

Andreas Manhart, MSc
Sustainable Products & Material
Flows Division

Freiburg Head Office

P.O. Box 50 02 40
79028 Freiburg, Germany

Street Address

Merzhauser Str. 173
79100 Freiburg, Germany

Phone +49 (0) 761 - 4 52 95-0

Direct Dialling -54

Fax +49 (0) 761 - 4 52 95-88

E-mail a.manhart@oeko.de

Darmstadt Office

Rheinstr. 95
64295 Darmstadt, Germany

Phone +49 (0) 6151 - 81 91-0

Fax +49 (0) 6151 - 81 91-33

Berlin Office

Novalisstr. 10
10115 Berlin, Germany

Phone +49 (0) 30 - 40 50 85-0

Fax +49 (0) 30 - 40 50 85-388

Executive Board:

Michael Sailer (acting CEO)
Dr. Rainer Grießhammer
Christian Hochfeld

Committee:

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Account Details:

Sparkasse Freiburg – Noerdl. Breisgau
Bank Code No. 680 501 01
Account No. 2 063 447
IBAN: DE96 6805 0101 0002 0634 47
BIC: FRSPDE66

Postal Giro Account
Postbank Karlsruhe
Bank Code No. 660 100 75
Account No. 136 018 759

Taxpayer's Account No. 06 470 / 45 009
VAT-ID Number: DE 142 117 254

Öko-Institut e.V. • P.O. Box 50 02 40 • 79028 Freiburg • Germany

To

Bob Leet (bob.e.leet@intel.com)
Leann Speta (Leann.Speta@Sun.COM)
Michael Loch (Michael.Loch@motorola.com)
Michael McGrath (mjmcgrat@us.ibm.com)

CC to GoodElectronics Network

Freiburg, 26th January 2010

Extractives industries and EICC/GeSI

Dear members of the EICC/GeSI Extractives Workgroup

We are writing to this board as we are concerned on the focus and course of the EICC activities related to the sourcing of metals, namely tantalum, tin and cobalt. As you know, we have been following these activities for the last two years as we consider this topic as crucial when talking about ICTs and sustainability.

As a value driven research-institute, the Öko-Institut would like to contribute constructively towards the development of sustainable solutions. We, therefore, consider it as our responsibility to raise critical issues related to ongoing developments and share our views and analysis with relevant actors and stakeholders.

Our concerns are mainly based on the fact that the EICC is strongly focusing on tracing and tracking activities in combination with the analysis and enforcement of Codes of Conducts and other ethical standard documents and declarations. In particular, we fear that this approach

- further marginalises artisanal mining,
- and to have quite limited net-effects on the ground.

We fully understand and share the desire to learn more about the relationships between small scale miners in war torn African regions and the internationally operating electronics companies. We are also aware that transparency is a key element to enter into more detailed discussions about possible improvement activities. Therefore, we strongly welcome EICC's research on tracing and tracking of the three "Congo metals" tin, tantalum and cobalt.

However, the subsequent research step raises some questions, which we would like to address in this letter. EICC wants to analyse the underlying Codes of Conducts and CSR policies of each supply chain actor. Although we are aware that this approach can – under certain circumstances – be able to stimulate improvements in complex supply chains, we strongly doubt that Code of Conducts and compliance mechanisms, as developed for manufacturing enterprises, will have any beneficial effects in the field of mining and trading of minerals.

After all, we have to keep in mind that the mining business is extremely heterogeneous. On the one side, there are some large scale international

enterprises that utilise modern extraction technologies. In some cases, these enterprises offer relatively safe working conditions, permanent employment and compensations for relocated local communities. Although some of these companies are still criticised by environmentalists and civil society groups, we are quite sure that these enterprises will have fewer difficulties in complying with your CSR policies, and will manage to pass the audits imposed by major customers.

