public authorities and companies concerned.

The Sides also envisage making use of other existing formats, such as the EU Raw Materials Alliance and the European Battery Alliance, for regular and more frequent exchange of information of relevance to the Partnership.

V. Format


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

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

The activities described in this Memorandum are to commence on the day after it has been signed by both Sides.

Signed in Sharm El-Sheikh on the 7/11 2022 in two original copies, in Kazakh and English.

For the European Union



Ursula von der Leyen

President of the European Commission

For the Republic of Kazakhstan



Alikhan Smailov

Prime Minister of the Republic of Kazakhstan