



November 29, 2010

The Honorable Mary L. Schapiro, Chairman
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549

Transmitted via e-mail: rule-comments@sec.gov

Re: Dodd-Frank Act, Section 1502, Conflict Minerals

Dear Chairman Schapiro:

Arkema is pleased to provide these comments regarding the implementation of Section 1502 of the Dodd-Frank Wall Street Reform and Consumer Protection Act.

Arkema Inc. ("Arkema") is a manufacturer of chemicals that operates 23 manufacturing and research and development facilities in 14 states, with over 2,200 employees across the United States. Arkema is a major purchaser of tin and relies heavily on it in the production of a variety of chemicals and materials that are then used by our customers to produce a large number of products going to a multitude of markets that are important to the U.S. economy.

Tin-based products are used in the following markets: automotive (all automobile coatings are using tin-base primer and clear-coat), industrial coatings, wastewater treatment, building and construction (energy-efficient windows, PVC siding, profiles and fences), energy (solar applications and OLEDs) and packaging (all glass bottles for wine, beer, beverages and water and most food jars are coated with tin-based products). In addition, tin-based products are used to manufacture automobile bumpers and flashings where the tin helps provide lighter-weight stability to these important automobile safety features.

Unfortunately, there are currently no domestic sources of tin in the United States, and thus Arkema must import one hundred percent of its tin from a variety of countries. Moreover, for our products, there are no immediately available substitutes for tin. Therefore, in order to continue to be able to produce the materials that are relied on by our customers and to continue to provide jobs and economic benefits, we are required to purchase tin in the international market. The marketplace for tin is complex and is subject to a variety of externalities including weather, shipping issues and smelting

operations (which are also all located outside of the United States—the last domestic smelter having closed in the 1970's). The implementation of Section 1502 of the Dodd-Frank Act has the potential to significantly affect the international market for tin and, by extension, Arkema and our customers.

As you prepare to draft implementing regulations for Section 1502, we hope that you will consider the following issues and concerns.

- Transition and Provision for Purchase and Use of Existing Tin Stocks

Like many commodities, the price of tin has recently escalated to historic levels, and the marketplace for purchasing tin is already significantly constrained. To avoid further disruption to the market, Arkema believes that the SEC's regulations implementing the Dodd-Frank Act must be prospective in nature. Significant amounts of tin mined prior to the passage of the Dodd-Frank Act currently sit in storage or await smelting. Many of these stored amounts may contain tin from a variety of sources, including possibly the Democratic Republic of the Congo (DRC), and/or they could include tin that is commingled from a variety of international sources. Currently, it would be nearly impossible to determine the precise origin of many of these materials. Because these materials are already in storage or awaiting smelting, restrictions on the use of these materials would do nothing to further the public policy behind the Dodd-Frank Act provisions, and would needlessly impact an already-tight tin market.

Similarly, until the SEC issues guidance on how to implement the reporting requirements, all tin stocks, including even those produced after the passage of the Dodd-Frank Act, run the risk of being "tainted," and therefore un-usable, as potential purchasers of tin up and down the supply chain will be reluctant to purchase or use tin of an uncertain origin. This uncertainty has the potential to create havoc within the marketplace and could cause tin prices to rise dramatically, create shortages and/or create "orphan" stocks of tin that would also create disposal challenges. For these reasons, we strongly urge the SEC to provide some sort of "grandfathering" provision that would allow for the continued, reasonable use of tin stocks until such time as a clear, workable reporting system can be fully implemented. Clear dates, timelines and requirements will help the marketplace determine which stocks can safely be used and purchased, particularly during the transition period between the passage of the Act and the implementing rules going into effect.

- Harmonization with Other International Organizations and Standards

Several international and industry standard-setting processes covering conflict mineral usage are currently underway. These include efforts by the Organization for Economic Cooperation and Development (OECD) and the International Tin Research Institute (ITRI) and other organizations. Many of these efforts have been under development for some time and many also pre-date the passage of the Dodd-Frank Act. The guidance provided by these organizations will likely help produce fair and workable reporting systems that will help achieve the policy goals of Section 1502.

The OECD's guidelines, in particular, are in the final stages of development, and they are expected to be released by early next year. Since they appear to offer reporting protocols that take into account the many complex issues associated with determining the origin of conflict minerals, we urge the SEC to harmonize its proposals with those of the OECD and others so that there is one clear set of guidelines that can be followed in the marketplace. It would be counter-productive and overly burdensome to have to comply with a patchwork of requirements in this already complex area, particularly since the various standards are all trying to achieve the same overall policy goals.

In addition, the DRC, itself, has recently announced a ban on the export of minerals from the conflict regions as it sorts out a clear way forward that will allow for the safe extraction and exportation of minerals from its country. The DRC is also working with the United Nations, the International Conference on the Great Lakes Region and others in order to determine the way to proceed. The U.S. Department of State is also charged under the Dodd-Frank Act with producing conflict minerals maps that will identify certain mines and regions that are under the control of armed groups in the DRC. It is our understanding that these maps are still under development. The completion of these maps is critical so that the marketplace can have a fair and accurate knowledge of the various areas that are considered to be conflict mineral zones and thus subject to the reporting requirements of Section 1502.

We urge the SEC to allow sufficient transitional time in its implementing regulations to allow this international process to continue to play out and to allow for the completion of the conflict minerals maps. These actions will help provide essential information and guidance for the marketplace. Drafting the implementing regulations in a manner that accounts for these processes, both in terms of time and substance, will help ensure that the final implementing regulations will be workable and that the policy goals are achieved.

- Application and Implementation of Reporting Requirements

As the SEC drafts implementing regulations for Section 1502, we also urge that additional clarifications be included that more expressly define who is subject to the reporting requirements and how such reporting and auditing must be performed. There is some uncertainty within the overall tin marketplace as to who will be subject to the reporting requirements.

In addition, there is some uncertainty regarding the auditing process and how it will work and what companies will be required to do as part of the auditing and certification process. One issue in this area is how frequently internal due diligence supply chain audits will be required to be conducted in order to meet the certification requirements of Section 1502. We are also aware of some work being done that may allow for a third-party certification process to be used by companies as part of their due diligence efforts. We would strongly support being able to use competent third parties for certification purposes. Such a process would help ensure a neutral and expert supply chain auditing mechanism that would also give greater certainty to all supply chain participants.

Finally, in this area, we would also support implementation language that would clarify and confirm that the auditing process would be of the due diligence plan and not of the entire supply chain. Therefore, to the extent possible, we strongly support the SEC including specific guidance regarding who is subject to the reporting requirements and how the reporting must be conducted in order for a company to be able to safely and correctly certify the origin of its materials.

We greatly appreciate this opportunity to be able to provide comments in advance of the SEC's formal rulemaking process. Please do not hesitate to contact us if you have any questions or if we can provide any additional information.

Sincerely,



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