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NOTE

From: General Secretariat of the Council
To: Delegations

Subject: Memorandum of Understanding between the European Union and the Government of Greenland on a partnership on sustainable raw materials value chains

Delegations will find in the Annex the Memorandum of Understanding between the European Union and the Government of Greenland on a strategic partnership on sustainable raw materials value chains.

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

I. Introduction

Objective

The Government of Greenland (hereinafter "Greenland") and the European Union (hereinafter the "EU") (jointly hereinafter the "Sides") wish to establish a strategic partnership (hereinafter the "Partnership") to deepen cooperation with the aim of achieving closer integration of sustainable value chains for metals and minerals (hereinafter "Raw Materials").

The Sides recognise that securing a sustainable supply of Raw Materials, especially critical Raw Materials as defined in the EU's current or future definitions (hereinafter "CRM"), is an essential prerequisite for delivering on EU's green and digital transition objectives and represents an enabling factor for decarbonising energy production and mobility ecosystems. Furthermore, CRM and other Raw Materials are in increasing demand in most key industrial ecosystems.¹ Therefore, mitigating possible supply disruptions will strengthen open strategic autonomy, build resilient industries and preserve EU's global competitiveness.

The high resource potential for CRM and other Raw Materials in Greenland combined with EU's demand for minerals and expertise in prospecting, exploration, extraction, processing and refining, makes a solid base for the Partnership and supports the development of Greenland's mineral resource sector as a future supplier of CRM and other Raw Materials to the EU.

¹ Supply chain analysis and material demand forecast in strategic technologies and sectors in the EU - A foresight study (2023)

Political Context

Hence, it is in the interests of both Sides to continue building further on the positive and long-term cooperation and integration within the Partnership agenda and the Side's respective competences and practices that may develop. Greenland is associated with the EU in accordance with Articles 198 - 204 of the Treaty on the Functioning of the European Union (TFEU) and the EU places great importance in the sustainable development of Greenland and the Arctic region. In developing the close and lasting links between Greenland and the EU, several important acts, alliances and strategies, are taken into account, namely:

- (a) The Decision on the Overseas Association, including Greenland (2021),² which provides a political frame, preferential trade relations, a substantial and dedicated financial cooperation with Greenland as well as access to horizontal EU programmes with specific provisions for cooperation in the field of sustainable Raw Materials.
- (b) Proposal for a Regulation of the European Parliament and of the Council establishing a framework for ensuring a secure and sustainable supply of critical raw materials and amending Regulations (EU) 168/2013, (EU) 2018/858, 2018/1724 and (EU) 2019/1020 ; Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions: A secure and sustainable supply of critical raw materials in support of the twin transition (2023)³
- (c) Joint Communication to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions: A stronger EU engagement for a peaceful, sustainable and prosperous Arctic (2021)⁴, supporting strategic partnerships with resource-rich third countries on sustainable and responsible Raw Materials.

² Council Decision (EU) 2021/1764 of 5 October 2021 on the association of the Overseas Countries and Territories with the European Union including relations between the European Union on the one hand, and Greenland and the Kingdom of Denmark on the other (Decision on the Overseas Association, including Greenland)

³ COM (2023) 160 final. Proposal for a Regulation Secure and sustainable supply of critical raw materials. COM (2023) 165 final. Communication Secure and sustainable supply of critical raw materials

⁴ JOIN (2021) 27 final. Joint Communication on the Arctic

- (d) Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions: Critical Raw Materials Resilience: Charting a Path towards greater Security and Sustainability (2020)⁵ with a dedicated commitment (Action 9) on developing strategic partnerships with resources-rich countries like Greenland.
- (e) The European Raw Materials Alliance (2020).
- (f) 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 (2021)⁶ aiming at delivering sustainable and high-quality infrastructural projects, considering the needs of partner countries and ensuring lasting benefits for local communities. The intention is to attract investment involving EU's leading industry, private sector knowledge and investment capacity.
- (g) 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 (2022)⁷ part of the REPowerEU package reinforces the need for establishing mutually beneficial Raw Materials value chain partnerships.
- (h) Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions: The European Green Deal (2019).⁸
- (i) Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions: Shaping Europe's digital future (2020).⁹
- (j) The Act No. 473 of 12 June 2009 on Greenland Self-Government.

