

# Supply chain due diligence obligations for Union importers of tin, tantalum and tungsten, their ores, and gold originating from conflict-affected and high-risk areas

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The Commission and the High Representative for Foreign Affairs and Security Policy present a Joint Communication aiming for an integrated EU approach to responsible sourcing of minerals originating in conflict-affected and high-risk areas. The paper discusses **how to break the link between minerals extraction and conflict** and confirms that the Commission and High Representative will promote strong and coherent EU raw materials diplomacy.

The problem is most acute in Africa, particularly in the Great Lakes Region (GLR). [Recent studies show that resource-related conflicts are currently prevalent in Africa (27 cases) and the Americas (21 cases), but less prevalent in Asia and Oceania (11 cases), the Middle East and Maghreb (7 cases) and Europe (4 cases).

This Communication accompanies a Commission proposal setting up a Union system for supply chain due diligence self-certification of responsible importers of tin, tantalum, tungsten and gold. The following accompanying measures will enhance the impact of the regulation and further encourage the responsible sourcing of minerals :

- **Incentives for companies to promote responsible sourcing.** These include promotion of responsible practices by smelters and refiners : the EU has provided financial support for the implementation of the OECD Due Diligence Guidance since January 2014 and will continue to do so through the Instrument for Stability. Support will focus on capacity-building and outreach activities, targeting public authorities, the private sector and civil society organisations involved in the supply chain of minerals from conflict-affected and high-risk areas.
- **Funding possibilities for SMEs for the voluntary certification scheme :** the Commission will explore funding to promote the uptake of the future voluntary certification scheme within the Competitiveness of Enterprises and SME's Programme (COSME).
- **Public Procurement incentives :** performance clauses will be inserted in the Commission's own public procurement contracts. Products purchased through public procurement containing tin, tantalum, tungsten and/or gold will therefore need to respect OECD Due Diligence Guidance or equivalent due diligence schemes in order to satisfy contractual obligations.
- **Use of government-to-business networks to facilitate uptake of the EU 'responsible importer' certificate :** National Contact Points established under the OECD Guidelines for Multinational Enterprises will help raise awareness of the certification procedure established under the draft Regulation, as will the Enterprise Europe Network (EEN)
- **"Letters of Intent" – industry commitments :** the EU will take action to provide visibility to the efforts of companies that provide letters of intent announcing relevant commitments.

## **Policy dialogues with third countries and other stakeholders**

- **Building on existing policy dialogues** : the EU will use its political, development, trade and security dialogues and contacts with governments in mining, producing, processing and consuming countries (and has already begun in South American and Caribbean countries) to further develop a common understanding of the needs, and opportunities of conflict-free and responsible mineral extraction.
- **Reaching out to countries hosting smelters** : the EU will engage with the countries where the majority of the world's smelters/refiners are located, notably China, Malaysia, Indonesia, Thailand and Russia to promote its integrated approach and will hold an international conference on responsible sourcing of minerals originating in conflict-affected and high-risk areas in 2015.
- **A responsible sourcing chapter in raw materials dialogues** : the EU will use its raw materials dialogues inter alia with China, Japan and Mongolia, and has recently launched a raw materials dialogue with Myanmar/Burma.

**Development cooperation with third countries** : the key lines of intervention through which the EU may support partner countries are:

- transposing the OECD Due Diligence Guidance into national due diligence frameworks and legislation;
- building further capacity to implement the national due diligence frameworks ;
- supporting advocacy and political dialogues in the countries concerned between local and central government authorities, civil society organisations and business operators ;
- creating visibility for the actions carried out and the results achieved by the producer countries.

**Honest broker – raw materials diplomacy** : the Commission services and the EEAS will gather and analyse data regarding multi-stakeholder initiatives. Public-private alliances will be given due consideration.

**EU Member States:** complementary initiatives could be developed at national level in the area of consumer information and labelling and further incentives for responsible corporate behaviour created. Moreover, the Commission will encourage EU Member States to foster the uptake of OECD Due Diligence Guidance through performance clauses of procurement contracts signed by their authorities and will develop recommendations for Member State authorising officers.