



EUROPEAN COMMISSION

STATEMENT

Brussels, 5 March 2014

EU Trade Commissioner Karel De Gucht: Ensuring minerals from conflict zones are sourced responsibly

I am very pleased that the College of Commissioners has agreed to the joint proposal of High Representative/ Vice President of the European Commission Catherine Ashton and me for a 'responsible trading strategy for conflict minerals'.

This is an important proposal today.

On a personal level, since taking up the post of EU Trade Commissioner, I have been determined to see the EU take concrete steps to stop profits from the trade of minerals fueling conflicts around the globe – but in particular in Africa and the Great Lakes Region, and especially in the Democratic Republic of Congo to be even more precise.

This is, of course, most important in order to save lives and stop conflict.

But it is also important for you and me in this room, our families and our friends – all increasingly consumers of high-tech products such as smart-phones or tablet computers. These high-tech products all use the type of minerals that can be described as 'conflict minerals'.

We need to be increasingly aware as consumers that what we buy has an impact. Some people are just outright against 'global trade'. Of course, I disagree with that view.

Trade is not inherently bad – on the contrary it can be and often is a force for political stability and economic development for many weaker economies around the world.

But we too - as consumers - also have to shoulder our responsibility. We have to play our part in ensuring that the 'global trade in goods' also leads to 'good trade'.

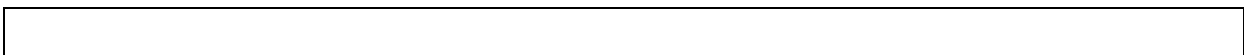
Today's proposal takes us a step in that direction.

So, what is at the core of the joint proposal today? In short, I would say 'stopping the problem at the source' or 'tackling the root causes of the problem'.

What our proposal is aiming to do is two-fold.

First, we aim to see many more companies certify certain key minerals as 'clean' from the moment they come out of the ground to the point they get smelted.

In my view, and in the view of many experts, this is where we can make a real difference. After minerals such as tin, tantalum, tungsten or gold are smelted or refined and turned into workable metals, it is almost impossible to trace back their origin.



That's why I would like to see an 'EU system of self-certification.' This puts the onus on the importers to ensure a clean source through the globally recognized Organization for Economic Cooperation and Development (OECD) guidelines.

So by targeting the importers, i.e. before the minerals get spread across Europe to hundreds and thousands of factories to be used in millions of products, we focus on a critical point in the EU supply chain: the approximately 400 importers of these minerals. That is realistic to control.

This is the second key part of the strategy: greater transparency of the supply chain.

The EU aims to publish in cooperation with the OECD an annual list of EU and global responsible smelters and refiners.

So the resulting idea is that the big European manufacturers know which importers of minerals they should be using as well as with which smelters and refiners they should be working to source the metals they need for their product manufacturing.

And it is only realistic actions that will bring results in reality. What we do must be workable. I want this proposal to bring results on the ground and improve lives.

Now, how did we reach this 'operational' conclusion? My team has really taken time around three years to research this issue and look at the problem, consult with more than 600 stakeholders, global experts from the OECD, governments, business and NGOs.

Europe needed to take action – just as the United States has already taken action through Dodd-Frank.

But let me be very clear: this is not a 'copy-paste' of Dodd-Frank.

Dodd-Frank was introduced in 2010 just as I was taking office as EU Trade Commissioner – so it is certainly fair to say that it offered me food for thought on what Europe should also be doing.

What distinguishes our proposal from Dodd-Frank is essentially that the EU system is 'voluntary' based on due diligence whereas the US system is 'enforceable' by law.

And right now I know what you are all thinking – "well, if that's the case then the US system must be better than the EU's."

Unfortunately, it's not so straightforward.

Now, let be very clear that I am not here today to criticize Dodd-Frank Section 1502. The US scheme requires companies listed on US stock exchanges using 'conflict minerals' in their production processes to declare the origin of such minerals and perform appropriate supply chain due diligence. It also region specific and targets the DRC and neighboring countries.

The stick approach can have unintended consequences. Companies are often 'risk averse' so if confronted with possible litigation, they suddenly turn away from their traditional sources of minerals – for example in Democratic Republic of Congo (DRC) to more 'legally certain' mining in the developed countries such as Canada.

At first glance there is nothing wrong with that.

But the upshot back in DRC and the Great Lakes is: mines can get shut down as they lose business; people lose not just their jobs but often the livelihoods for their families; communities collapse; the real economy can be harmed and even go underground. Not a good result.

So yes, the 'EU carrot' rather than 'the stick approach' is intended to complement Dodd-Frank by focusing on upstream users like EU importers and providing pressure points in

different parts of the supply chain to ensure the scheme is used. A large share of EU downstream users are already having to comply with Dodd-Frank, because their US clients ask them to. This is a useful basis for our scheme to work.

And our scheme is not purely voluntary. Importers interested in the scheme are obliged to implement the OECD Due Diligence Guidance and they even have to go one step further. We ask them to disclose due diligence information to their clients, so as to improve the flow of information to the further points of the EU supply chain.

And for the harshest critics of such a 'voluntary scheme', I'd simply say "we are not naive and we should give this scheme a chance."

We have really covered all the bases – including a review after three years to decide whether indeed we need to tighten up the scheme with additional binding measures.

Let me give just one working example of how we hope to stop 'big companies' running a mile and how the EU aims to bring companies on-board with this European scheme with 'clean' importers and smelters: through public procurement incentives.

These would provide advantages to companies producing end-products such as mobile phones or tablets to work with a responsible EU importer.

Of course, this file now passes to the Council and to the European Parliament and I look forward to working with them to take this forward.

For further information

[Press Release: EU proposes responsible trading strategy for minerals from conflict zones \(IP/14/218\)](#)

[Frequently Asked Questions on responsible sourcing of minerals from conflict zones \(MEMO/14/157\)](#)

[Link to the draft Regulation](#)

[Link to the joint Communication by the European Commission and the High Representative](#)

[Link to the Commission staff working document](#)

[Link to the external study](#)

[OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas](#)

[Outcome of the public consultation](#)