

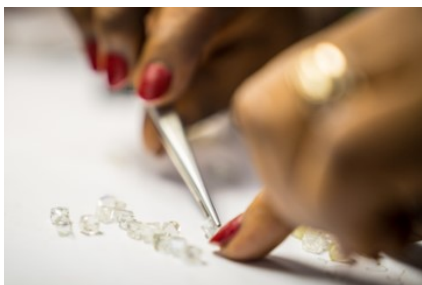
## Extractives for Development Newsletter



### Information on current topics and trends in the extractives sector

A service of GIZ project Extractives and Development

Dear readers,



© GIZ/Michael Duff

welcome to the English issue of our extractives newsletter!

Every month, the Extractives for Development (X4D) Sector Programme sends you a selection of articles and links that may be of interest to you. We would like to inform you about key developments in the sector and draw your attention to new findings. If you find additional topics interesting or have event information for us, please do not hesitate to let us know so that we can include them in our newsletter!

Sincerely,  
your X4D Sector Programme

### EXTRACTIVES AND PUBLIC FINANCES

- » New OECD study on illicit financial flows in oil and gas trade
- » Tax avoidance in the African extractive sector
- » Regional audit on the status of mining altitude management in Latin America

### RESPONSIBLE RAW MATERIAL SUPPLY CHAINS

- » Achievements in the implementation of the Regional Certification Mechanism in the Great Lakes Region
- » Trafficking in gemstones from Mozambique and Malawi to Asia
- » New report: Success through responsibility: Practical implementation of human rights due diligence in 10 companies

### EXTRACTIVE ECONOMIES

»

- » Will Mongolia resemble a "resource curse" economy in a few years?
- » COP26: Germany supports South Africa in phasing out coal
- » Launch of the Beyond Oil & Gas Alliance at COP26
- » Strengthening local content in the mining sector of Mano River Union (MRU) countries

#### **EXTRACTIVES AND ENVIRONMENT**

- » Make clean energy clean, just and equitable: Declaration on Mining & Energy Transition
- » Interactive tracker for fossil fuel subsidies
- » MinSus innovation laboratory on mining challenges in the Andean countries
- » Mine closure and rehabilitation - a pilot project in the Peruvian Andes

#### **BATTERY RAW MATERIALS**

- » Net-Zero Roadmap for Copper and Nickel
- » Economic analysis of global refined copper value and supply chains in Latin American countries

#### **EXTRACTIVES AND CHINA**

- » China's dominance: Where in the world are rare earths found?

#### **EXTRACTIVES AND HUMAN RIGHTS**

- » Working Group on Business and Human Rights in Mining Contexts at the Iberoamerican Federation of Ombudsmen (FIO)
- » Slave-like conditions for workers in DRC cobalt mines

#### **EXTRACTIVES AND GENDER**

- » International Women in Mining releases impact report

#### **EXTRACTIVES AND DIGITALISATION**

- » Blockchain initiatives as a new form of control?

#### **UPCOMING EVENTS**

- » Technology Trends and Implications in Mining: Shared (digital) infrastructure, shared benefits
- » Launch of the Study on Opportunities for Businesses to Promote Child Rights in Cobalt Artisanal and Small-Scale Mining
- » EPRM members meeting: Insights into EPRM's projects and members' experiences in the field of due diligence

#### **PAST EVENTS**

- » X4D as a guest at the launch of the project "Raw Material Extractivism in Latin America and the Maghreb"
- » MinSus Event: Lithium Governance: Lessons from the Andean Region
- » Expert discussion: "The duty of the automotive industry"

#### **THOUGHTS WITHOUT GUARANTEE - INSIGHTS INTO THE WORLD OF LEGAL TRAINEES**

- » Christmas, raw materials and China - where is the link?

#### **DID YOU KNOW...?**

## **Extractives and Public Finances**

### **New OECD study on illicit financial flows in oil and gas trade**

Experiences, findings and proposals

Oil trade is the main source of domestic resource mobilisation in oil-producing developing countries. However, illicit financial flows (IFFs) and corruption create economic instability and increase the risk of chronic poverty and conflict. The money lost due to illicit financial flows exceeds the value of foreign direct investment. The OECD study presents the results of the first phase of a two-phase programme. It focuses on the issue of equity oil, the value of which far exceeds oil tax revenues, but which has not yet been adequately studied, and the global systems approach which views IFFs as relational, multi-scalar phenomena shaped by complex global market networks, corporate interests and practices, and enablers such as lawyers, financiers and accountants.

