

Freiburg/Berlin, 17 March 2014

## Statement on the Draft Regulation of the European Commission on Minerals from Conflict-Affected Areas

On March 5, 2014, the European Commission presented a proposal for a regulation for minerals from conflict-affected areas<sup>1</sup>. In the Commission's Joint Communication reference is made to the study carried out by the Oeko-Institut on this subject. The Oeko-Institut welcomes the activities of the European Commission on conflict minerals, but believes that there is room for improvement regarding some key sections of the draft. This concerns in particular the following aspects:

- The Commission's proposal covers four minerals/metals (tin, tantalum, tungsten, and gold). Although this approach does take account of the current problems in the Great Lakes Region of Africa, it is questionable, however, whether future resource conflicts in Africa and/or other parts of the world will be confined only to these four minerals. For this reason, the Oeko-Institute would highlight the need to structure the regulation in such a way that more resources can be incorporated into the regulation without bureaucracy in the future<sup>2</sup>.
- In its study on conflict minerals, the Oeko-Institut recommends a balanced combination of transparency elements (due diligence) and incentive mechanisms to promote responsible sourcing practices in conflict-affected regions. The Commission's proposal, however, only addresses the former. Although various incentive initiatives are described in the Commission's accompanying Joint Communication document (for example linking public procurement with criteria on the origin of the minerals), these are not an integral part of the regulation and are thus not binding. The Oeko-Institut proposes to also integrate incentive mechanisms - in particular relating to public procurement - into the regulation, and to underpin them with concrete implementation plans.
- The approach chosen by the Commission is based on a voluntary solution, which, however, can be implemented in the short term<sup>3</sup>. Yet, the Oeko-Institut takes the view that this approach will only be successful if industry - in return for this non-bureaucratic solution - will become active on a voluntary basis, and does not only ensure the required transparency in the supply chains, but also provides significant financial support for responsible mining.
- The Commission's draft contains hardly any consequences that may arise in the event that this policy fails. Insofar, the Oeko-Institut advises that the existing strategies should be reviewed for effectiveness in three years' time. Then, industry must be aware that it will be judged on the basis of its actions. If, however, this review will not generate any satisfactory results, it would be necessary to establish a comprehensive mandatory reporting system on conflict minerals. Therefore, the Oeko-Institut would advise the Commission to incorporate this mechanism into the regulation already today.

[Study "Conflict minerals – An evaluation of the Dodd-Frank Act and other resource-related measures" carried out by the Oeko-Institut](#)

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<sup>1</sup> See: [http://europa.eu/rapid/press-release\\_IP-14-218\\_en.htm](http://europa.eu/rapid/press-release_IP-14-218_en.htm)

<sup>2</sup> The US-American Dodd-Frank Act (Section 1502) contains such a clause stating that the Secretary of State may - in addition to the above-mentioned minerals - classify further minerals as "conflict minerals".

<sup>3</sup> It should be borne in mind that - contrary to mandatory systems - a voluntary reporting scheme may be implemented without significant transition periods.