



global witness

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Statement of Mike Davis Global Witness opening remarks at SEC Roundtable, 18 October 2011

The conflict in eastern Congo has lasted for over 15 years and has caused up to five million deaths.

Revenues from the minerals trade provide both means and motivation to the armed groups – rebels, militia, army units – involved in the conflict. They offer a source of financing for these armed groups, and help to keep some of the most notorious, such as the FDLR, operational. They also provide an incentive for the men with guns to illegally control mine sites and parts of the trade.

We can only break these links between minerals exploitation and violence against civilians by cleaning up the trade which sustains them. We are convinced that timely implementation of Dodd Frank 1502 can go a long way towards doing this.

There are a number of positive developments that we believe can be attributed to the passage of the law last July. In recent months, the Congolese government has ended a five year illegal occupation of the region's largest tin mine by military units. It has developed a traceability system and last month introduced a legal directive requiring companies operating in the minerals sector to meet the due diligence standards developed by the OECD.

The tin and tantalum industries have developed a due diligence system for tracing and verifying minerals in eastern Congo based on the OECD standards. This programme is already underway in parts of Katanga province, where it is reported to cover 85-90% of minerals, and also Rwanda, accounting for 550 tonnes per month of cassiterite and coltan.

Some international companies have begun setting up their own controlled sourcing of tantalum in Katanga, with the declared intention of meeting international due diligence standards.

At an international level, electronics industry associations have come together to develop a system for assessing the supply chain controls adopted by metal refiners – which are the key bottleneck in the supply chains for these materials. This Conflict Free Smelter programme is now well-advanced and has the potential to help companies in the downstream part of the supply chain meeting the requirements of the law.

In some respects the minerals sector in the Kivus remains in limbo, however. Production appears to have increased since the end of the government's mining ban, but it remains low and that impacts on ordinary people's incomes. One of the main

reasons for this limbo situation is that international buyers still do not know, fifteen months after the passage of the Dodd Frank Act, what standards they or their customers are going to be required to meet.

It is crucial that the SEC is able to issue clear regulations quickly, so that the current momentum towards a clean minerals trade from eastern Congo is not lost.

We believe there are clear benefits to moving ahead with the enactment and implementation of the regulations of Dodd Frank:

For Congolese – reduction in the scope of murderous armed groups to prey upon the minerals sector and finance their operations from it.

For US taxpayers – US taxpayers currently pay US\$5-600 million per year in aid and peacekeeping costs aimed at making Congo a more stable place. They are effectively subsidising the lack of proper controls on international minerals supply chains.

For companies – an opportunity to improve their own commercial performance through better supply chain controls and reduce risk, be part of a solution, and add value to their brands.

We are convinced that international companies are crucial to establishing a clean minerals trade that brings peace and prosperity to eastern Congo and we are very interested in talking to businesses who want to be a part of that.