



Council of the European Union
General Secretariat

Brussels, 06 October 2022

WK 13417/2022 ADD 1

LIMITE

COMPET

IND

This is a paper intended for a specific community of recipients. Handling and further distribution are under the sole responsibility of community members.

WORKING DOCUMENT

From: General Secretariat of the Council
To: Working Party on Competitiveness and Growth (Industry)

Subject: ANNEX to the Commission Decision on the Memorandum of Understanding between the European Union and Namibia on a Partnership on sustainable raw materials value chains and renewable hydrogen

Delegations will find attached the ANNEX to the Commission Decision on the Memorandum of Understanding between the European Union and Namibia on a Partnership on sustainable raw materials value chains and renewable hydrogen.



Brussels, 5.10.2022
C(2022) 7043 final

ANNEX

ANNEX

to the

Commission Decision

**on the Memorandum of Understanding between the European Union and Namibia on a
Partnership on sustainable raw materials value chains and renewable hydrogen**

Annex

Namibia – European Union partnership on sustainable raw materials value chains and renewable hydrogen

1. Introduction

Political context

Grounded on the common interests to deepen their cooperation without creating a legally binding framework, Namibia and the EU agree to establish a partnership on sustainable raw materials value chains and renewable hydrogen.

Sustainable raw materials value chains

Namibia and the European Union are both committed to the green transition and in particular to a clean energy transition.

Securing a sustainable supply of raw materials, especially critical raw materials (CRMs)¹, is an essential prerequisite for delivering on green and clean energy objectives. The availability of raw materials – CRMs such as lithium, cobalt 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 and mobility ecosystems. Furthermore, CRMs are in increasing demand in most of the key industrial ecosystems from aerospace and electronics to health and construction.

Increased production of raw materials and the development of their value chains² need to come along with strong commitments on environmental, social and governance standards.

Namibia's economy is heavily dependent on the extraction and processing of minerals for export. Mining accounts for about 12.5% of GDP but provides more than 50% of foreign exchange earnings. Improving the sustainability of the extractive industry and developing processing and refining, recovery and recycling capacity locally has the potential to underpin a sustainable, clean and inclusive economic growth, domestic resources mobilisation and development, deepen direct linkages to the rest of the economy that enable transformation and economic diversification in Namibia.

The Namibian government is committed to work with the European Union throughout the entire value chain, including local beneficiation of minerals, in order to contribute towards industrialization as outlined in the National Development Plans³, including Vision 2030⁴ and the National Industrial Policy⁵ and the Growth at Home Strategy⁶, as well as the SADC Protocol on Industry⁷, and the

¹ COM(2020) 474 - Critical Raw Materials Resilience: Charting a Path towards greater Security and Sustainability. Raw materials covered in the partnership and as a whole are defined under the section "Scope of the partnership" of this document.

² Activities under the raw materials value chains will include the exploration, extraction, processing, refining, recycling, transforming and other forms of value addition, including activities relating to the marketing and distribution of such products or its derivatives.

³ [NDP 5 – National Planning Commission \(gov.na\)](#)

⁴ [Vision 2030 – National Planning Commission \(gov.na\)](#)

⁵ [NAMIBIA'S INDUSTRIAL POLICY \(nmanamibia.com\)](#)

⁶ [Namibian Ministry of Industrialisation and Trade: "Growth at Home"](#)

⁷ [Protocol on Industry - English - 2019.pdf \(sadc.int\)](#)

Mineral Beneficiation Strategy for Namibia⁸.

Namibia can capitalize on her unique competitive advantage of a range of critical raw minerals and attract investment to diversify mineral production and increase mineral processing and recycling activities. Relentless and timeous implementation of the beneficiation strategy will result in immense benefits for Namibian citizens through job creation, skills development, technology transfer and economic diversification, thereby providing better quality of life and reducing poverty levels within our society.

Securing access to resources is a strategic security endeavour for Europe's ambition for delivering on green and clean energy objectives set out in the European Green Deal⁹. The new industrial strategy for Europe proposes to reinforce Europe's open strategic autonomy by promoting a diversified and undistorted access to global markets for raw materials.

