

Payson Center study influences debate on

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Violence and brutality that have taken millions of lives and resulted in thousands of women being raped in the Democratic Republic of Congo led Congress to add the Congo Conflict Minerals Act to the Dodd-Frank Wall Street Reform Act of 2010.



Gold powder is tested and weighed in the Democratic Republic of Congo. (Grassroots Reconciliation Group/Sasha Lezhnev)

The “conflict minerals” provision requires companies that use four minerals ? tin, tantalum, tungsten and gold ? mined in Congo to indicate in their Securities and Exchange Commission filings what they're doing to avoid buying them from armed groups there. That information also must be made public so consumers can see whether products might be fueling Congo violence.

But the National Association of Manufacturers and other business groups sued the SEC, arguing that the rules for complying with Section 1502 were onerously expensive for companies, even those using only trace amounts of the minerals. The industry groups cited a study by Tulane Law School's [Payson Center for International Development](#) to show the SEC had seriously underestimated the economic impact.

The minerals covered appear in a multitude of products: tin cans, light bulbs, pens, sewing thread, surgical implants, jet turbines. prosthetics, cell phones, dental drills,

golf clubs, jewelry, anti-lock brakes, zippers, mouthwash, home pregnancy tests and more.

The Payson Center's 2011 analysis found that the SEC's initial estimate was far too low, and NAM's was too high. The report projected an implementation cost of almost \$8 billion and an annual economic impact of more than \$100 million a year.

On July 23, the SEC won a ruling from U.S. District Judge Robert Wilkins in Washington, D.C. He said the agency had not acted arbitrarily or capriciously in its rulemaking on the conflict minerals law. Wilkins' ruling pointed out that the SEC had “placed particular emphasis” on the cost studies from Tulane and NAM in finalizing the rules, though the industry disagreed with the final requirements.

Doctoral student Chris Bayer conducted the analysis, with contributions from Elke de Buhr, an adjunct assistant professor. A benchmark report is due in August, with a follow-up scheduled for 2014.

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