

# EUROPEAN PARLIAMENT



MEMBER OF THE EUROPEAN PARLIAMENT

Michel Barnier,  
Commissioner for Internal Market and Services

Strasbourg, 13 December 2012

Dear Commissioner Barnier,

We write with reference to the Commission's recent commitments to explore ways of improving supply chain transparency, including through supply chain due diligence, as contained within COM/2012/022. We support the statement contained within that communication that the Commission will 'advocate greater support for and use of the recently updated OECD Guidelines for multinational enterprises, and OECD's recommendations on due diligence and responsible supply chain management'.

The EU needs to take a regulatory approach to this issue. Making effective change to established business practises requires regulation. Experience demonstrates that giving industry 'the option' to act responsibly often results in haphazard or extremely limited application of new responsible business standards.

The conflict minerals trade in eastern Democratic Republic of Congo is a powerful case in point. Despite over a decade of United Nations and NGO reports detailing the violent conflict and human rights abuses funded by the trade in tin, tantalum, tungsten and gold in the country's east, international companies have continued to buy these metals without first ensuring that their purchases are not funding brutal armed groups. Due diligence frameworks developed under the auspices of the OECD and the United Nations provide a road map for responsible engagement in eastern Congo's minerals trade in a way that can bring benefits to the local population, if implemented properly. Companies have only begun to make real changes to the way they do business since these frameworks were adopted into domestic legislation, most notably through the passage of Section 1502 of the US Dodd Frank Act in July 2010.

Secondly, we would draw the Commission's attention to the need for an EU supply chain due diligence regulation to have a wider geographical scope than DR Congo in order to address similar risks in other countries considered in or at risk of conflict. While the DRC case illustrates the urgent need for action from a humanitarian perspective, it also highlights the growing need to ensure strategic and secure supplies of raw materials for EU companies through 'mutually beneficial partnerships that provide a win-win for resource-rich countries and the EU itself'<sup>1</sup>. Developing trusted supply chains, from DR Congo and elsewhere, that are compliant with the international due diligence standards developed by the OECD, is an important part of this strategy.

Afghanistan is a compelling example of a country rich in natural resources that risks being preyed upon by warring parties to fund conflict – as has been the case in the country in the past. The same could be said of Pakistan, where today armed criminal networks are alleged to be involved in the mining and smuggling of chromite in restive tribal areas bordering Pakistan.

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<sup>1</sup> 2011 European Parliament Resolution (2011/2056(INI) on Effective Raw Materials Strategy for Europe.

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Consumers and investors today are making increasingly rigorous demands on companies' business practises. In light of Dodd Frank's Section 1502, an EU regulation would help to 'level the playing field' for EU companies and ensure that they are not placed at a competitive disadvantage in a global market for mineral-containing products in which buyers are increasingly demanding 'conflict free' materials.

We would therefore ask you to propose legislation requiring EU companies to undertake supply chain due diligence that meets the OECD standard. This will ensure that those importing into the EU are part of the solution to the nexus of minerals and violence in high-risk and conflict-affected areas, including the DRC, rather than being party to conflict, instability and human rights abuses.

Best regards,

Ana Gomes (S&D)

David Martin (S&D)

Graham Watson (ALDE)

Marita Ulvskog (S&D)

Michael Gahler (EPP)

Richard Howitt (S&D)

For more information on Afghanistan's domestic minerals sector see *Afghanistan's Conflict Minerals: The Crime-State-Insurgent Nexus*, Matthew DuPee, 16 February 2012, available at <http://www.ctc.usma.edu/posts/afghanistans-conflict-minerals-the-crime-state-insurgent-nexus>

For more information on DR Congo's conflict minerals trade see *Coming Clean: How Supply Chain Controls Can Stop Congo's Minerals Trade Fuelling Conflict*, Global Witness, May 2011, available at <http://www.globalwitness.org/library/coming-clean-how-supply-chain-controls-can-stop-congos-minerals-trade-fuelling-conflict>