

THE UNITED REPUBLIC OF TANZANIA
MINISTRY OF ENERGY AND MINERALS

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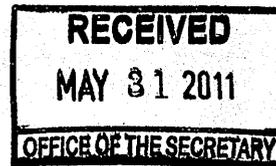


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Ref. No. CDA. 152/169/01

23rd May, 2011

U.S. Securities and Exchange Commission
100F Street NE
Washington DC 20549 – 1090
U.S.A



(Attn: Elizabeth M. Murphy, Secretary)

RE: COMMENTS ON PROPOSED RULE RELATING TO THE DODD-FRANK WALL STREET REFORM ACT – RELEASE NUMBER 34 – 63547; FILE NUMBERS S7-40-10- SECTION 1502 CONFLICT MINERALS

Reference is made to the above subject.

The Government of Tanzania welcomes the intention behind section 1502 of the Dodd-Frank Act. We support the measures to prevent the use of minerals originating in the Democratic Republic of Congo (DRC) to finance, or otherwise benefit, armed groups involved in the conflict.

The people of the DRC, and in particular those in Eastern Provinces, have suffered from extreme violence and almost unimaginable human rights abuses. However, in this regard, Tanzania has, at no point, sought to pursue any strategic or self-interested objectives in the DRC. Furthermore, the United Republic of Tanzania has consequently managed to avoid direct involvement in the conflict around DRC.

For many years, the United Republic of Tanzania has been supporting the peace process in African countries, including DRC. Due to these conflicts in the region, Tanzania has lived up to its humanitarian responsibilities by providing shelters for refugees. Consequently this has resulted into direct economic cost to the country. The Government of the United Republic of Tanzania welcomes US Government measures on the intention of the Dodd-Frank Act, which requires responsible manufacturers to source their supplies of tin, tantalum, tungsten and gold from non-conflict sources, since the conflict minerals have negative impact to the country.

The United Republic of Tanzania is strongly committed to the success of these measures.

However, the Government wishes to express grave concern about the potential impact of the current draft of the regulations on the said mineral, particularly, the Tanzania mining industry at large. The Government believes that, these impacts were, neither desired nor foreseen by the architects of the legislation nor by the SEC. They would seem to flow, however, from an ambiguity in the legislation which at one point refer to 'Disclosures Relating to Conflict Minerals Originating in the Democratic Republic of Congo' but then goes on to impose a reporting/disclosure obligation on minerals originating in the DRC or an adjoining country.

The Government believes that the intention of the legislation was, rather, to put forth proper due diligence requirements around minerals mined in the DRC and the transport routes for such minerals through adjoining countries where these may be vulnerable to extortion by armed groups (or where minerals from the DRC have fraudulently been attributed to other countries). The United Republic of Tanzania is wholly supportive of measures within this intent and scope.

Our concern is a similar measure being taken in respect to minerals originating in the DRC and those legitimately and accountably minerals mined in Tanzania. Indeed, it appears that the compliance costs associated with the SEC regulations could be as great for a manufacturer sourcing their minerals from Tanzania as they would be from the DRC, since, sourcing one of the four 'conflict minerals' from the DRC or the nine adjoining countries, automatically triggers the requirement for a 'conflict minerals' report with the accompanying legal liability and audit requirement. It is understood that, the costs associated with due diligence, the production of the report and the audit will be significant and, thus provide a disincentive to continuing to source minerals from the region.

The Government experience is that, the so called 'conflict minerals' are largely associated with illegal artisanal and small scale mining (ASM) activities, that have posed a challenge to many mineral rich countries in Africa. ASM activities regulations need to be put in place in such a manner that they don't create an avenue for illegal exploitation of minerals in these countries. **To attend to this, the mining industry in Tanzania is well regulated and has not been tainted with illegal minerals produced from the DRC.** The Mining Act of Tanzania states clearly the procedure on minerals trading in Tanzania, whereby no export or import of any minerals(s) or sample(s) of minerals(s) shall be undertaken without export permit issued by Authorized Officer. Furthermore, minerals that have been imported into Tanzania may not be exported, unless an export permit is obtained from the

Authorized Officer after being satisfied that the minerals to be exported comprise of the whole or part of the minerals to which the import permit relates.

Moreover, the States in the Great Lakes Region, under the International Conference on the Great Lakes Region (ICGLR) did sign a pact on security, stability and development that includes a protocol against the illegal exploitation of natural resources including minerals. Within this protocol, tools are being developed to curb illegal mining and trading that is mainly associated with ASM activities. The Dodd-Frank Legislation may be a good support to the ICGLR initiatives but will definitely affect and will have a negative impact to the authentic large scale mining and trading industry in Tanzania which is conducted transparently and accountably by international companies. To strengthen transparency and accountability in mining operations in the country, Tanzania has joined the Extractive Industries Transparency Initiatives (EITI).

As opposed to the gold mining in the DRC where it is dominated by ASM activities, Tanzania gold mining is comprised of large scale mining and therefore 90% of gold production is produced by large scale mines, of which their operations are transparent and accountable conforming to international best practices that ensure sustainable exploitation and utilization of natural resources. Tanzania produced about 44 tonnes of gold in 2010; almost two thirds of the total produced from the Great Lakes region and 17% of global production. The Tanzanian mining industry contributes significantly to socio-economic development of the country, as opposed to the DRC, where the mining industry has been a major source of conflict.

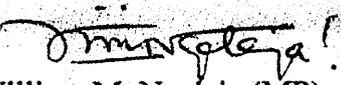
The Government believes that the effect of the Dodd-Frank Legislation, a disproportionate share of the compliance burden will fall upon US-listed manufacturers who source their raw materials from the large scale gold mining network in Tanzania. It is advised that, given the burden imposed by the proposed regulations, it would be unfortunate, but entirely rational, for a manufacturer to decide to avoid the compliance costs and management time involved by changing the source of their materials away from the region entirely. It appears likely, therefore, that unless amendments are made to the regulations, Tanzania will irreparably suffer economically. **The Government of the United Republic of Tanzania would like to insist that Tanzanian minerals are not financing, and have never financed the DRC conflict.**

Therefore, the Government of the United Republic of Tanzania requests the Commission to consider making amendments to the proposed regulations such that where the 'reasonable country of origin' enquiry concludes that the said conflict minerals within a manufacturer's product was mined in Tanzania then the minerals contained in the product should be determined to be 'DRC conflict free'. There would, in these circumstances, be no need for the manufacturer to commission a

'conflict minerals' report or third party audit of said report. This approach would be predicated upon the producers of Tanzanian minerals being able, at the reasonable, 'country of origin' inquiry stage, to provide credible evidence to be relevant refinery, through a chain of custody schemes, that the minerals were indeed mined in Tanzania rather than illicitly originating in the DRC.

This is a significant issue for Tanzania, with important ramifications for the health of our mining industry and, therefore for our economy. The Government of the United Republic of Tanzania therefore request the Commission to weigh these arguments with the utmost care, thus, effect the requested amendments.

Thank you for your cooperation.



William M. Ngeleja (MP)

MINISTER FOR ENERGY AND MINERALS

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