The Communication 'Towards a comprehensive Strategy with Africa' adopted early 2020 recognises the need for enhanced cooperation between the EU and Africa to develop a responsible raw materials sector, secure and clean industrial value chains, while respecting ambitious environmental and climate standards.

In its Action Plan for Critical Raw Materials¹ the European Union commits to develop strategic international partnerships and associated funding to secure a diversified and sustainable supply of critical raw materials.

Renewable hydrogen

The European Union recognises renewable hydrogen as a critical technology to decarbonise hard to abate sectors (industry, transport, etc) and to reach carbon neutrality by 2050. The strategic vision for a climate neutral EU foresees a growth for hydrogen in the energy mix from around 2% currently to 13% by 2050. Today, hydrogen in Europe is largely produced from natural gas. Aligned with the European Green Deal and the REpowerEU plan¹⁰ launched in May 2022, the EU intends to diversify its gas imports and increase its energy security by developing renewable energy and producing renewable hydrogen. The quantities required to satisfy the energy demand of hard to abate sectors is larger than domestic production capacities. The EU is planning to import 10 million tons of renewable hydrogen and hydrogen derivatives by 2030.

Namibia is profiling itself as a renewable energy hub in Africa within the context of energy security. This is well expressed in Namibia's ambitious plan, the Harambee Prosperity Plan II (HPPII), which aspires to engender an economic recovery for Namibia. The production of renewable hydrogen and ammonia have been cited as key enablers for said economic recovery, which must be accentuated by economic diplomacy as articulated in the 5th pillar of HPPII. The availability of sunlight throughout the year, proximity to seawater and high wind power provide a strong basis for Namibia to be an exporter of a diverse portfolio of clean energy.

The production and export of renewable hydrogen and its derivatives, in conjunction with energy efficiency, electrification and the direct use of renewable energy, offers Namibia the possibility to

⁸ [Mineral Beneficiation Strategy for Namibia](#)

⁹ COM(2019) 640 final – The European Green Deal

¹⁰ COM (2022) 230 final - REPowerEU Plan

achieve its own energy security and decarbonisation objectives, while at the same time diversifying its economy, attracting foreign investments and creating jobs.

The Namibian government, via the HPP II, established the Green Hydrogen Council to support the development of the renewable hydrogen industry in Namibia. The Namibian government and some European Union Member States are already cooperating to support the renewable hydrogen industry.

The EU's Hydrogen Strategy¹¹, and the EU External Energy Engagement Strategy identify international cooperation as an opportunity to contribute to partner countries' clean energy transitions, foster sustainable growth and promote a secure and competitive global renewable hydrogen market. The Hydrogen strategy encourages cooperation on renewable hydrogen with the African Union in the framework of the Africa-EU Green Energy Initiative. Furthermore, the European Commission aims to conclude renewable hydrogen partnerships with reliable partner countries to incentivise decarbonisation and the development of renewable energy production for domestic use in the partner countries while also promoting the import of renewable hydrogen and its derivatives from those countries and a common regulatory framework, including sustainability criteria and certification.

The EU and Namibia believe that renewable energy and hydrogen will be an essential component for their respective energy transition journeys and will play a crucial role in the decarbonisation of the raw materials value chains necessary to enable a just energy transition.

The partnership

Grounded on the common interests to deepen their cooperation, Namibia and the EU thus agree to establish a partnership on sustainable raw materials value chains and renewable hydrogen.

Objective

The overall objective of this partnership is threefold:

- to advance the value, security, and sustainability of trade and investment into resilient raw materials and downstream value chains across both Namibia and the European Union;
- to support the development of renewable energy sources taking into account its contribution to energy security, as well as the impact on the environment and water resources in Namibia and the decarbonisation of the energy sector with a particular focus on renewable hydrogen's potential;
- to create a well-functioning renewable hydrogen market and promote new channels for investment and trade opportunities, and in cooperation between Namibia and the EU.

