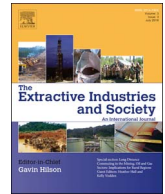




Contents lists available at ScienceDirect

# The Extractive Industries and Society

journal homepage: [www.elsevier.com/locate/exis](http://www.elsevier.com/locate/exis)

## Viewpoint

# The emergence of conflict-free, ethical, and Fair Trade mineral supply chain certification systems: A brief introduction

Steven Van Bockstael

Department of Conflict and Development Studies (Conflict Research Group), Ghent University, Belgium

## ARTICLE INFO

### Keywords:

Mineral supply chains  
Artisanal and small-scale mining (ASM)  
Supply chain certification  
Conflict minerals

## ABSTRACT

This introduction briefly examines the emerging field of ‘conflict-free’, ‘fair’, and ‘transparently sourced and traded’ minerals and the dynamics of their supply chains. Linking the growing prevalence of Corporate Social Responsibility norms in the global mining industry with increasing awareness of reputational risks associated with mineral extraction and trading that are associated with environmental impacts and armed conflict, the paper provides an overview of the Kimberley Process for rough diamonds and the various supply chain initiatives that it has inspired over the past 15 years. It distinguishes between conflict-free supply chains; efforts to embrace Fair Trade in artisanal mineral supply chains; and a third group of independently-organized interventions that lay claim to ‘ethical’ or ‘fair’ labels for often very specific instances. Finally, it provides a brief overview of the papers included in the Special Section.

## 1. Introduction: Corporate Social Responsibility (CSR) in the global mining industry

Corporate Social Responsibility (CSR) and sustainable development discourses and practices have dramatically reshaped the global mining industry in the past two decades (Dashwood, 2012). After a disastrous stretch in the late 1990s, when commodity prices were low and several mining-induced environmental disasters “had spurned a significant, and increasingly global, environmental movement against mining”, key constituents of the mining industry came together and launched the Global Mining Initiative, which led to the undertaking of the Mining, Minerals and Sustainable Development (MMSD) Project and the establishment of the International Council on Mining and Metals (ICMM), initiatives that firmly linked the mining industry with ongoing conversations on sustainable development (Franks, 2015, pp. 6–10). Yet despite this dramatic shift in thinking, and despite the public engagement of many of large-scale mining companies in particular, ICMM membership only accounts for 40–50% of global mine production, with the other half taken care of by Junior and mid-level miners, state-owned miners, and artisanal and small-scale miners (Franks, 2015, pp. 128–130). Reconciling mining and sustainable development remains an arduous process, fraught not only with the dangers involved with the hazardous extraction of various minerals from the earth, but also with the risks associated with doing business in developing countries with unstable or autocratic political systems and relatively weak institutions and regulatory/enforcement capacities.

Another issue, which, like the norms associated with CSR, has taken

on increasing prominence over the past two decades, is the industry-wide reputational risk now associated with mining or trading minerals that have become embroiled in armed conflicts. In trying to manage these risks, the global mining industry has started to implement the techniques of governance of what has been called ‘regulatory capitalism’, whereby “the state retains responsibility for steering, while business increasingly takes over the functions of service provision and technological innovation”, including “the creation of internal controls and mechanisms of self-regulation in the shadow of the state” (Levi-Faur, 2005, p. 15). Just as the chemical industry responded to the 1984 Bhopal disaster (which led to the demise of Union Carbide and stained the reputation of the entire industry) by setting up a self-regulatory regime requiring “large firms to sustain a chain of stewardship for their chemicals upstream and downstream”, thereby giving it the authority to regulate the behaviour of smaller firms (Braithwaite, 2011), the mining industry (often spurred by its direct consumers, such as the jewellery or electronics industry) is currently undergoing similar transformations.