⁵ COM (2020) 474. Communication Critical Raw Materials Resilience: Charting a Path towards greater Security and Sustainability

⁶ JOIN (2021) 30 final. Communication Global Gateway

⁷ JOIN (2022) 23 final Joint Communication EU external energy engagement in a changing world

⁸ COM (2019) 640 final. Communication European Green Deal

⁹ COM (2020) 67 final. Communication Shaping Europe's digital future

- (k) The Mineral Resources Act of Greenland (2009).
- (l) Greenland Parliament Act on Mineral Activities (2023).
- (m) Greenland's Minerals Strategy, 2020-2024 (2020).

New and updated acts, alliances and strategies are expected.

Each Side acknowledges the legislation of the other Side, including a ban on prospecting, exploration and exploitation of one or more elements including uranium and a ban on exploitation of ore with a content above a specific threshold of one or more elements including uranium.

II. Scope of the Partnership and Areas Covered

The Sides agree on that the Partnership concerns Raw Materials along the entire value chain from prospecting to end product, with special focus on prospecting, exploration, extraction, processing and refining of CRM.

The Partnership should be established around five main pillars:

1. Economic and industrial integration of value chains for CRM and other Raw Materials. This includes:
 - (a) envisaging to strengthen networks between industry and other stakeholders in Greenland and the EU;
 - (b) identifying and developing projects and business models through the entire value chains;
 - (c) attracting investments and supporting access to finance for these projects by cooperating in the field of mobilisation of financial and investment instruments;
 - (d) developing an internationally competitive mineral resources industry in Greenland for prospecting, exploration, extraction, processing and refining of Raw Materials to support refining and manufacturing of semi-finished and end products in the EU;

- (e) developing open, fair and competitive markets for CRM and other Raw Materials allowing the EU to diversify its supply for its green and digital transition and open strategic autonomy and
- (f) maintaining a dialogue to ensure the well-functioning and resilience of the Raw Materials value chains and trade and investment linkages by: (i) enhancing the transparency and dissemination of information on measures related to investments, operations and trade; (ii) enhancing efforts to implement trade and investment facilitating measures; (iii) 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 and (iv) discussing at an early stage any concerns of distortion of bilateral trade and investment.

2. Cooperation to leverage high international environmental, social and governance (hereinafter "ESG") standards. This includes:

- (a) taking forward the sustainable exploitation of mineral resources in Greenland, in line with high ESG standards throughout the Raw Materials value chains. The legislative framework in Greenland requires among other matters that the environmental and social impact shall be assessed to assure high international standards. Planning, implementation, execution and monitoring of a mining project must be in close dialogue with the Greenlandic society, including individuals, organisations, enterprises and other stakeholders. Greenland's mineral sector shall be a lever for a sustainable and inclusive economic growth with local and domestic value creation and
- (b) applying high ESG standards as required in relevant legislation, agreements, guidelines and best practices for refining and manufacturing of semi-finished and end products in the EU.