[More information »](#)

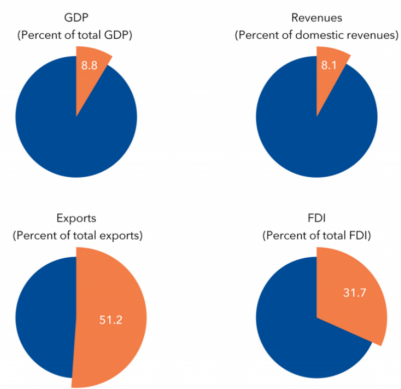
### **Tax avoidance in the African extractive sector**

The need for targeted policy actions to avoid losses in tax revenue

It is estimated that sub-Saharan Africa possess 30% of global mineral reserves. This represents a huge opportunity for the region. However, many international companies avoid paying the taxes that countries desperately need, especially in pandemic times. Research showed that governments lose between \$450 and \$750 million in corporate taxes annually

due to profit shifting by multinationals in the extractive sector. To counter this, 136 countries, including 20 from sub-Saharan Africa, agreed in October to a minimum corporate tax of 15% from 2023.

Find out more [here](#).



Revenues of the extractive industries in sub-Saharan African countries from 2009-2019 ©IMF

## Regional audit on the status of mining altitude management in Latin America



© BGR/MinSus

The Organisation of Latin American and Caribbean Supreme Audit Institutions (OLACEFS) conducted a regional audit on the state of mining waste management last year, the results of which have now been presented and published (report in Spanish available for [download here](#)). BGR's MinSus project provided support in the technical planning of the technical evaluations, which were led by the Supreme Audit Office in Chile. More information in Spanish [here](#).



## Responsible Raw Material Supply Chains

### Achievements in the implementation of the Regional Certification Mechanism in the Great Lakes Region

The introduction of "blue status" by Ministerial Decree of 12/11/2021 provides the legal basis for the inclusion of informal mines in the official inspection and certification channels in DRC. This makes the Democratic Republic of Congo (DRC) a pioneer in aligning national instruments with the revised Regional Certification Mechanism (RCM) of the International Conference on the Great Lakes Region (ICGLR) for the 3TGs (tin, tantalum, tungsten, and gold) in the region. Since the DRC also applies the RCM in part to artisanal gold, this is also relevant to the highly sensitive export of artisanal mined gold. The cooperation between ICGLR and GIZ (Project: Support to the International Conference on the Great Lakes Region) with International Alert's Madini Project has contributed to this success through awareness raising and training activities. The objective of the Regional Certification Mechanism (RCM) is to ensure that mining, processing, aggregation or sale of certain minerals (3TG) does not support non-state armed groups or public or private security forces involved in illegal activities or serious human rights violations. This is to discourage support to armed groups that perpetuate or prolong conflicts in the Great Lakes region or otherwise commit serious human rights violations. To achieve this goal, 3T mines are to be assessed annually during government-mandated mine inspections against criteria established in the Regional Certification Mechanism. Previously, mine sites that did not undergo an annual inspection could not mine or sell minerals that met the requirement for certified export. However, in some regions, meeting this requirement is difficult due to a lack of human resource capacity on the government side. Mines that had not previously been inspected within one year were excluded from export, providing incentives for illegal trade and

smuggling activities. This risk was addressed with the introduction of the "blue status" as part of a revision of the RCM - to bring it in line with OECD Due Diligence Guidance for Responsible Supply Chains. From now on, mines that have not yet been inspected by the government in accordance with the ICGLR-RCM requirements, or have not been re-inspected within one year, can produce and sell minerals for certified export for a maximum period of 3 years after a risk assessment has been carried out by the local exporter. This also confirms the role of the industry in conducting due diligence inspections, as well as addressing the lack of human resource capacity on the government side to conduct the inspections. Furthermore, it ensures that minerals only enter the market after inspections in line with the OECD Due Diligence Guidance for Responsible Supply Chains.