Indeed, many current initiatives that are being supported by key players in the mining industry are promoting a host of principles dedicated to sustainability, but can also be seen as a way of insulating the ‘responsible’ members of the mining industry from those who, by omission, are less so and who could, in the future, be responsible for the next environmental disaster due to mismanagement, or provide the spark for the next big activist campaign due to links with unsavoury regimes or atrocities. Artisanal mining in particular is often mentioned when industry officials talk about reputational risk. It should, therefore,

E-mail address: [steven.vanbockstael@ugent.be](mailto:steven.vanbockstael@ugent.be).

<https://doi.org/10.1016/j.exis.2017.12.014>

Received 21 December 2017; Accepted 21 December 2017  
2214-790X/ © 2018 Elsevier Ltd. All rights reserved.

not come as a surprise that many of the currently-active mineral supply chain initiatives have clearly identified artisanal and small-scale mining (ASM) as a problem for which they propose technocratic solutions, thereby sidestepping thorny questions of political economy that stand in the way of successful resolutions, yet deftly manoeuvring the industry actors supporting these initiatives out of the line of fire.

## 2. The emergence of ethical and certified mineral supply chains

The emergence of certification schemes as “a form of private governance established by nongovernmental organisations (NGOs) and businesses to advance responsible production practices” has been quite remarkable, especially in the forestry, coffee, and fisheries sectors (Auld, 2014). Increasingly, mine production, in particular of minerals that play key roles in the jewellery and electronics sectors, has become a space in which certification technologies are rising in prominence.

Indeed, the demand for fair or conflict-free, transparently and equitably sourced and traded goods and services has never been so high. In the agricultural sector and, to an increasing extent, the garments industry, retailers and manufacturers are responding to growing consumer demand for products that are sourced ethically and can be, at least in the aggregate, traced back to their site of production. This ‘ethical turn’ in consumption has also affected the mining sector, an industry that has recently worked to redefine its social and environmental responsibilities. A number of organisations operating at different scales and in a range of geographical contexts have worked to improve transparency in the mining sector in a number of ways. These include the certification of mineral production as environmentally and socially responsible, free from linkages with armed conflict, and the empowerment of marginalized mine operators through a more direct connection between their activities and the imperatives of retail and manufacture.

For now, three main currents are observable. First are those initiatives that explicitly try to sever the links between mining or minerals trading and armed conflict or the funding thereof. This remains the most important current relative to political and financial capital invested, as well as its potential impact (both positive and negative) on the areas where the minerals are mined. With the Kimberley Process as a notable exception, these initiatives are currently geographically limited to the African Great Lakes region, although upcoming EU regulation includes non-geographically specific wording of conflict resources.

The second are the initiatives, limited in number yet growing, that are explicitly linked to the internationally recognized ‘Fair Trade’ movement and whose aim it is to source artisanally-mined minerals for the Western jewellery industry. This is similar to what has been done for luxury coffee and cocoa. A final current is broad, as it based on exclusion (as in, not part of the first two currents). It contains initiatives that aim to provide consumers or consumer-facing industries with more ethical, transparent and fair supply chains (often using those concepts in fuzzy and interchangeable ways) that are not linked to the established Fair Trade movement. This group is very heterogeneous, comprising initiatives sourcing rubies from Malawi (Hilson, 2014), ‘fair’ cellphones,<sup>1</sup> the Maendeleo Diamond Standards,<sup>2</sup> De Beers’ Forevermark diamonds which come with ID inscription that can be searched on a special website,<sup>3</sup> as well as various interventions that have emerged recently to make use of the much-hyped Blockchain technology to create tamper-proof supply chains.<sup>4</sup>

### 2.1. Patient zero? The diamond industry and the Kimberley Process

Illustrating the speed at which this occurred, an otherwise vocal supporter of what he termed the ‘certification revolution’ (Conroy, 2007) in 2001 wrote about the difficulty in seeing voluntary certification work in the mining sector, given mining companies’ lack of direct links to consumers. Significantly, the author explicitly mentioned the diamond industry as an exception, yet erroneously attributed it exclusively to its then-monopoly structure (Conroy, 2001). Indeed, at that time negotiations were ongoing to create a self-regulatory regime for rough diamond trade, using certification as a basis, thereby voluntarily closing the global rough diamond market for non-participating countries and firms.

