

## International Tin Association (ITA): Artisanal and Small Scale Mining Policy

A number of ITA members process minerals which have arisen through Artisanal and Small Scale Mining (ASM) in for example, the Democratic Republic of Congo (DRC)<sup>1</sup> and Indonesia. This document sets out the policies, principles and actions of ITA, as the global tin industry association and ITA members, as leading large scale tin production operations. These policies outline how the industry seeks to positively influence supply chains and policymakers towards a step-by-step improvement of the standards of ASM operators.

### Key Information and Policy Summary

Tin is produced from the mineral cassiterite ( $\text{SnO}_2$ ), a tin ore containing various impurities which are removed during concentration, smelting or refining. Cassiterite occurs in deep hard rock mines and in near surface deposits (alluvial and eluvial). Extraction of the mineral can often be carried out effectively with simple tools and low investment thus providing opportunities for production via ASM. Such artisanal operations have always made an important contribution to the tin industry and are expected to continue to do so in the future.

A large number of cassiterite deposits are alluvial, with a low overall tin content and randomly scattered across wide areas. These resources are often not exploitable by mechanised methods but are well suited to small scale, largely manual mining techniques. As a result, and unlike many other metals, mining of cassiterite is carried out by ASM's as well as by larger scale producers. Almost all (~97%) of the worlds primary refined tin arises and is mined in emerging and developing countries<sup>2</sup> and in a typical year around half of that has its origins in ASM<sup>3</sup>.

Where care is taken, artisanal mining can be carried out efficiently, safely, with very low energy expenditure and a low environmental impact. The income available to artisanal miners can be many times the income available to the general population of their region and ASM can provide a relatively attractive livelihood option. This economic activity also provides opportunities for sub-contractors, indirect employees and suppliers contributing to growth through the economic multiplier effect.

With appropriate regulation ASM can be a major contributor to macro-economic growth and an important step in the development of a community or an entire country. For example it has been a strong platform for the early stage growth of the economies of Malaysia, Thailand and Indonesia. The major tin production region of Indonesia (Bangka Belitung) has received significant economic benefit from mining activities which currently contribute around 30% of the regions' GRDP<sup>4</sup>.

However, it is recognised that all ASM operations may not work to demanding internationally accepted standards. This may be due to any number of complex socio-economic or political factors prevalent in the local region such as a lack of formalisation or inadequate legal frameworks or regulatory enforcement for the ASM sector. For example, environmental concerns arising from illegal small-scale mining on Bangka are widely reported.

ITA members would prefer that all cassiterite is extracted under the same high standards that they themselves employ although it is recognised that this is not yet uniformly the case. However, neither ITA nor its members consider that disengagement from the artisanal mining sector is a practical or ethical option since this would deprive those who are dependent on ASM cassiterite production of their current livelihoods and/or increase their dependence on less ethical or regulated trade and reduce the potential for influence of the international community.

This policy document is a step in the process towards industry self regulation. It is recognised that there are limitations to its scope as well as issues regarding any standards or possible verification

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<sup>1</sup> Please refer to ITA document 'BACKGROUND INFORMATION SHEET: Cassiterite Production and Trade in the Democratic Republic of Congo' August 2008 for further information.

<sup>2</sup> Country definition of International Monetary Fund, World Economic Outlook, April 2008

<sup>3</sup> In 2007, 51.2% of mine production arose from small operations (ITA estimate)

<sup>4</sup> Eko Maulana Ali (Governor of the Province of Bangka-Belitung, Indonesia) International Tin Conference 2008

processes which would require further development. It represents a significant step forward for the tin industry with the aim of promoting the adoption of good practice throughout the supply chain.