---

## Trafficking in gemstones from Mozambique and Malawi to Asia

New research report by the Global Initiative against Transnational Organized Crime



© Global Initiative against Transnational Organized Crime

The trade in gemstones stretches across the world, linking producing countries such as Mozambique and Malawi with international trade hubs mainly in Asia. Most gemstones are extracted through artisanal and small-scale mining (ASM), mostly informally. Few industrial enterprises in Malawi are the exception. The informality and opaque nature of the gemstone industry make the trade vulnerable to smuggling and criminal activities. This significantly inhibits the potential to contribute to the development of producing countries. The report provides an overview of the supply chains from

Mozambique and Malawi to Sri Lanka and Thailand. It analyses the political and economic environment in which mining and trade take place.

[To the report »](#)

---

## New report: Success through responsibility: Practical implementation of human rights due diligence in 10 companies

Businesses play a key role in protecting human rights worldwide. A new study uses ten case studies to show how the practical implementation of human rights due diligence along global supply chains succeeds. The study was commissioned by the German Federal Ministry for Economic Cooperation and Development (BMZ) and GIZ and prepared by the management consultancies Accenture and twentyfifty. The study content is based on background research and interviews with the pioneering companies adidas, A. P. Møller-Maersk, BASF, Bierbaum-Proenen, Continental, Daimler, Deutsche Telekom, Merck, Siemens and Thomas Becker Atelier für Schmuck.

[More information »](#)



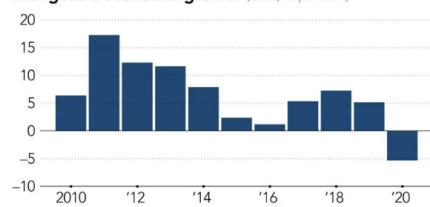
### Extractive Economies

## Will Mongolia resemble a "resource curse" economy in a few years?

After a decades-long mining boom, the country is heavily in debt.

It has been a decade and a half since Australian, Chinese

Mongolia's economic growth (GDP, in percent)



Source: World Bank

© NIKKEI Asia

and Canadian companies came to Mongolia to mine the lucrative deposits. Coal, silver, gold and copper in particular attracted investors. Since 2004, Mongolia has extracted mineral resources worth \$28 billion, according to a World Bank report. However, the state revenues were not invested, but spent directly and at the same time additional loans were taken out, so that hardly anything is left of the mining boom - except more debt. The country's deposits are estimated at

2.75 trillion USD - with a population of 3.3 million, this could theoretically make everyone an almost-millionaire. But unequal access to opportunities, the "boom-bust" cycle and corruption have left the 28% poverty rate unchanged. Rising prices also mean that the population does not benefit from the wealth of raw materials, despite a general increase in GDP. The raw materials issue also provides fertile ground for political parties, which base their election campaigns on it and use dishonest means. We can only hope that Mongolia will not become another example of the "resource curse" and that future politicians will make the right decisions.

[To the article »](#)

## COP26: Germany supports South Africa in phasing out coal

Minister Müller confirms new partnership with South Africa

Germany, the UK, the US, France and the EU announced a new partnership with South Africa at the COP26 climate conference. South Africa currently produces almost 90% of its electricity from coal. In order to reach the 1.5 degree target, however, emissions must be drastically reduced worldwide. A coal phase-out is inevitable. The partnership should support decarbonisation and the entry into renewable energies as well as the creation of new jobs in South Africa. A socially just energy transition (Just Transition) is envisaged and could give the country a global leadership role in Just Transition. Technological innovations such as green hydrogen are supported financially, but also the social infrastructure to create job opportunities for the approximately 90,000 mine workers in the sense of a Just Transition.

