

BACKGROUND INFORMATION SHEET

Cassiterite Production and Trade in the Democratic Republic of Congo

This document provides some general background facts on the trade in cassiterite mined by ASM's. It focuses on certain areas of the Democratic Republic of Congo (DRC) which have been well investigated and documented by the United Nations and a number of NGO's.

About Cassiterite and the DRC

Cassiterite was first discovered in the Kivu region of the DRC in 1910 by CFL whilst that company was building the Kindu-Kongolo railway line. Cassiterite is found in many parts of eastern DRC, in North Kivu, South Kivu, Katanga and Maniema provinces.¹

In the mid-1940s, the DRC was the world's second largest producer of tin after Bolivia, and the main focus of mining operations in post-colonial DRC until the mid-1990s was on cassiterite mining in the east of the country.² ITRI estimates annual production at that time was ~17,000tpa.

Cassiterite production from the DRC currently represents around 4% of global tin mine production with around half of that arising from North Kivu. It also represents around 8% of cassiterite mined by ASM methods.³

The DRC is the 9th largest nation in the world with a population of around 60m. Approximately 1.2m Congolese are displaced from their homes due to conflict. The average per capita income is around \$120 per year with an average life expectancy of 43. Less than 46% of the population has access to safe and clean water.⁴ The majority of Congo's population lives within 100 km of an international border and has closer links with people beyond the border than with other parts of the Congo itself.⁵

ASM Livelihoods

Today more than 100 million people worldwide depend either directly or indirectly on ASM for their livelihoods and exploit more than 40 different minerals. In Africa alone it is estimated that between 6 and 8 million people are directly employed in ASM, with many more million livelihoods depending on the sector.⁶

ASM is reported to be the most important segment of the mining sector in the DRC, not only because it produces the highest volume of mineral commodities, but also because of the people dependent on artisanal mining. There are an estimated 10 million people, 16% of DRC's population who either mine directly or are dependent on artisanal mining for their livelihood.⁷ There are estimated to be up 500,000 to 2,000,000 diggers, and perhaps five dependents per worker⁸.

In the Kivus there are currently no industrial (large scale) mines in production and many of the mines are suitable only for artisanal exploitation. It would be unrealistic, not to say harmful to livelihoods and the environment, to push for rapid industrialisation in that context. In many places, the formalisation and technological development of ASM provides a more realistic and equitable alternative for community development.⁹

Earnings and Financial Information

The Initiative for Central Africa estimates that in the Masisi region of the Kivus the average income for an artisanal miner is US\$167 per month or US\$2,000 per annum which is about three times that of a professional or civil servant in DRC.¹⁰

¹ Same Old Story, Global Witness, June 2004

² Same Old Story, Global Witness, June 2004

³ ITRI estimates 2007

⁴ Factsheet on DRC, DFID, 2007 (?)

⁵ Rules for Sale: Formal and informal cross-border trade in Eastern DRC, Pole Institute, May 2007

⁶ Mining Together: Large-scale mining meeting Artisanal mining, CASM-CommDev, Draft February 2008

⁷ Growth with Governance In the Mining Sector World Bank, Report No. 43402, 20 April 2008

⁸ The Extractive Industries Transparency Initiative (EITI) & Artisanal and small Scale Mining, EITI, Draft October 2007

⁹ Trading for Peace, DFID, October 2007

¹⁰ Natural Resources and Trade Flows in the Great Lakes Region Initiative for Central Africa, INICA, 2007 (?)

The World Bank separately estimates that the artisanal miner in the Kivu region where much of the cassiterite is found earns around US\$800 per annum. This amount represents about a quarter of the value of the artisan's production, allegedly due to extortion of production by the FARDC¹¹, the Mining Police, various militia groups, and local authorities. The number of persons involved in cassiterite mining is not known.¹² Whilst by Western standards this is demonstrably low, it is considerably greater than the Gross National Income per Capita for the whole of DRC which was in 2006 US\$130 per capita and for sub-Sahara Africa \$830 per annum^{13/14}.

The average remuneration for artisans in the principal mining areas is significantly higher than the GDP per capita or the revenues that a miner could earn in farming or some other occupation. Even if some artisans could be enticed into other occupations, such as construction work or small business, the artisans are too numerous and these alternatives too few for the alternative livelihoods approach to be sustainable over the longer term.¹⁵

It is estimated that about 14,000 tonnes of unprocessed cassiterite arrive in Goma from Walikale annually [2007 estimate], with a world market value of US\$ 88.7 million, if factoring 30 percent weight loss to obtain a 65 percent tin export grade. The UN estimates only US\$ 800,000 actually stays in the local economy of Walikale territory, states UN Panel of Experts, 2007.¹⁶ The feedback from most actors suggests that up to 70% of value added in the mine accrues to "big men" in military, business and politics.¹⁷

Governance and SAESSCAM

Systems of regulation and improvement initiatives are already employed for small scale miners operating in some emerging and developing countries.

