

**DRAFT TOOL OF COMMON MESSAGES TO ASSIST WITH OUTREACH IN CHINA,  
PREPARED BY THE INTERIM GOVERNANCE GROUP**

***The participation of China in international efforts to build responsible conflict-free supply chains of minerals from Africa's Great Lakes region***

Chinese firms play a major role in global supply chains of products containing tin, tantalum, tungsten and gold. By participating in international and industry-led efforts to build responsible and conflict-free mineral supply chains, the Chinese industry has an opportunity to further advance their competitiveness, ensure a secure supply of minerals, and contribute to global efforts to prevent the production and trade of minerals from undermining peace and security in Africa's Great Lakes Region.

Some Chinese companies are already participating in international efforts to build responsible and conflict-free minerals supply chains, through industry programmes like the *International Tin Research Institute's Supply Chain Initiative (iTSCI)*, an on-the-ground due diligence programme in Africa's Great Lakes Region, and through the *Conflict Free Smelter Program (CFS)*, an industry validation program for smelters and refiners.

Ningxia, one of the largest Chinese state-owned tantalum smelters, has shown leadership among Chinese smelters by participating in a ICGLR-OECD-UN Group of Experts on the DRC Joint Forum that brings producing, processing and consuming countries together with industry throughout the supply chain and civil society organizations to share lessons and build strategic partnerships for building responsible minerals supply chains.

**What are the benefits of participating in international efforts to build responsible conflict-free mineral supply chains?**

- ***Advance competitiveness of Chinese firms domestically and abroad through improved market access and private sector capacity to observe international expectations and meet customer requests.*** Chinese firms at all levels in the mineral supply chain, and in particular the Chinese metals processing industries under the China Non-ferrous Metals Association and members of the Shanghai Gold Exchange, are significant in terms of their production of refined metals and products containing tin, tantalum, tungsten and gold. As such, they can play an important role in global effort to build responsible conflict-free mineral supply chains. Many downstream industries with products that utilize tin, tantalum, tungsten and gold are trying to meet international expectations, domestic regulations such section 1502 of the United States Dodd Frank legislation, and customers' requests to ensure their companies are not supporting conflict in the DRC through their mineral sourcing practices. Companies in the Chinese metals industries stand to benefit in the international marketplace by identifying their tin, tantalum, tungsten, and gold sources as being "conflict free" when sourced from the DRC or adjoining countries.
- ***Preserve the long-term security of natural resource investments and mineral supply base.*** Carrying out responsible mineral sourcing practices in accordance with national and international expectations will help Chinese firms protect their investments, avoid security situations that undermine operations and secure a steady and clean supply of tin, tantalum, tungsten and gold.
- ***Improve ability of Chinese firms to comply with national laws in Africa's Great Lakes Region.*** Chinese-owned firms operating in DRC or Africa's Great Lakes Region also face legal compliance issues related to due diligence and responsible mineral sourcing. In the Democratic Republic of the Congo, carrying out due diligence in accordance with the OECD and UN due diligence recommendations has been a

national legal requirement since 6 September 2011, and in 2012 the DRC suspended the licenses of two Congolese mineral exporting firms owned by Chinese nationals for failing to conduct due diligence. The Regional Certification Mechanism developed by the 11 member countries of the International Conference on the Great Lakes Region (see below) has been harmonised with the OECD and UN due diligence guidelines and will soon become operational with practical implications for all miners, traders and exporters in the Great Lakes region as well as processors sourcing therefrom.

- **Support sustainable development in Africa's Great Lakes Region.** Investing or trading in minerals that support conflict undermines the ability of legitimate governments to tax their resource base, introduce higher added-value activity to their mineral sector, and bring sustainable development to local populations. The Beijing Action Plan (2013-2015) from the Fifth Ministerial Conference of the Forum on China-Africa Cooperation prioritises cooperation in natural resources that will result in "helping African countries translate their energy and resources strength into development strength, protecting local eco-environment and promoting the sustainable economic and social development in these countries." The implementation of due diligence and responsible mineral sourcing practices in the last two years has already brought exactly these kinds of tangible results:
  - ✓ In 600 mine sites in the DRC and Rwanda, the implementation of responsible mineral sourcing practices through industry programs like iTSCi, Solutions for Hope, the Partnership for Social and Economic Sustainability, and the Conflict-Free Tin Initiative (CFTI) has enabled 45,000 artisanal miners - who in turn provide support for 225,000 dependents - to bring the minerals they dig to the legitimate market.
  - ✓ The UN Group of Experts on the DRC (see Final Reports of 2011 and 2012) have reported that implementation of due diligence and responsible mineral sourcing practices has resulted in increases in revenues and government capacity to regulate the mineral sector in the DRC and Rwanda.