[More information »](#)

## Launch of the Beyond Oil & Gas Alliance at COP26

At the 2021 United Nations Climate Change Conference (COP26), 11 national and subnational governments led by Costa Rica and Denmark announced the launch of the Beyond Oil & Gas Alliance (BOGA), which will seek to deliver a managed and just transition away from oil and gas production to align with Paris Agreement goals. Further core members are France, Greenland, Ireland, Quebec, Sweden and Wales. Co-chaired by Costa Rica and Denmark, BOGA will leverage momentum from first-movers and create an international community of practice that can support governments in delivering their commitment to a managed phase-out of oil and gas production. Core members commit to end new concessions, licensing or leasing rounds for oil and gas production and exploration and to set a Paris-aligned date for ending oil and gas production and exploration.

[To the press release »](#)

## Strengthening local content in the mining sector of Mano River Union (MRU) countries

In Côte d'Ivoire, the Think Tank on Mining Governance convened in 2021 for the second time on October 28th and 29th under the theme "Multi-stakeholder Dialogue on Local Content" at the Institut National Polytechnique Houphouët-Boigny (INP-HB) in Yamoussoukro. The meeting was initiated by the Regional Resource Governance in West Africa (ReGo) project, commissioned by BMZ and co-financed by the EU, in partnership with INP-HB. The objective was to bring stakeholders together for a discussion



© GIZ/Groupement des Professionnels miniers de Côte d'Ivoire (GPMCI) 2021

on the current state of local content in the mining sector, and to identify recommendations for increasing local participation in employment and procurement. The workshop enabled the stakeholders to gain a common understanding on the topic in the Ivorian mining sector. Participants from the ministry of mines, chamber of mines, supplier companies, civil society and academia worked together to document recommendations for promoting local content in the Ivorian mining sector in a multi-stakeholder roadmap. The roadmap covers four main areas: defining the strategic vision, developing capacities, disseminating information on procurement and employment opportunities, as well as reporting and monitoring local content. A regional conference held in Freetown, Sierra Leone, at the end of November, allowed a delegation from Côte d'Ivoire to identify good practices in other countries of the Mano River Union related to the areas included in the national roadmap. For example, Sierra Leone's Local Content Reporting platform, Guinea's subcontractor, and different practices of covering local content in EITI reports, inspired the Ivorian delegation to make concrete proposals on the national roadmap. The next step is to create a working group under the Think tank, composed of key stakeholders, to finalize the roadmap. It will then be presented to the Ivorian Ministry of Mines, Petroleum and Energy (MMPE) to contribute to the development of a local content policy. The group will also monitor the implementation of the roadmap. This will promote, on the one hand, a multi-stakeholder perspective on the ongoing processes at the Ministry to develop a policy framework for local content in the Ivorian mining sector and, on the other hand, the identification of opportunities for collaboration between actors from the private sector, the Extractive Industries Transparency Initiative (EITI) and other stakeholders, especially in piloting best practices.



## Extractives and Environment

### Make clean energy clean, just and equitable: Declaration on Mining & Energy Transition

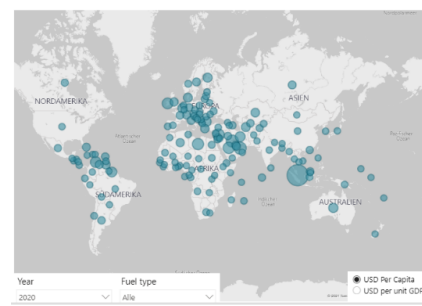
"We, the undersigned organizations, support a just and rapid transition away from fossil fuels and towards a renewable energy system. We are concerned about the impacts of extracting minerals, such as lithium, cobalt, nickel and copper for renewable energy technologies on communities, workers and ecosystems around the world." These are the opening words of the Declaration on Mining and the Energy Transition signed by international organizations at COP26. The demand for minerals for renewable energies will apparently rise sharply in the coming decades, in particular for the battery raw materials for the new e-mobility. According to studies, the extraction of raw materials is one of the "dirtiest" industries and is responsible for at least 10% of anthropogenic greenhouse gases.

