



**Embargoed until 00:01 GMT 28 August 2008
28 August 2008**

UK company Afrimex broke international guidelines by sourcing minerals from a Congolese war zone, says British government

UK company Afrimex breached the OECD Guidelines for Multinational Enterprises by purchasing minerals from a war-torn region of the Democratic Republic of Congo (DRC), the British government has found.

In a final statement published today, the British government upheld the majority of the allegations contained in the 2007 complaint by Global Witness, a UK-based organisation which campaigns to break the links between the natural resources and armed conflict.

Global Witness claimed that Afrimex's trade in minerals had contributed to the brutal conflict and human rights abuses in eastern DRC. It alleged that Afrimex had made payments to the rebel group *Rassemblement congolais pour la démocratie-Goma* (RCD-Goma), who controlled the area and committed grave human rights abuses. Global Witness also alleged that the company had bought minerals produced in very harsh conditions, including forced and child labour.

The UK National Contact Point (NCP) – the British government body which considers complaints brought under the OECD Guidelines for Multinational Enterprises – affirmed that Afrimex initiated demand for minerals from a conflict zone and used suppliers who had made payments to RCD-Goma. It concluded that Afrimex had failed to contribute to sustainable development in the region and to respect human rights. The NCP also stated that Afrimex applied insufficient due diligence to the supply chain, sourcing minerals from mines that used child and forced labour.

“We welcome the government's important ruling on this case,” said Patrick Alley, director of Global Witness. “The final statement sets clearer guidelines for companies operating or trading in conflict zones.”

During a research trip to eastern DRC last month, Global Witness found that Afrimex was still listed as an importer of cassiterite (tin ore) from Goma in 2007 in official statistics of the Division of Mines in North Kivu province.

“This trade continues to be of concern to us, as many mines in the region are still controlled by armed groups or by the military,” said Patrick Alley. “Afrimex should announce what steps it has taken to change its trading practices, as recommended by the British government.”

Afrimex was one of several British companies named by a UN Panel of Experts on the illegal exploitation of natural resources in the DRC as violating the OECD Guidelines for Multinational Enterprises in 2002. However, the British government took no action on the case until Global Witness submitted its complaint in February 2007.

The Afrimex case was one of the first new complaints to be considered by the UK NCP under revised procedures adopted in 2006.

The final statement on Afrimex comes just one month after a statement by the UK NCP on a complaint against another British company, DAS Air, by Rights and Accountability in Development (RAID), for breaches of the OECD Guidelines in the DRC.

“We hope that these two cases mark the start of a new era in which the UK plays a leading role in curbing unethical corporate behaviour,” said Patrick Alley. “The government has sent the right message to companies that they cannot continue trading in conflict areas as if it were business as usual. We hope that it will deal with any future allegations of breaches by British companies with similar resolve.”

The NCP’s consideration centres in large part on Afrimex’s supply chain. It concludes that Afrimex did not make sufficient efforts to exert influence over its suppliers to ensure that the mineral trade was not fuelling conflict and human rights abuses.

Afrimex’s suppliers included SOCOMI, a company with close business and family ties with Afrimex, and two other suppliers who had paid taxes and licences to the RCD-Goma. The NCP stated that these payments contributed to the ongoing conflict.

The NCP found Afrimex to be a significant customer of SOCOMI, if not its only export customer for the period 2000-2001. It states: “If this is the case, Afrimex was the reason that SOCOMI traded in minerals and therefore Afrimex is responsible for SOCOMI paying the licence fees and taxation to RCD-Goma.”

The NCP found that Afrimex’s reliance on oral assurances from suppliers and one written statement amounted to insufficient due diligence, that these assurances lacked substance and were not underpinned by any checks. It stated that Afrimex’s failure to apply any conditions on its suppliers during the war was “unacceptable considering the context of the conflict and human rights abuses taking place.”

Ketan Kotecha, a director of Afrimex, has been trading with the DRC since the 1980s, and his family since the 1960s. The NCP therefore found it “untenable to conclude that he was unaware of the situation and the widespread human rights abuses that have taken place in Eastern DRC.”

The NCP statement lays out proactive steps that Afrimex should take in relation to the human rights impact of its activities in the DRC. It recommends the formulation of a corporate responsibility policy – which Afrimex has offered to draft – but highlights the importance of integrating this policy into Afrimex’s practices.

“To create this policy without a subsequent change in behaviour would merely create a worthless piece of paper,” the NCP states. “In Afrimex’s case this means requiring its suppliers to do no harm: to take credible steps to ensure that military forces do not extract rents along the supply chain; to require a commitment that adequate steps are taken to ensure that minerals are not sourced from mines using forced and child labour, and are not from the most dangerous mines. Afrimex then needs to consider the necessary steps to monitor the effectiveness of this policy, which should be reviewed periodically.”

Global Witness urges Afrimex to implement these recommendations: “They and other companies sourcing minerals from eastern DRC should take greater care to ensure that their trade is not contributing to further violence,” said Patrick Alley. “The British government’s ruling provides positive guidance to help them change their practices.”

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Notes to editors

1. Afrimex operates in the DRC through the Congolese registered companies Société Kotecha and SOCOMI. The NCP final statement provides details on the relationship between these three companies.
2. The NCP final statement on the Afrimex complaint is available at:
http://www.csr.gov.uk/ncp_comp4.htm
3. Global Witness's complaint against Afrimex is available at:
http://www.globalwitness.org/media_library_detail.php/507/en/complaint_against_afrimex_uk_ltd_under_the_specifi
4. For details of RAID's complaint against DAS Air, see RAID press release "Government condemns British aviation company for fuelling Congo's war" (21 July 2008), available at www.raid-uk.org
5. The OECD Guidelines on Multinational Enterprises are a voluntary set of principles and standards of good practice addressed by governments to multinational enterprises. They cover a broad range of issues relating to business ethics including human rights, development, corruption and supply chain behaviour. The Guidelines are not legally binding but OECD governments are committed to promoting their observance. For further information, see:
http://www.oecd.org/department/0,3355,en_2649_34889_1_1_1_1_1,00.html
6. The armed conflict in eastern DRC is estimated to have claimed several million lives. All parties to the conflict, including numerous Congolese and foreign rebel groups, as well as members of the Congolese national army and armies of neighbouring countries, have carried out grave human rights abuses against unarmed civilians. The country's abundant natural resources were a major factor in driving in the conflict. Despite successive peace agreements, fighting continues in parts of eastern DRC in 2008 and armed groups are still profiting from illicit mining. For background information, see Global Witness reports "Under-mining peace: the explosive trade in cassiterite in eastern DRC" (June 2005) and "Same Old Story: a background study on natural resources in the DRC" (June 2004), available at www.globalwitness.org
7. Further information on the role of natural resources in the conflict in the DRC can be found in the reports of the UN Panel of Experts on the Illegal Exploitation of Natural Resources and Other Forms of Wealth in the DRC, S/2001/357 (April 2001), S/2001/1072 (November 2001), S/2002/565 (May 2002), S/2002/1146 (October 2002) and S/2003/1027 (October 2003).