#### **What can the Government of the People's Republic of China do to support responsible mineral sourcing efforts?**

Governments, industry and civil society organizations recognise the need for greater inclusiveness in global efforts to build responsible mineral supply chains, and are taking steps to involve members of the global supply chain for tin, tungsten, tantalum and gold in such efforts. Smelting, refining, and metals trading companies are particularly important for developing and implementing a comprehensive and inclusive approach on building responsible and conflict-free mineral supply chains. Outreach seminars are being planned to include a wider segment of the global tin, tantalum and tungsten supply chain in responsible mineral sourcing initiatives, and assist with any training that may be requested. In this regard, the Government of the People's Republic of China is invited to consider the following ways to support building responsible and conflict-free mineral supply chains:

- 1) Sensitize and engage the China Nonferrous Metals Association, the Shanghai Gold Exchange, and the People's Bank of China to support the integration of international guidance on responsible mineral sourcing in context of their tin, tungsten, tantalum and gold programs
- 2) Invite the China Nonferrous Metals Association to engage their sub-associations for tin, tungsten and tantalum to request their members to attend outreach seminars in China sponsored by coordinated entities like the OECD. Companies should be encouraged to attend seminars in major China cities within their proximity as they are available (an upcoming outreach session will be hosted in Hong Kong on 8 May 2013 – for more information please contact Grant Feichtinger of the EICC at [grantf@eicc.info](mailto:grantf@eicc.info)).

- 3) Invite the China Nonferrous Metals Association to consider co-sponsoring outreach sessions such that their members will feel comfortable with their individual participation.
- 4) Consider whether the People's Republic of China would like to participate as an equal partner in international efforts to ensure responsible, conflict-free mineral supply chains, by attending meetings of the ICGLR-OECD-UN Group of Experts on the DRC Joint Forum on Responsible Mineral Supply Chains (next meeting on 2-3 May 2013 – for more information please contact [tyler.gillard@oecd.org](mailto:tyler.gillard@oecd.org)).

## BACKGROUND

The ongoing conflict in the Democratic Republic of the Congo has been a focus of efforts in the United Nations Security Council, the International Conference on the Great Lakes Region (ICGLR), the Organization for Economic Cooperation and Development (OECD), and by many sovereign states. Non-state armed groups that are parties to this conflict have been known to sustain their activities through the production and trade of minerals such as tin, tantalum tungsten and gold.

A number of international and regional initiatives have been developed to prevent the production and trade of minerals from benefiting armed groups, and to bring a responsible production and trade of minerals from the DRC and surrounding countries that enables increased trade and development spill-overs. Responsible production and trade in minerals entails knowing the origins of minerals in the supply chain and taking steps to ensure that the production and trade of those minerals does not benefit armed groups.

The ICGLR has played the leading role in developing and coordinating a regional approach to prevent the exploitation and trade in minerals from becoming a source of conflict and insecurity. Recognising the need for international cooperation to build global supply chains of responsible conflict-free minerals, the ICGLR partnered with the OECD and the UN Group of Experts on the DRC, who worked together and developed due diligence recommendations for private sector actors throughout the entire supply chain. The Heads of State from the eleven member countries of the ICGLR endorsed these due diligence recommendations in their 2010 Lusaka Declaration and called on all companies operating or sourcing minerals to adhere.

Through the unanimous adoption of UN Security Council Resolution 1952/2010, the People's Republic of China has supported taking forward the due diligence guidelines of the UN Group of Experts on the DRC. The UN Group of Experts on the DRC reported in 2012 that as a result of the implementation of due diligence “the security situation at tin, tantalum and tungsten mine sites has improved and trade in tin, tantalum and tungsten has become a much less important source of financing for armed groups”.

However, the UN Security Council's Group of Experts on the DRC has also tracked the sale of minerals that benefit armed groups in the DRC to a few countries, including China.<sup>1</sup> Large quantities of untraced, suspect minerals from the Eastern DRC are knowingly being exported to these same countries, contrary to the national laws of the DRC, and the regional and international expectations on due diligence.

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UN Reports:

1) S/2012/843 – Mandarin:

[http://www.un.org/ga/search/view\\_doc.asp?symbol=S/2012/843&referer=http://www.un.org/sc/committees/1533/egroup.shtml&Lang=C](http://www.un.org/ga/search/view_doc.asp?symbol=S/2012/843&referer=http://www.un.org/sc/committees/1533/egroup.shtml&Lang=C)

2) S/2011/738 – Mandarin:

[http://www.un.org/ga/search/view\\_doc.asp?symbol=S/2011/738&referer=http://www.un.org/sc/committees/1533/egroup.shtml&Lang=C](http://www.un.org/ga/search/view_doc.asp?symbol=S/2011/738&referer=http://www.un.org/sc/committees/1533/egroup.shtml&Lang=C)