[To the declaration »](#)

---

Interactive tracker for fossil fuel subsidies

The OECD and the International Institute for Sustainable Development (IISD) have developed a tracker that estimates and presents global fossil fuel subsidies. The categories that can be selected are coal, electricity, gas and oil for the years from 2010 onwards. In 2012, fossil fuel subsidies reached their maximum at over USD 800 billion, of which just under USD 500 billion was used for petroleum products. In 2020, subsidies bottomed out due to a sharp reduction in petroleum subsidies and, to a lesser extent, electricity subsidies. Government support for coal has remained almost the same at around USD 20 billion. [Try the tracker yourself.](#)



© Fossilfuelssubsidytracker.org

## MinSus innovation laboratory on mining challenges in the Andean countries



© MinSus

Since the beginning of 2021, 8 groups of students have been progressing in the development of innovative projects to address mining challenges in the Andean region. They have also received training to analyze their ventures and tackle the innovation process in an orderly and strategic manner. Considerable progress has already been made in all of them, and in this video they tell us about their experience (Spanish).

## Mine closure and rehabilitation - a pilot project in the Peruvian Andes

The company SMRL Acumulación Los Rosales is implementing an environmentally sound mine closure at their site in the province of Puno in Peru, which is financed by the extraction of valuable minerals from contaminated waste rock. For this purpose, the BGR carried out a representative sampling in mid-November within the framework of the TC project [MinSus](#) in order to determine the potential for improved gold recovery. Furthermore, during the same period, the [Dresden Groundwater Research Centre \(DGFZ\)](#) supported the partners with hydrogeochemical field investigations and the presentation of best practices for water protection in post-mining rehabilitation as part of the Saxony-Peru federal-state programme.



© BGR/MinSus



## Battery Raw Materials

### Net-Zero Roadmap for Copper and Nickel

The global transition to a low-carbon economy is mineral intensive. To achieve a 1.5°C scenario, demand for copper is estimated to increase 12-fold and for nickel 16-fold. As part of the World Bank Group's Climate Smart Mining Initiative, the International Finance Cooperation IFC is helping mining companies decarbonise their operations and value chains in line with the Paris Agreement through its [Net Zero Roadmaps for copper and nickel](#). The roadmap focuses on supply chain steps such as

## Economic analysis of global refined copper value and supply chains in Latin American countries

New study by MinSus

Mine copper produced by Latin America increased from 24.1% of the world total in 1990 to 43.8% in 2020, but at the same time smelting and refining capacity fell from 21.9% to 11.2%, meaning that most of the copper produced is now exported in concentrate. The migration of smelting and refining capacity to China and other Asian countries brought with it consequences that represent both vulnerabilities and opportunities for Latin American countries. The study assesses the global value and supply chains of refined copper from Latin American countries. It concludes that building new smelting and refining capacity in Latin America is economically and technologically feasible.

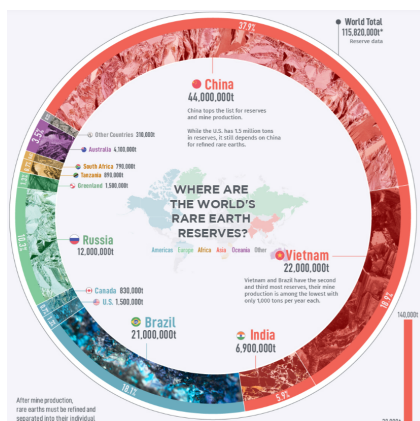
[Read more »](#)



### Extractives and China

## China's dominance: Where in the world are rare earths found?

China tops the list with almost 38 % of the world's reserves



© visualcapitalist

Rare earth elements (REE) are a group of 17 elements that are widely used in high technology, for example in screens and magnets that are needed for electric vehicles or wind turbine generators. Contrary to their name, the minerals are actually abundant in the earth's crust, but they are rarely found in high and mineable concentrations or deposits. Where are these deposits located? With almost 40 % of the world's REE reserves, China is the absolute leader, followed by Vietnam and Brazil with about 18 %. China also ranks first in the world in terms of production, whereas Vietnam and Brazil disappear into the bottom ranks in terms of production. China's dominance is based on decades of research and industrial policy. To escape this dependence, other countries also started REE mining. With the start of mining operations in other countries, China's share of global REE production fell from 92 % (2010) to 58 % (2020).