In concrete, the partnership, based on mutual benefits, aims to support:

- Namibia to have its resources increasingly deployed to underpin a sustainable and inclusive economic growth, the creation of local added value and domestic revenue mobilisation;

¹¹ COM (2020) 301 – A hydrogen strategy for a climate-neutral Europe

- Namibia to develop an internationally competitive and sustainable industry in which beneficiated and value added minerals, both primary and secondary raw materials, become feedstock in the field of manufacturing semi-finished and consumer-end products both at home and abroad;
- The development of open, fair and competitive markets for renewable hydrogen, critical raw and processed materials. This will allow the EU to diversify its suppliers for materials necessary to achieve the green and digital transition and its open strategic autonomy;
- EU and Namibian companies, Namibia and EU Member States to apply corporate sustainability principles in their operations and activities and to ensure mechanisms to support the adoption of such in fostering inclusive and sustainable value chains¹²;
- Integration, where feasible, of Namibian and EU existing and emerging industrial value chains linked with raw materials and renewable hydrogen.

2. Scope of the partnership and areas covered

The partnership covers non-energy and non-agriculture raw materials along the entire value chain (exploration, extraction, processing, refining, recovery and recycling) and renewable hydrogen value chain. The partnership has the focus on critical raw materials¹³ as defined in the European Union current definition or its future updates as well as both parties agreed definition and classification through future interactions, but includes other metals and industrial minerals also important for the green and digital transition. Processes beyond the conventional extraction of raw materials, such as the processing of extractive waste, recovery and recycling of raw materials, and metal production from sea brines, are also in the scope of this partnership.

The partnership contains six main pillars:

- Integration, where feasible, of (critical) raw materials and renewable hydrogen value chains, including networking, new business models and promotion and facilitation of trade and investment linkages;
- Cooperation to leverage Environmental, Social, and Governance (ESG) Criteria and align with international standards;
- Mobilization of funding for the development of soft and hard infrastructure required for projects development and for leveraging private sector funding through cooperation to address trade matters, including inclusiveness, and improving the investment climate;
- Capacity building, training and skills development along raw materials and renewable hydrogen value chains;
- Co-operation on research and innovation along the raw materials value chain, including on mineral knowledge and circularity, hydrogen technologies and skills;

¹² On the EU side, the EU has proposed a directive on corporate sustainability due diligence based on international standards (COM/2022/71 final).

¹³ COM(2020) 474 - Critical Raw Materials Resilience: Charting a Path towards greater Security and Sustainability

- Regulatory alignment, particularly on hydrogen definitions, standards and certification.

3. Implementation and monitoring

Within 6 months from the signature of the Memorandum, the sides intend to develop a Strategic Partnership Roadmap. The roadmap aims to identify concrete actions for cooperation agreed by Namibia and the European Union, along the 6 pillars identified above.

Both sides aim to set up a dedicated Sub-Committee to monitor the implementation of the Partnership and its Roadmap. The Sub-Committee should report and refer to the Art.8¹⁴ of the Political Dialogue between the EU and Namibia.

4. Legal Framework

The Partnership Agreement between the then African, Caribbean and Pacific states and the European Commission, signed in Cotonou on 23 June 2000 and including its revisions signed on 25 June 2005 and 22 June 2010, and the European Union - Southern African Development Community Economic Partnership Agreement, set the legal framework for the partnership.

The partnership is not intended to create rights or obligations under international or domestic law. In particular, nothing in this partnership shall represent a commitment of financing on the part of either side.

Furthermore, this partnership does not intend to represent any commitment from either side to give preferred treatment to the other side in any matter contained herein or otherwise.

Both sides' participation in this agreement does not constitute endorsement of any political stance or views expressed in all referenced documents or agreements in this MoU. Both sides thus agree nothing in this Memorandum of Understanding will be construed to imply that either authorizes, supports, endorses or sponsors any political stance in referenced documents.

¹⁴ Council Decision (EU) 2017/435 of 28 February 2017 on the conclusion of the Agreement amending for the second time the Partnership Agreement between the members of the African, Caribbean and Pacific Group of States, of the one part, and the European Community and its Member States, of the other part, signed in Cotonou on 23 June 2000, as first amended in Luxembourg on 25 June 2005 (OJ L 67, 14.3.2017, pp. 31-32)