

No more conflict minerals inside?

Intel - the US multinational computer chips maker - is doing a good thing by making sure that their microchips contain no conflict minerals. But how will they know for sure? And why is Intel trying to prevent other companies from doing the same?

By Jon Liden

4 February 2014 - A few weeks ago, Intel, the world's leading microchip manufacturer, [announced](#) with that it has produced its first microchips guaranteed to contain no conflict minerals. If correct, that means they include no tin, tungsten or tantalum bought from people or organizations that could be financing armed conflict in the Democratic Republic of the Congo (DRC) or adjoining countries.

Great news! And no mean feat, since it is notoriously difficult to verify where a bag of minerals ultimately was dug out of the ground and who did it and sold it on. More on that later...

Democracy is spreading in Africa and for most of the continent, the focus is now of economic growth and the challenges of distributing growing national wealth equitably. Yet, as we pointed out in the [Africa Progress Report 2013](#), it is a cruel coincidence that the rare minerals required to produce almost all our modern consumer electronics products are to a large extent mined in the areas of central Africa that have been ridden by armed conflict over the past two decades. Rebel groups, warlords and bandits operating in eastern DRC have earned millions of dollars from mining these minerals – often by forced, dangerous and inhumane labor – that they have used to buy arms and ammunition. The large producers of such electronic products are inadvertently supporting these groups and therefore enabling continued bloodshed.

Intel invested both time and money to ensure that their procurement processes check the origins of the minerals they buy. That is laudable for several reasons. First because when the world's leading chip maker no longer buys conflict minerals, it will reduce the amount of money these gangs can get their hands on. Second, because instead of simply saying 'we will no longer buy minerals from DRC', Intel has gone to a lot of trouble to continue buying from DRC and in doing so, supporting legitimate mining operations in the country. Most importantly, by developing – together with industry partners – a verification system at smelters where raw ore is refined into metals, Intel shows that tracing your supply chain is doable. It leaves no excuse for other electronics manufacturers not to do the same.

We wish we could applaud wholeheartedly. But two troubling questions linger and spoil the mood...

Why does Intel sit on the Board of Directors of an industry interest group (The National Association of Manufacturers) that has sued to stop the U.S. Securities and Exchange Commission from implementing the "conflict mineral provision" (Section 1502) of the [Dodd-Frank Act](#)? Section 1502, which requires that all companies report on the sourcing of the minerals they use in their products, is now in effect. Yet, The National Association of Manufacturers, together with the U.S. Chambers of

Commerce and the Business Roundtable has appealed the court's decision to let the regulations stand.

Why would Intel, which says it is determined to "do the right thing", go along with a suit that is aiming to prevent a practice that could save lives in the DRC?

Intel should know – and tell its Association – that fighting against such legislation is ultimately a losing battle. Not only do companies already have to adjust to the reality of Section 1502 which came into force a year ago; the move towards banning conflict minerals is spreading. In Canada, Paul Dewar, a Member of Parliament, has introduced a similar bill which is working its way through the legislative process. If passed, it would greatly enhance the effect of the Dodd-Frank Act, given that Canada is a world center for mining and extraction industry companies. The European Union is also going to propose new regulations on conflict minerals later this year.

Then there is the issue of verification. By keeping its verification process secret and simultaneously guaranteeing that its chips are "conflict-free", Intel is vulnerable to any well-researched claim to the contrary. Intel is also preventing others from benefitting from its experience. Nobody would criticize Intel for finding that its verification showed that the company accidentally included some conflict minerals as long as their due diligence process caught the glitch and corrected it. That is what verification is all about.

By claiming its chips to be conflict free without being transparent with the verification process, this announcement could be seen as driven more by the desire for good PR than any long-term business decision to source raw materials responsibly. Prove us wrong, Intel!

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Chaired by Kofi Annan, the former Secretary-General of the United Nations, the **Africa Progress Panel** (the Panel) includes distinguished individuals from the private and public sectors, who advocate on global issues of importance to Africa and the world.

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