[To the visualization»](#)



### Extractives and Human Rights

Working Group on Business and Human Rights in Mining Contexts at the Iberoamerican Federation of Ombudsman



On November 24th-26th, MinSus took part in the XXV Congress and Assembly of the Iberoamerican Federation of Ombudsman (FIO) in Dominican Republic. MinSus moderated the Business and Human Rights in Mining Contexts Working Group Session, which it helped create and leads since 2018. In 2020 and 2021, this Working Group composed of nine Ombudsman Institutions and National Human Rights Institutions from the Latin-American region together with MinSus-GIZ and ECLAC, published [recommendations for incorporating a human rights-based approach in environmental impact assessment of mining projects](#) and is currently working on developing and online course based on the full report ([available in Spanish](#)) which will be available next year. Alongside this Working Groups' activities within FIO, MinSus participated in FIO's General Assembly together with ECLAC where key issues on mining and human rights were raised.

---

## Slave-like conditions for workers in DRC cobalt mines

Workers in the DRC slave for 35 ct per hour for the mobility revolution

Workers in the Democratic Republic of Congo (DRC) are the first link in the supply chain for cobalt, which is used in electric vehicles. In recent years, working conditions and child labour in Congolese artisanal and small-scale mines have been a much-discussed topic in the international media. But there is also a lack of adequate conditions in the industrial mines. The majority of cobalt mines are in Chinese hands and employ workers through subcontractors. They are often paid only about 35 cents per hour. There are no paid sick days or holidays. Workers report exploitation, low wages, lack of employment contracts, poor food and physical violence. In several mines run by Chinese companies, employees complained of discrimination and racism reminiscent of colonial times. But without an alternative and fear of unemployment, they are at the mercy of the companies, even though working in the mine is often not a way out of poverty.

[Learn more »](#)



### Extractives and Gender

## International Women in Mining releases impact report

International Women in Mining (IWIM), a not-for-profit global organisation pursuing gender equality and promoting the voices of women in mining, released its inaugural Impact Report detailing the organisation's achievements and the wider societal impact of its work. The [2021 Impact Report](#) highlights the organisation's progress and achievements across three key pillars: as an Industry Change Agent, WIM Champion and Diversity Trend Setter. The report also highlights the organisation's timeline of growth since it was established in 2007 and includes information on the value added by its partnerships and the relationships built with various stakeholders worldwide.



### Extractives and Digitalisation

## Blockchain initiatives as a new form of control?

Digital data - including the traceability of that data through blockchain initiatives, for example - is playing an increasingly important role in the mining industry. But how inclusive are such initiatives really? Do blockchain initiatives in the extractive sector create new forms of control and exclusion,

exacerbating asymmetric power and knowledge relations in raw material supply chains? The article addresses these questions. According to the authors, despite industry efforts to make raw material supply chains more sustainable through digital certification and traceability, they fail to challenge existing asymmetries in resource use and access or fulfill the promise of transparency and accountability for all.

[Find out more »](#)



## Upcoming Events

### Technology Trends and Implications in Mining: Shared (digital) infrastructure, shared benefits

**December 1st, 2021 – 3:00 – 4:30pm, ONLINE, simultaneous translation in English and Spanish**

The webinar will explore how technologies in mining can generate new or better types of shared benefits for both host governments and mining communities. It will do so by particularly focusing on digital infrastructure that has become the backbone of technological developments in the mining sector. Existing examples of shared ICT infrastructure use alongside mining operations and corridors can be found in parts of the world. However, drones, geographic information systems and other technologies are also being increasingly used in the mining sector. Panelists will assess the potential for the mining sector to widen and deepen shared benefits by sharing its digital infrastructure so that communities can use it for their own benefit.

The webinar is jointly organized by IGF, the CONNEX Support Unit and X4D. Our colleague Lisa Stellner will be the moderator.

[Register here »](#)

**WEBINAR**

Wednesday, December 1, 2021  
9:00 ET (14:00 GMT)  
IN ENGLISH AND SPANISH

**TECHNOLOGY TRENDS AND IMPLICATIONS IN MINING:**  
**SHARED (DIGITAL) INFRASTRUCTURE, SHARED BENEFIT**



© IGF

### Launch of the Study on Opportunities for Businesses to Promote Child Rights in Cobalt Artisanal and Small-Scale Mining

**December 8th 2021, 2 pm (CET) ONLINE**

The Centre for Child Rights and Business (The Centre) and Save the Children are jointly launching a study called "Opportunities for Businesses to Promote Child Rights in Cobalt Artisanal and Small-Scale Mining".