### **ITA Policy Relating to ASM**

1. ITA believes that the potential long term economic benefits arising from ASM are significant and, as such, that a progressive and measured approach is required by all stakeholders to improve operating practices where they are deficient.
2. ASM activity can only become formalised when a body of regulations are developed specifying the objectives of the local region, and are applied by strong controlling government. Effecting an improvement in governance can only be achieved with the commitment of local regulators. ITA will support, by actions that are within its sphere of influence, any stakeholders who are acting to achieve reform of mining codes and/or formalisation, legitimisation or responsible control of the ASM sector.
3. ITA recognises that in areas of weak governance entitlement to exploitation is often uncertain or disputed. Revenues from cassiterite production may be routed through informal channels, potentially diverting income from revenue authorities, communities or holders of mineral rights. ITA will co-operate with relevant stakeholders<sup>5</sup> seeking to increase the transparency of mineral trade and the distribution of wealth arising.
4. ITA will seek to take a positive approach to improving conditions in the supply chain for cassiterite produced by ASM's. ITA will encourage members to take voluntary measures to influence their upstream supply chains and thus provide incentive for other parties to support improvement while providing continued access to market for all ASM operators. Progressive improvement in due diligence within the supply chain<sup>6</sup> is seen as the most practical option available to ITA members to achieve this objective.
5. ITA will consider the feasibility of mineral tracking or tracing technologies and evaluate their possible application within a certification scheme if technically reliable, economically sound and relevant for both large and small scale operators.
6. ITA recognises that downstream tin user groups have a growing interest in the concept of sustainable commodities and in particular the origins of material used in their final consumer products. ITA will work with, and provide relevant information to, those stakeholders within the bounds of commercial confidentiality.
7. ITA does not generally support the imposition of trade restrictions on minerals produced by ASM. Such restrictions are unlikely to modify the practices that are of concern and are likely to disadvantage those who the actions seek to protect. Promotion of trade and economic opportunity is seen as a more effective tool for encouraging the development of good governance across the supply chain, leading to the fair exploitation of resources by the ASM sector and consequent long term economic benefit.
8. ITA will consider working with appropriate directly-involved stakeholders who may be expected to contribute to our overall aim of seeking an improvement in the human rights, health and safety, and environmental performance of ASM operators in order to build a sustainable industry.
9. All activities will be context sensitive and considered on a case-by-case basis dependent on local socio-economic and political conditions and within the framework of commercial confidentiality, contracts and laws.

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<sup>5</sup> For example the Extractive Industries Transparency Initiative (EITI) when considered operational in relevant countries

<sup>6</sup> IITA participated in the Working Group to develop the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas, adopted by the OECD Council on May 25, 2011 and seeks to promote use of this Guidance in relevant circumstances.

## ITA Member Principles Relating to ASM

1. Members recognise that the prudent and responsible use of natural resources is an important driver of economic growth which contributes to sustainable development and poverty reduction, but if not managed properly, can create negative economic, political and social impacts<sup>7</sup>.
2. Members will endeavour to conduct their activities in a manner contributing to the wider goal of sustainable development, taking account of established local policies, and acting within the framework of laws, regulations and administrative practices in the countries in which they operate, and in consideration of relevant international agreements, principles, objectives, and standards<sup>8</sup>.
3. Members will observe appropriate environmental and health and safety standards during their own mining operations, will respect all local legislation and aim to properly rehabilitate mining tenements at the end of their life.
4. Members will aim to encourage better practices in the ASM sector whenever practicable and believe that formalisation would raise awareness of health and safety standards and encourage respect for regulations and the environment<sup>9</sup>.
5. Members will seek, where feasible, opportunities to provide support for education and welfare programmes which assist local communities to improve their economic and social circumstances.
6. Members will respect human rights at their own operations in a manner consistent with host government obligations and commitments and through supply chain influence will aim to encourage ASM to be performed in conditions of freedom, equality, safety, and human dignity.<sup>10</sup>
7. Members aim to pay fair and competitive international market prices for cassiterite produced by ASM methods and will seek to achieve an acceptable economic outcome for the host mining country and community and the whole mineral supply chain. By providing access to international markets, the opportunity for maximum economic benefit is available to the country of origin of the materials and the communities involved in their extraction.
8. Members will seek to influence their supply chains in a step towards measuring, and where possible improving, ASM standards and conditions. Members will consider the development of systems and procedures which could encourage, where practicable, business partners to apply principles of corporate responsibility compatible with local guidelines.
9. Supply chain influence may be achieved through due diligence procedures to be applied to purchases of cassiterite or concentrate. ITA members will aim to take steps to confirm that all direct suppliers are officially recognised and licensed organisations who are fully authorised in their own trade, and will assess other potential risks in the supply chain<sup>11</sup>. The application of similar procedures throughout the supply chain will be encouraged.

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<sup>7</sup> Principles of the Extractive Industries Transparency Initiative (EITI)

<sup>8</sup> As recommended by the OECD Guidelines for Multinational Enterprises, Revision May 2011 and related Guidance

<sup>9</sup> As stated in Natural Resources And Trade Flows In The Great Lakes Region, Inica, December 2007

<sup>10</sup> Standard Zero For Fair Trade Artisanal Gold And Associated Silver And Platinum 2007

<sup>11</sup> For example, by consideration of 'red flag' criteria of the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas, May 2011,

**About ITA**

ITA 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. ITA 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. The ITA is striving to ensure the global responsible sourcing and production of tin metal, achieved through our series of standards, checks and assessments. The ITA is committed to rising to the challenge of climate change by ensuring tin metal is a green and sustainable choice for manufacturers. .

Further information can be obtained from the ITA (<http://www.internationaltin.org>)

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