While not exactly a closely held secret (Van Bockstael, 2014, p. 11), international news media in the late 1990s were shocked to report on what quickly became known as ‘blood’ or ‘conflict’ diamonds. Based on investigations by a UN Panel of Experts investigating (among other instances of sanctions busting) the smuggling of rough diamonds by the Angolan rebel movement UNITA, and by NGOs Global Witness (also on Angola) and Partnership Africa Canada (on Sierra Leone), the world’s attention became focused on the way in which diamonds were being used by certain rebel movements to finance armed conflict. The international diamond industry, fearing public outcry and doing its best to stymie discussions of consumer boycotts by referring to the key economic contribution of diamonds to countries such as Botswana, Namibia, and South Africa, was forced to respond. A meeting hosted by the SADC in the historic diamond mining town of Kimberley in South Africa became the starting point for a series of globetrotting negotiations involving representatives of diamond producing and trading countries, the international diamond industry (in which the Belgian port city of Antwerp, as the key trading hub for rough diamonds, and the De Beers diamond mining and trading company, controlling what was then a monopolistically structured industry, were the two dominant players), and international civil society. At the end of 2002, the negotiations of the Kimberley Process gave birth to the Kimberley Process Certification Scheme (KPCS), which entered into force in 2003 (Bieri, 2010; Grant and Taylor, 2004; Smillie, 2014; Van Bockstael, 2014; Wright, 2004).

The KPCS is essentially a closed market: only participating countries are allowed to trade rough diamonds with each other. Conversely, it is up to individual participating countries to monitor rough diamond mining (and/or trading) on their territories, and subsequently certify that the diamonds exported were indeed mined in that country. This, it goes without saying, is slightly easier to monitor in an industrially exploited diamond mine in Botswana as opposed to the vast diamondiferous regions that characterise secondary diamond deposits and are often exploited by large numbers of informal miners, for example in Liberia. Indeed, given that the ‘conflict diamond problem’ was essentially shorthand for ‘the problem of artisanal-alluvial exploitation of diamonds in weak states by impoverished, informally operating groups of (former) peasants who fell prey to armed groups’, the Kimberley Process’ main challenges continue to lie in the artisanal mining areas of its weakest members (Vlassenroot and Van Bockstael, 2008).

The issue of artisanal mining is indeed so complex and deeply related to rural poverty and processes of de-agrarianisation that it is a development problem in need of development solutions. Repeated calls have been made to broaden the KPCS mandate, which is currently very specific due to its UN roots, and focuses exclusively on the financing of non-state armed actors, thereby letting violent governments off the hook. Indeed, key civil society co-founders have publicly left the Kimberley Process in frustration over the lack of reform on this thorny subject. Yet, similar calls to include a more proactive developmental agenda towards ASM can only be interpreted as merely performative. The fact that several members of the civil society and diamond industry coalitions have joined together to create a new NGO, the Diamond Development Initiative, to focus on these issues, and which stands

<sup>1</sup> Fairphone, <http://www.fairphone.com> (accessed 20 December 2017)

<sup>2</sup> DDI’s Maendeleo Diamond Standards, <http://www.ddiglobal.org/login/resources/overview-maendeleo-diamond-standards.pdf> (accessed 20 December 2017)

<sup>3</sup> De Beers Forevermark, <http://www.forevermark.com> (accessed 20 December 2017)

<sup>4</sup> For example Everledger, <https://www.everledger.io> (accessed 20 December 2017)

Download English Version:

<https://daneshyari.com/en/article/7454214>

Download Persian Version:

<https://daneshyari.com/article/7454214>

[Daneshyari.com](https://daneshyari.com)