Mining” on Dec 8 at 2 p.m. CET (9 pm HKT, 8 am ET). This study sheds light on the current situation of children in cobalt Artisanal and Small-Scale Mining (ASM) communities and the opportunities for companies to improve child rights.

[Register here »](#)

### **EPRM members meeting: Insights into EPRM's projects and members' experiences in the field of due diligence**

**December 14th, afternoon (CET) ONLINE**

On the afternoon of 14 December 2021, the European Partnership for Responsible Minerals (EPRM) will open its Members' Meeting to the interested public. There will be exciting insights into three **EPRM-funded projects**. In addition, in a panel discussion member companies will share experiences on how they conduct due diligence and contribute to responsible artisanal and small-scale mining (ASM) in resource-rich conflict-affected and high-risk areas (CAHRAs). More information will be soon available on the **EPRM website**.

The EPRM is a multi-stakeholder partnership to promote responsible mineral supply chains. The BMZ represents Germany as a member since 2020. The aim of the EPRM is to create better working and living conditions in the ASM sector and to curb the trade in so-called conflict minerals (tin, tantalum, tungsten and gold).



## **Past Events**

### **X4D as a guest at the launch of the project "Raw Material Extractivism in Latin America and the Maghreb"**

Kick-off event on 04.11.2021, 18-20 h, University of Kassel



© GIZ/Linda Carstens

At the project launch of the BMBF collaborative research project "Raw Material Extractivism in Latin America and the Maghreb" of the University of Kassel and the Philipps University of Marburg, X4D programme manager Johanna Beate Wysluch was invited to participate in the panel discussion. Together with Hannah Pilgrim from PowerShift e.V. and Dr. Sven-Uwe Schulz from the German Mineral Resources Agency (DERA), the experts discussed the topic "Climate Change through Green Resources? Challenges, Risks, and Opportunities from an international perspective".

Accompanied by introductory words and an opening lecture by the two universities, the event marked the start of the project network, which focuses on the regions of the Maghreb and Latin America. In addition to the research focus on social analysis, the project also networks international researchers and transfers the results to politics and society.

» [kick-off event](#)

» [press release](#)

---

### **Presentation of NRGi's new tool to identify corruption risks in the extractive sector**

---

# MinSus Event: Lithium Governance: Lessons from the Andean Region

On 18 November, the event "Lithium Governance: Lessons from the Andean Region" was held, where representatives from Bolivia, Chile and Argentina presented their countries' experience in the exploitation of this mineral. This served as a subject of analysis for interest groups in Mexico, where the country's possibilities for entering this market are being discussed. The video of the event can be viewed at:

[Rewatch the event here »](#)

## Expert discussion: "The duty of the automotive industry"

On 30 November 2021, INKOTA, WEED, PowerShift, *Brot für alle* and *Fastenopfer* invited participants to the online expert discussion "The duty of the automotive industry: due diligence between political requirements and corporate practice". Representatives from industry, politics and civil society discussed current issues around the topic of due diligence. The discussion focused on the corporate implementation of human rights and environmental due diligence in the automotive and battery industry as well as on ongoing legislative processes, in particular the upcoming Due Diligence Directive and Battery Regulation at EU level. In this context, the strengths and weaknesses of the German law on corporate due diligence in supply chains - perceived very differently in some cases by civil society and the automotive industry - were also highlighted. Both stakeholders are eagerly looking towards the EU with the question of how far a European law will differ from the German law. Furthermore, the effects of corporate due diligence in raw material mining countries, especially the Democratic Republic of Congo, were highlighted.



## Thoughts without Guarantee - Insights into the World of Legal Trainees of the Sector Programme\*

### Christmas, raw materials and China - where is the link?

The time will soon be here: the **holidays** are fast approaching and many are asking themselves what they will give their loved ones or what they will wish for themselves. A new smartphone or timeless gold jewellery? These gifts are now an integral part of many wish lists. But to make these wishes come true, a crucial ingredient is needed: **raw materials**.