On the other side, we have small scale miners, literally working with their hands using pick-axes and shovels. Most of these people work under precarious conditions with no reliable revenue or any kind of social security system. Accidents are frequent and often these communities are subject to repressions from militia groups. These people would have no chance to comply with any of your CSR policies. Even if they would, most of them would not understand the meaning of your policies, and hence fail, because of low literacy. Although we by no means support this form of employment, we are still aware that this so called “artisanal mining” is an important source of income for many people in developing countries. We also know that the value of the mined minerals could easily cover decent living standards for the people engaged in mining – presupposing a fair distribution of revenues and a functioning market access. We have to remember that 20% of the world’s tantalum, 30% of the tin and 30% of the cobalt are produced by artisanal miners. Artisanal mining gives income to 15 million people worldwide. The mechanised industrial mining employs only 7 million people despite having much higher outputs.

In many developing countries, there are few alternatives to artisanal mining. Cutting off these sources of income would, therefore, be disastrous for many people in Africa, Asia and Latin America.

We are fully aware of the situation in the DR Congo and are also aware of the fact that UN Security Council condemns the illegal exploitation of resources in the DR Congo. Nevertheless, the war regions in the eastern parts of the DR Congo are not the only sources of tantalum, tin and cobalt from artisanal sources. There are also numerous small scale mining activities that are not interlinked with war and unrest and where we can expect significant improvement potentials. The question whether these potentials will materialise or not, largely depends on the future policies of the recipient industries such as the electronics companies.

As an environmental research institute with long track record in the field of CSR policy research and supply chain management, we now see parallels to other sectors, namely the food industry: About 15 years ago, large retailers were increasingly accused for violating social and environmental minimum standards in their supply chains. Like in the electronics industry, the criticism also focused on the first step in the production chain, the production of “raw materials” like grains, oil-seeds, vegetables and herbs. Amongst others, the retailers were accused of tolerating child labour, massive use of pesticides and slave-like dependencies in small scale farming in the developing world. The industry reacted with the large scale institutionalisation of CSR-policies that were based on clearly defined standard- and audit-systems. Along with the phenomena of liberal trade and market policies, the requirement to comply with demanding CSR, policies systematically discriminated against small & marginal farmers, and has resulted in a clear shift in the supplier base towards large farmers, who apply highly mechanised farming systems with few employees. Consequently, small scale producers lost market access and were impoverished further.

Drawing from these experiences, we fear that the application of CSR compliance systems will have similar effects on the mining industry: Small scale miners will lose market access, while big companies will dictate the market.

Besides the sketched impacts on the livelihoods of many people in developing countries, this could also have adverse impacts on the electronics industry: As the formalised parts of mining industry are characterised by some few internationally operating enterprises, the exclusion of artisanal miners will further strengthen their resource monopolies.

There is another important issue to be highlighted: a policy based on the paradigm “not buying from unsustainable sources” will not necessarily have positive net-effects. If some companies decide to source only from clean and fair productions, this policy – if not complemented by some safeguard mechanisms – will very likely only stimulate a rearrangement of supplier-customer relationships without changing the actual share of total unsustainable metal in the market.

We have experienced a similar case during the development of the market for green electricity: As there were already numerous hydropower-plants installed long before the introduction of green electricity, energy providers exploited this situation and started to label this electricity as “green” and sold it at a premium price. But in the end, this did not change anything as there was no notable change in the power plant mix: While environmentally concerned consumers paid premium prices for “green electricity” these green shares were just diverted from the general electricity market.

Also in mining we can see a broad diversity of management practices. For virtually every ore, it is possible to identify mining sites that are managed fully in line with international standards. If the electronics industry starts sourcing from only these mines, it is quite likely that other customers will fill the gap and intensify their sourcing from dubiously managed mines.

Therefore, to be effective, we have to make sure that possible sourcing policies are used to improve the situation on the ground, and not only to make additional revenues in mining sites that were already managed properly long before.

I hope that with this letter, we can contribute to the industry’s ongoing efforts in improving its sourcing strategies. Do not hesitate to contact us, if you have any comments or need further clarifications.

Kind regards,



Andreas Manhart



Siddharth Prakash

P.S. A copy of this letter is sent to the GoodElectronics Network.