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Proposed EU law will not keep conflict resources out of Europe, campaigners warn

A law proposed by the European Commission on responsible sourcing of minerals is not strong enough to prevent European companies' mineral purchases from financing conflict or human rights abuses, and falls far short of expectations, campaigners said today.

Instead of putting forward robust legislation that would require a wide range of EU-based companies to do checks on their supply chains – known as due diligence – the Commission today announced **voluntary** measures that will only apply to companies importing **processed and unprocessed** minerals into the European market. The proposal covers companies involved in the tin, tantalum, tungsten and gold sectors. The campaigners warned that the Commission's proposal – an opt-in self-certification scheme available to a limited number of companies – is likely to have minimal impact on the way that the majority of European companies source natural resources.

Sophia Pickles from Global Witness said: "The proposal is tantamount to the EU saying that it's ok for companies to choose not to behave responsibly. This risks undermining the duty states have to protect human rights, which is well-established under international law. The proposal could even be redundant. EU governments have already endorsed voluntary due diligence guidance developed by the Organisation for Economic Co-operation and Development."

Legislation introduced in the United States in 2010 that requires US-listed companies to do checks on minerals coming from the Democratic Republic of Congo and neighbouring countries has already prompted changes in the way that companies do business. Without a clear EU law that requires companies to do due diligence – and report publicly on it – the European Commission will fail to bring EU companies up to the same responsible sourcing standards as their American competitors.

Gisela ten Kate from SOMO said: "Rather than building on the significant momentum generated by legislation passed in the US, thereby raising the bar for responsible sourcing globally, the Commission's proposal threatens to lower international standards and start a race to the bottom."

"It's absolutely critical that the EU enforces existing international standards", said Seema Joshi from Amnesty International. Anything short of a mandatory reporting obligation for EU-based companies using and trading natural resources, will fail to prevent Europe from acting as a conflict mineral trading hub. Nor will it ensure that European companies avoid causing or contributing to serious human rights abuses when sourcing from these high-risk areas."

Further, by directing the opt-in scheme only at importers of raw ores and metals, the European Commission has missed a unique opportunity to influence the behaviour of a much wider cross-section of global players. To ensure that natural resources from conflict or high-risk areas don't enter EU markets, the law also needs to target manufacturers, and companies that import finished products. Metals from conflict areas routinely enter the EU in manufactured products like computers, phones, light bulbs and cars.

"An EU law obliging companies right along the supply chain, including end-users who import products containing metals like tin and gold, to do due diligence would have prompted reforms in supply chains beyond Europe, where the majority of minerals – including those that may have funded conflict – are processed and manufactured into components or final products," said Antonio Manganella from CCFD Terre-Solidaire.

Campaigners expressed disappointment that the Commission's proposal does not address other natural resources, but rather is limited to four minerals. "By focusing only on four minerals, the Commission fails to address reports that other natural resources are also fuelling conflict," said Astrid Schrama from PAX. "Our research shows that in Colombia, coal extraction has financed the creation of armed paramilitary groups that have caused the deaths of thousands and has led to the displacement of at least 60,000 people in the mining area of Cesar region."

Reports also indicate that precious stones have financed violence in Zimbabwe, Burma and Colombia.

Over sixty international non-governmental organisations released a paper last year outlining the need for robust legislation based on existing due diligence standards set by the UN and Organisation for Economic Co-operation and Development (OECD).

According to Michael Reckordt from AK Rohstoffe: "It seems that the Commission caved in to a powerful industry lobby to reduce the scope and make their proposal weaker." Frédéric Triest from EurAc said: "Companies' resistance to legislation is unfounded and demonstrates a failure to recognise the need for, and potential benefits of knowing what is going on in their supply chain. The fact that US-based companies, prompted by US legislation, are now carrying out enhanced due diligence shows that it is possible."

Chantal Daniels from Christian Aid said: "The Commission missed a chance to propose a law that would make a real difference to millions of people in war-torn countries where natural resources are providing an incentive and source of funds for armed actors. The proposal also falls short of assuring European consumers that the products they are buying have not fuelled violence, instability and human rights abuses."

The European Parliament and Council will take up the proposal later this year. At that time, parliamentarians and Member States must make it a priority to strengthen the legislation so that it is fit for purpose. Otherwise, the EU is set to remain a hub for a harmful trade.

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Signatories to the release:
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Notes:

1. Over sixty international non-governmental organisations released a joint paper last year outlining the need for robust European legislation based on existing supply chain due diligence standards set out by the UN and Organisation for Economic Co-operation and Development (OECD). The OECD standards have already been endorsed by EU governments, yet very few companies based in Europe – if any - currently carry out and report publicly on their due diligence practices.