In the DRC, the Mine Law of 2002 provides for small-scale mining permits and for the establishment of artisanal mining zones. A small-scale mining permit is granted for 10 years, and artisans require a "diggers" card authorized by the Law and granted through the provincial authorities. In reality, [few] artisanal miners possess the card. Even if they recognize the legal requirement to have the card, they are unable or unwilling to pay US\$25 to obtain one. Furthermore, the card is valid for a certain zone, while the miners are mobile and migrate from zone to zone. Also, the authorization is subordinate to a mining right (exploration or exploitation permit), and thus companies can (and frequently do) take over permit areas which are actively worked by artisans.¹⁸

SAESSCAM (Service d'Assistance et d'Encadrement du Small-Scale Mining) is the Congolese state's technical service for the formalization of the ASM sector. SAESSCAM also serves an extension service provider to the sector, providing assistance in law awareness, training in mining techniques, cooperative formation, health and safety advice, social services and numerous other tasks. SAESSCAM operates a number of antenna offices in mining regions and currently has 830 staff.¹⁹

SAESSCAM is present in some of the camps, and the artisans appreciate its efforts at organizing and improving production techniques. However, SAESSCAM does not work with all artisanal or semi-industrial producers or dragues.²⁰

In North Kivu, SAESSCAM is a key institution behind the ongoing attempt to formalise mining activities in the province's principal cassiterite mine, Bisie, which today remains fully controlled by the FARDC's non-integrated 85th brigade. However, despite some positive news [regarding movement towards formalisation], there are significant [difficulties in achieving] formalisation in its current state.²¹

¹¹ Forces Armées de la République Démocratique du Congo (FARDC)

¹² Growth with Governance In the Mining Sector World Bank, Report No. 43402, 20 April 2008

¹³ World Bank Atlas Method, 2006

¹⁴ http://siteresources.worldbank.org/DATASTATISTICS/Resources/ssa_wdi.pdf

¹⁵ Growth with Governance In the Mining Sector World Bank, Report No. 43402, 20 April 2008

¹⁶ Connecting Components, Dividing Communities, FinnWatch (makeITfair), December 2007

¹⁷ The Extractive Industries Transparency Initiative (EITI) & Artisanal and small Scale Mining, EITI, Draft October 2007

¹⁸ Growth with Governance In the Mining Sector World Bank, Report No. 43402, 20 April 2008

¹⁹ The Extractive Industries Transparency Initiative (EITI) & Artisanal and small Scale Mining, EITI, Draft October 2007

²⁰ Growth with Governance In the Mining Sector World Bank, Report No. 43402, 20 April 2008

²¹ Connecting Components, Dividing Communities, FinnWatch (makeITfair), December 2007

In 2006, ten fatal accidents were reported in Bisie. Some mine shafts are as deep as 200 meters, in contravention of national mine legislation.²²

A Belgium donor programme is planning a support project for SAESSCAM (Service d'assistance et d'encadrement du small scale mining).²³

UN Panel of Experts

In light of assertions that the trade in minerals from DRC was directly or indirectly supporting the civil war, a UN Panel of experts in 2002 investigated 157 international parties involved in the business. As a result of the investigation, ITRI members who had been cited and their suppliers were classified as requiring no further action from the UN.

In a letter from the UN Secretary-General addressed to the President of the Security Council dated 23rd October 2003²⁴ it is stated that amongst the companies so classified as requiring no further action there were parties;

“that have operated in the Democratic Republic of Congo for many years” and that “their business practices could be viewed as acceptable in that they make positive contributions to their communities in providing goods and services, as well as jobs for local people” and further “that they run their businesses in a responsible manner and have no directly funded activities contributing to the conflict”.

Trade Sanctions

The Security Council commissioned an independent report to assess the potential economic, humanitarian, and social impact on the population of the DRC of possible sanctions.²⁵ This raises a number of concerns with respect to the expansion of the proposed sanctions regime in DRC. The principal concern is the difficulty of determining what is and what is not illegal exploitation. If the legal standard is applied without some modification, it would increase the number of sanctionable targets to an unmanageable level. It would also jeopardize the ability of the estimated 750,000 to 2,000,000 artisanal miners to earn a living and support their dependents. In the absence of an effective government presence or trained Ministry of Mines personnel in the mining areas, the sanctions could not be enforced. There are concerns as well about access to due process, rights of appeal, and jurisdiction of competent judicial authorities. Further, given the boom-time atmosphere in DRC's mining sector, it is likely that an operator removed by sanctions would simply be replaced by another operator.²⁶

A draft Bill has been proposed to the US Congress, sponsored by Senators Brownback and Durbin.²⁷ The Bill aims to ensure no products that contain or are derived from tin produced under certain circumstances violating human rights or international law are imported into the US. This approach appears contrary to that proposed by the United Nations, the World Bank and many NGO's including for example FinnWatch.²⁸ who conclude the summary of their recent report on tin production in Congo and Indonesia as follows:

“FinnWatch would like to stress that it is not suggesting that companies stop trading with African metal suppliers just because the risks can be very high. Instead, companies should engage in cooperation in order to influence their suppliers. For example, the OECD Guidelines for Multinational Enterprises state that multinational companies should encourage suppliers to respect human rights and protect the environment”.

²² Connecting Components, Dividing Communities, FinnWatch (makeITfair), December 2007

²³ Overview on Donor Activities in the Small-Scale Mining Sector in DRC, CASM, in progress

²⁴ United Nations, Security Council Letter 23rd October 2003 from the Secretary-General to the President of the Security Council

²⁵ United Nations, Security Council, S/2007/68, Report of the Secretary-General pursuant to paragraph 8 of resolution 1698 concerning the Democratic Republic of the Congo 2006

²⁶ Growth with Governance In the Mining Sector World Bank, Report No. 43402, 20 April 2008

²⁷ US proposed Bill S.3058, 110th Congress, 2D Section, Senators Brownback & Durbin

²⁸ Connecting Components, Dividing Communities, FinnWatch (makeITfair), December 2007

About ITRI

ITRI is the world's foremost authority on tin with over 70 years' experience in tin related technologies. It is a membership based organisation representing major tin producers and smelters and is the premier source of tin related information. ITRI has specialist knowledge of tin use in all the major sectors as well as groups responsible for statistical and market information, environmental and legislative affairs and sustainability. It provides links to the main tin consuming sectors through a substantial network of industry contacts. The organisation hosts seminars, conferences and industry-specific group meetings. It also provides marketing and technical support to its members and the tin industry in general.

Further information can be obtained from ITRI (<http://www.itri.co.uk>)