



United States Department of State

Washington, D.C. 20520

STATEMENT CONCERNING CONTINUED IMPLEMENTATION OF
CONFLICT MINERALS DUE DILIGENCE
PURSUANT TO SECTION 1502 OF THE DODD-FRANK ACT

The Department of State (“the Department”) remains deeply concerned by the destabilizing illicit trade and exploitation of certain minerals from the African Great Lakes Region – namely, gold, columbite-tantalite (coltan), cassiterite (tin), wolframite (tungsten)– that are identified as “conflict minerals” in Section 1502 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (“Section 1502”). We continue to support steps aimed at helping transform the illicit flows of these minerals into a responsible trade that helps build the economic foundation for a sustainable peace in the Democratic Republic of the Congo (DRC) and the broader region.

Section 1502 instructs the Securities and Exchange Commission (SEC) to promulgate regulations requiring, among other things, certain companies to submit annually a description of the measures taken to exercise due diligence on the source and chain of custody of the four “conflict minerals.” In parallel, the Department is “to provide guidance to commercial entities seeking to exercise due diligence on and formalize the origin and chain of custody of conflict minerals used in their products and on their suppliers to ensure that conflict minerals used in the products of such suppliers do not directly or indirectly finance armed conflict or result in labor or human rights violations.” The Department last issued guidance concerning due diligence in July 2011.

In November 2012, the SEC’s final rule implementing Section 1502 took effect, setting forth certain disclosure and reporting requirements relating to companies’ use of the four minerals addressed by Section 1502. Under the rule, if after a reasonable country of origin inquiry, a company determines or has reason to believe that its “conflict minerals” may have originated from the DRC or an adjoining country, then it must exercise due diligence on the source and chain of custody of those minerals. The due diligence must conform to a nationally or internationally recognized due diligence framework, if one is available for that conflict mineral.

As indicated in the Department’s July 2011 statement on due diligence, the United States government continues to encourage companies to exercise due diligence based on the guidance issued by the Organisation for Economic Cooperation and

Development (OECD). In its rule, the SEC specifically identified the OECD Guidance as an internationally recognized framework for performing due diligence. As a number of companies have begun to demonstrate through their own efforts and through participation in implementation of pilot projects, the OECD due diligence framework can be implemented in a manner that enables companies to monitor supply chains appropriately and, if necessary, to adjust them in response to identified risks.

The Department applauds those regional governments, development partners, and stakeholders in industry and civil society that have already developed initiatives to enable and actively promote a conflict-free trade, such as the Conflict Free Smelter Program and several new pilot initiatives to produce conflict-free minerals in the DRC through “closed-pipe” supply chains. While insecurity and other conditions have prevented the conflict-free export of minerals from certain areas in eastern DRC, these and other initiatives have enabled the recent export of conflict-free minerals, as evaluated by multi-stakeholder groups of experts and monitors, from several pilot sites in the DRC. Exports from pilot sites such as these have been accompanied by a higher sale price and wages for miners relative to exports of untraced material. The Department urges key stakeholders to work to expand the scale of these pilot sites.

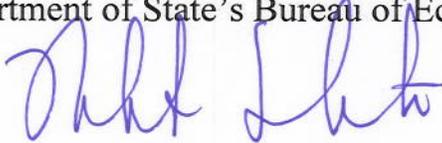
To this end, the Department and USAID are pleased to be partners with more than 30 companies, trade associations, civil society groups, and other organizations in the Public-Private Alliance for Responsible Minerals Trade (PPA). The PPA is financially supporting specific conflict-free supply chain efforts in the DRC and continues to promote conflict-free sourcing from within the region.

Issuance of the SEC regulations was a vital step in establishing a clear and harmonized global framework for a responsible minerals trade from the region. The Department believes that, as implementation of traceability and transparency measures continues, more companies should and will responsibly source from the region. In the interest of facilitating and promoting a responsible trade in minerals from the Great Lakes region, the Department will continue to encourage the harmonization of relevant industry and government initiatives.

The Section 1502 due diligence requirement is also consistent with the International Conference on the Great Lakes Region’s (ICGLR) call for companies sourcing minerals from the region to comply with the OECD due diligence guidance, a call now further codified in the DRC’s domestic regulations. The progress of the ICGLR’s twelve member states in implementing their initiative on

the illegal exploitation of natural resources remains critical to global efforts to promote a responsible minerals trade from the Great Lakes region. Domestic implementation of these regional commitments has varied across the region, and we therefore encourage member states and the ICGLR secretariat to implement these steps as quickly as possible. Each country's ability to develop a responsible minerals trade depends in part on the credibility of equivalent measures in neighboring countries. As a part of a broader regional and international effort – including the recently signed Peace, Security and Cooperation Framework for the DRC and the Region – a responsible minerals trade will help lay a sustainable foundation for greater security and economic opportunity in the region.

For questions regarding this document, please contact Eileen Kane (kaneeh@state.gov) or Brad Brooks-Rubin (brooks-rubinba@state.gov) of the Department of State's Bureau of Economic and Business Affairs.



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