3. Deployment of infrastructure for Raw Materials projects development. This includes:
 - (a) taking into consideration that: (i) Greenland's transport infrastructure is based on seaways created by deep fjords and the surrounding sea and airways instead of railways and roadways; (ii) infrastructure for electricity, water and communication must generally be established by the mining company and (iii) subject to Arctic or subarctic conditions, the geography provides opportunities for different types of renewable energy and
 - (b) supporting the mobilisation of funding for development of infrastructure for electricity, water and communication for CRM and other Raw Materials extraction, processing and refining projects.
4. Strengthen capacities and skills development along Raw Materials value chains. Examples include:
 - (a) developing skills at all levels in the Raw Materials industry and wider society.
5. Cooperation on research and innovation for prospecting, exploration, extraction, processing and refining of Raw Materials and supporting areas. Examples include:
 - (a) taking into consideration that Greenland is eligible for participation in the EU Framework Programme for Research and Innovation¹⁰ and
 - (b) making use of Earth Observation Data and Copernicus¹¹ with relevance for mineral exploration, mapping of deposits, monitoring of mining including waste management and monitoring of environmental impact.

III. Principles of the Partnership

The Partnership should be conducted fully in concordance with the Decision on the Overseas Association, including Greenland.

¹⁰ C(2022) 8600 final. Commission implementing decision Horizon Europe

¹¹ Copernicus is the Earth observation component of the European Union's Space programme

The Partnership should be open and inclusive, ensuring a strong multi-level public-private partnership with the participation of representatives of industry, finance and business associations from both Sides; ministries of interested EU Member States and Greenland within mineral resources, environment, finance, trade and energy; and social partners, public organisations and interested scientific, technical and educational institutions.

The Sides reaffirm that the Partnership takes into account the objectives of trade and trade-related cooperation set out in the Decision on the Overseas Association, including Greenland:

- (i) to promote the economic and social development of the countries and territories of the Decision on the Overseas Association, including Greenland (hereinafter "OCT, including Greenland") by establishing close economic relations between the OCT, including Greenland and the EU;
- (ii) to stimulate the OCT, including Greenland's effective integration in the regional and world economies and the development of trade in goods and services;
- (iii) to promote the stability, integrity and transparency of the global financial system and good governance in the area of tax and
- (iv) to support the OCT, including Greenland's capacities to formulate and implement policies necessary for the development of trade in goods and services.

These objectives in the Decision on the Overseas Association, including Greenland are reflected in particular in the following set of articles relevant to the scope of this Partnership: Article 47 Non-discrimination; Article 52 Most favourable treatment; Articles 53, 54, 55 and 58 Trade and sustainable development; Article 59 Current payments and capital movements; Article 60 Competition policies and Article 61 Protection of intellectual property rights, and will be supported by transparent digital management and governance infrastructure.

The Sides intend to promote the active participation of relevant stakeholders in the European Raw Materials Alliance (ERMA) as a platform for cooperation and development of investment projects.

The Sides should encourage cooperation between market participants, professional associations, financial and scientific institutions and civil society related to prospecting, exploration, extraction, processing, refining and manufacturing of semi-finished and end products.

IV. Implementation and Monitoring of the Partnership

Within 6 months from the signature of this memorandum of understanding, the Sides intend to develop a strategic partnership roadmap (hereinafter the "Roadmap"). The Roadmap should identify concrete actions for cooperation agreed by the Sides along the five pillars identified above as well as the corresponding working arrangements.

The Sides intend to create a dedicated working group (hereinafter the "Working Group") consisting of senior officials as specified in the Roadmap, where any matters of relevance to the Partnership's implementation would be discussed. The Sides envisage meetings of the Working Group at least twice per year.

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

The Sides also envisage making use of other existing formats, such as the Raw Materials Supply Group (RMSG) and the European Raw Materials Alliance (ERMA) for regular and more frequent exchange of information of relevance to the Partnership.

V. Format

Greenland signs this memorandum of understanding pursuant to Act No. 473 of 12 June 2009 on Greenland Self-Government.

The memorandum of understanding does not create any rights or obligations under international or domestic law. Moreover, nothing in this memorandum of understanding represents a commitment of financing on the part of either Side.

Furthermore, this memorandum of understanding 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 of understanding should commence on the day after it has been signed by both Sides.

Signed in _____ on the _____ 2023

in six original copies, two in Greenlandic, two in Danish and two in English.

For the European Union

For the Government of Greenland