Consumers are becoming increasingly aware that the raw materials in their technology and jewellery have to come from somewhere and that this often happens along the entire value chain in connection with the exploitation of workers or serious environmental damage. Suppliers of sustainable smartphones and fair jewellery have been able to increase their sales in recent years through this awareness. Against the backdrop of the legalisation of corporate due diligence, companies have to face up to their supply chains anyway, and the demands they set themselves for some become an obligation.

Sellers and consumers alike are asking themselves one central question: Where do the raw materials and end products come from and who is involved in the process?

If you take a closer look at the value chain of a smartphone, one particular player becomes increasingly important: **China**. It is impossible to imagine the entire value chain of a smartphone without Chinese companies. The largest copper reserves, a key metal for the production of smartphones, are found in the Democratic Republic of Congo (DRC). Here, 8 out of 14 copper mines are owned by Chinese companies and 85 % of the copper refineries that process the scooped raw

material into copper metals are operated by Chinese companies. Accusations of human rights violations and environmental pollution, some of them serious, are being made against this actor. As part of my legal internship, I dealt with the questions of how and what Chinese companies doing business abroad do about such accusations and how they try to prevent them.

It may come as a surprise to some that a well-known manufacturer of sustainable smartphones has announced a cooperation with a Chinese cobalt refinery, which received massive criticism in 2016 due to an Amnesty International report. The objective of the cooperation is to improve conditions in the informal small-scale mining sector in the DRC, to strengthen local communities and to reduce environmental risks. Fortunately, this type of cooperation is on the rise. Chinese companies' activities and operations abroad are becoming more complex and diverse, and they are increasingly adapting to the rules and regulations of host countries.

Cooperation with German development cooperation is wanted to achieve these goals. In 2014, for example, GIZ published guidelines on corporate due diligence for Chinese investments abroad in cooperation with the Chinese Chamber of Commerce. However, most mining projects are still far from achieving their goals. In addition to firm regulations and a sense of responsibility, there is also a need for responsible cooperation along the value chain, so that end consumers can give sustainable smartphones or fairly mined gold jewellery that live up to their name.

*Belle Benckendorff, legal trainee in the sector programme September - November 2021*



## Did you know...?

All the gold ever mined would result in a cube with an edge length of only 21.85 m (as of 2019)! ([source](#))



1. jewellery, 2. private investments, 3. banks and central banks, 4. others © gold.de



[Contact](#)

[Disclaimer](#)

[Recommend this newsletter](#)

[www.giz.de](http://www.giz.de)



**Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH**

Registered offices  
Bonn and Eschborn, Germany

Friedrich-Ebert-Allee 32 + 36  
53113 Bonn, Germany  
T +49 228 44 60-0  
F +49 228 44 60-17 66

Dag-Hammarskjöld-Weg 1 - 5  
65760 Eschborn, Germany  
T +49 61 96 79-0  
F +49 61 96 79-11 15

E [info@giz.de](mailto:info@giz.de)  
I [www.giz.de](http://www.giz.de)

**Registered at**

Local court (Amtsgericht) Bonn, Germany: HRB 18384  
Local court (Amtsgericht) Frankfurt am Main, Germany: HRB

12394

VAT no. DE 113891176

Tax no. 040 250 56973

**Chairman of the Supervisory Board**

Martin Jäger

**Management Board**

Tanja Gönner (Chair of the Management Board)

Ingrid-Gabriela Hoven

Thorsten Schäfer-Gümbel

**In charge of this newsletter:**

Johanna Wysluch, johanna.wysluch@giz.de

Linda Carstens, linda.carstens@giz.de

**Editor(s):**

Linda Carstens, linda.carstens@giz.de

**With contributions from:**

Christina Domingos

Kristina Zimmermann

**Photo Credits:**

Title image: © GIZ / Rolando Suaña

\*This section is produced by the legal trainees of the sector programme. The SP assumes no liability for the statements.

If you no longer wish to receive this newsletter, please click [here](#).