

Conflict Minerals Roundtable -- Panel 2

*Supply chain issues, form and timing of CM information, audit of CM report*

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Good afternoon, as you heard I'm here to provide input from the global tin industry, present some concerns from the upstream industry, and particularly our experience of implementing due diligence in Africa through the iTSCi supply chain project. I want to raise 3 points about stocks, recycling and the impacts in Africa.

Firstly then, we believe an exemption is essential for both existing unsmelted mineral and refined metal stocks held by industry, metal warehouses, investors and even in US Govt stockpile. The value of current tin stocks is probably around US\$7billion, generally with non-specific mine origin. So, to prevent market disruption and financial losses on this potentially unsaleable material, we ask that disclosure rules only apply to mineral mined, and ingot produced at a future date, after release of the rules.

Secondly, recycling should be encouraged not penalised. Requiring auditing and CM reporting for secondary material is a disincentive to the reuse of resources that goes against many other regulatory policies. About 35% of tin is recycled, from by-products, waste and end of life consumer or industry units in a complex international network of consolidators, traders and treatment plants. Its not feasible to track back to the original metal use, let alone the original mine and we consider reasonable enquiry should be sufficient; submission of a CM reporting shouldn't be required, in the same way that its not required for non-DRC mined mineral.

Thirdly I want to talk about Africa. The iTSCi project helps companies and artisanal mine groups to implement OECD due diligence by providing traceability, risk assessment and audit. Miners and upstream industry have contributed ~\$4m and worked with hundreds of Govt agents, to make the project a success, now covering ~98% of Rwandan minerals and more than 1000 individual mine pits in Katanga where we've already seen improved governance, increased revenues and retained livelihoods. We should also recognise the commitment and support of the DRC and Rwandan Govt's in this success.

But conversely, the impact of the embargo in areas which DF aimed to help, and where iTSCi is not operating are severe; hundreds of thousands/80% unemployed, lost tax revenue, increasing theft, violence and smuggling, delay in several donor and investor mining projects, less access to schooling, health care and even basic supplies.

A major roadblock to reversing that situation is the growing desire for 'congo free' and 'CM reporting free' material among product manufacturers, so its essential that SEC finds ways to create incentive for continuing buyer engagement, and must also carefully match the start of reporting with feasible timescales for developing due diligence structures. Only a phase-in for reporting for at least 2-3 years will allow the iTSCi project to continue and expand. SEC must also confirm the reliability of the OECD/UN due diligence guidance and converge and clarify understandings of 'armed groups' and 'conflict free' definitions, in particular, ensuring the 'DRC conflict free label' can only be used on minerals actually purchased from the DRC not from elsewhere.

DF aims to control a tiny fraction, maybe only 3%, of global tin supply, to be effective the final rules must be properly focused to avoid a general embargo, while promoting buyer engagement in DRC, and accounting for general upstream issues such as on stocks and recycled metal. We hope the final rules will make the most of the opportunity that DF provides to make a positive difference, support development, and not just drive companies out of africa.

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To finish, I'd like to quote points from 2 previously submitted letters;

State Dept; *"the regulation should be implemented in a manner that where possible minimises disruption to those members of the local population and the private sector in the region who are not contributing to conflict"*

Gecominski; representing 1m artisanal miners and 5m employed in associated traditional activities, *"We ask for the SEC to delay their requirements to also enable US companies to delay their decision to stop the congo minerals trade"*