



March 1, 2011

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: Comments on Proposed Rule (File Number S7-40-10)

Dear Chairman Schapiro:

Arkema Inc. (Arkema) greatly appreciates the opportunity to provide comments regarding the implementation of Section 1502 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act) in response to the Securities and Exchange Commission's (SEC) Notice of Proposed Rulemaking, published in the Federal Register on December 23, 2010.

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 in a multitude of markets that are important to the U.S. economy. Therefore, the proposed rules, requiring the disclosure of the use of conflict minerals (including cassiterite, the metal ore from which tin is extracted) in the production of manufactured products, have the potential to substantially impact Arkema's business operations.

Tin-based products are used in many markets, including the following: automotive (*e.g.*, automobile coatings using tin-based primer and clear-coat paints); industrial coatings; wastewater treatment; building and construction (*e.g.*, energy-efficient windows, PVC siding, profiles and fences); energy (*e.g.*, solar applications and OLEDs); and packaging (*e.g.*, glass bottles for wine, beer, beverages and water and certain food jars 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. 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. In addition, in the case of smelting, all of these facilities are currently located outside of the United States—the last domestic smelter closed in the 1970’s. For all of these reasons, the acquisition of tin can be a difficult and uncertain process. 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.

In reviewing the proposed rules, we note comments in three main areas: (1) who is subject to the reporting requirements; (2) timing of the reporting requirements and (3) contents and methodology of the reporting, due diligence and auditing processes. Our comments in each of these areas are noted below:

- Who is Subject to the Reporting Requirements

While we do not believe, based on our review of the proposed rules, that Arkema will be directly subject to the reporting requirements, some of our customers will likely be subject to the disclosure requirements, and thus, by extension we will be included in the supply chain disclosure process. In addition, we believe there continues to be significant uncertainty within industry about who and what types of companies will actually be subject to the reporting requirements. Therefore, we strongly urge the SEC to issue language and guidance in its final rule that will offer additional clarity as to who will be subject to the reporting requirements. Providing specific examples of the types of companies that would and would not be subject to the reporting requirements would be helpful. It is important for the SEC to mitigate the burden to downstream users of tin products such that compliance is at minimal cost and with no supply chain disruptions.

We also believe the current proposal limiting reporting to those companies that are subject to mandatory SEC reporting requirements under Sections 13(a) and 15(d) of the Securities and Exchange Act of 1934 is appropriate, and we would not support any efforts to enlarge the class of companies and organizations that would be required to make conflict minerals disclosures. Additional clarifying language in this regard in the final rule would be helpful. We would also support additional language that would clearly note that companies that might, for example, file other, voluntary financial reports with the SEC are not subject to the conflict minerals reporting requirements.

- Timing of the Reporting Requirements

One of the most critical issues, from our perspective, regarding the proposed reporting requirements is the timing of the reports and whether existing stocks of tin can be used without regard to its particular country of origin status. These issues are important because it is estimated that there might be thousands of tons of tin currently sitting in warehouses and in storage that could be used or purchased by the marketplace, but due to the uncertain status of these stocks, in terms of their origin, companies are reluctant to use these sources. Providing a date certain, after which the use of conflict tin would be

required to be disclosed would help provide clarity on this issue. We support language that would make it clear that the reporting requirement is prospective and not retroactive. The task of trying to determine the country of origin for existing stocks of tin mined before these proposed rules were published, or even before the enactment of the Dodd-Frank Act, would be immense, if not impossible.

Moreover, any damages or impacts caused by the initial purchase of these existing tin stocks has already been done in terms of whatever purchase price that may have been paid to the various conflict participants. There does not appear to be any public policy goal that can be advanced by restricting the use of these existing tin stocks that may be of uncertain origin. The tin market is already very tight and uncertain, and further restrictions on the marketplace will exacerbate the current conditions resulting in potentially, much higher prices that will inevitably be passed up the chain and to the end-use consumer.

For these reasons, we strongly urge the SEC to consider some sort of “grandfathering” provision that would give all potential tin users and purchasers a clear date-certain as to when the reporting requirements would attach. This would allow for the reasonable use of existing tin stocks without concern that some tin could contain some materials from the Democratic Republic of the Congo (DRC). The conflict parties have already, presumably received pecuniary benefits from the initial sale of the minerals and in order to avoid the possibility of having “orphan” stocks of tin, it would seem reasonable to allow for some limited use and purchase of these existing stocks until they are exhausted and until such time as a more formal and robust reporting and auditing program can be put in place.

In addition, we would also support some sort of transitional or delayed implementation program that would allow all market participants a period of time during which the reporting and auditing requirements could be phased in. Such an approach would allow industry and the marketplace sufficient time to properly develop and stand up the reporting infrastructure and auditing processes that will be necessary for the proper, sound implementation of the prescribed reporting requirements. For example, during the first year of the reporting requirements, companies could be allowed to make qualified statements concerning the origin of tin stocks, such as “to the best of our knowledge, the tin used in this material or product does not originate from a conflict mineral zone.” We believe it would be enormously helpful to the marketplace if the reporting requirements were sufficiently flexible, especially in the early and initial stages of the development of the reporting program.

- Contents and Methodology of the Reporting Process

Although we appreciate the rationale underlying the decision to not delineate the precise due diligence standards that individual companies should take in order to comply with the reporting requirements, we are concerned that such an approach might create too much uncertainty as different companies might choose to define due diligence and the auditing requirements in different ways. Under such a scenario, companies that are closer to the

beginning of the supply chain could find themselves subject to myriad and even conflicting due diligence and auditing requirements imposed by companies located above them on the supply chain. This patchwork of requirements could dramatically increase the compliance burdens on companies, particularly those, like Arkema, that are lower down the supply chain.

Some approaches that might help alleviate such concerns would be to more explicitly detail and describe the due diligence efforts that all companies must perform. This could possibly include allowing third-party audits to be used and accepted for due diligence purposes and/or referencing a third-party set of standards, such as, for example, the standards being developed by the Organization for Economic Cooperation and Development (OECD); the International Tin Research Institute (ITRI) and other organizations. We strongly support harmonization of the various standards that have either been proposed or are in the process of being developed; uniformity in the reporting requirements across industry and internationally will help ensure that the rules are clear and can be easily followed and understood, as well as minimize compliance burdens on the regulated community.

Per Questions 35 and 52, which asked whether issuers should “be able to rely on reasonably reliable representations from their processing facilities, either directly or indirectly through their suppliers, to satisfy the reasonable country of origin inquiry standard,” we would answer “yes.” Reasonable reliance on the representations of smelters concerning the country of origin of their smelted tin would be greatly beneficial to the marketplace. Smelters are generally the best positioned in terms of being able to know the origin of the minerals being extracted from the mines and then shipped to the smelting facilities. Language in the final rule that would specifically and expressly deem such representations as meeting the country of origin inquiry requirements would go a long way to ensuring compliance with the Dodd-Frank Act requirements and with ensuring that the compliance process is the least burdensome.

Thank you, in advance, for your consideration of our comments. 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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