

International Monetary Policy Subcommittee

**Hearing on “The Costs and Consequences of Dodd-Frank Section 1502:
Impacts on America and the Congo”**

**Statement by Rep. Maxine Waters
Submitted for the Record**

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I would like to thank Chairman Gary Miller and Ranking Member Carolyn McCarthy for allowing me to participate in this hearing on, “The Costs and Consequences of Dodd-Frank Section 1502: Impacts on America and the Congo.”

The Democratic Republic of Congo (DRC) is one of several countries in Africa that have been affected by the so-called “resource curse.” The resource curse describes the tendency for countries that are rich in oil, gas, and mineral resources to experience slower growth, higher levels of poverty, and more civil strife than countries that are not resource-rich.

Armed conflict in the eastern region of the Democratic Republic of Congo (DRC) continues to cause countless deaths and untold suffering among the civilian population. Armed groups finance their activities through the exploitation of the DRC’s natural resources, specifically tin, tantalum, tungsten, and gold. The conflict has given rise to widespread rape, sexual violence, and human trafficking, and the parties to the conflict often use these crimes deliberately to terrorize and humiliate communities.

Other countries affected by the resource curse include Sudan, which is rich in oil, yet is cursed with a government that has committed genocide against its own people. Liberia is endowed with a wealth of diamonds, which came to be known as conflict diamonds because they fueled a civil war that lasted fourteen years, took the lives of 270,000 Liberians, and displaced almost one million more. Angola is rich in oil, and Sierra Leone is rich in diamonds, and both are recovering from civil wars. South Africa is rich in gold, platinum, and coal, and it is recovering from decades of oppression under the brutal system of apartheid.

Section 1502 was included in the Dodd-Frank legislation to address the concerns about conflict minerals in the DRC. Section 1502 requires companies registered with the Securities and Exchange Commission (SEC) that use tin, tantalum, tungsten, or gold to report publicly whether they obtained their supplies from Congo, and if so, what due diligence they exercised to ensure that their supply chains did not benefit armed groups. Section 1502 will grant investors and members of the public the right to know if and when imports of resources from the DRC contributed to armed conflict in that country.

I strongly support Section 1502, and I am deeply concerned about the SEC's delay in adopting a final rule. I am also concerned by the apparent efforts of some companies to convince the SEC to adopt a weak or unenforceable rule. Section 1502 is not an onerous or burdensome regulation. It is a simple reporting requirement, designed to ensure transparency. American investors have a right to know if their money is being used to support rape, murder, human trafficking, or other gross violations of basic human rights.

I am also a strong supporter of Dodd-Frank Section 1504, which is known as the extractive industries transparency requirement. Section 1504 requires companies registered with the SEC to disclose what they pay to foreign governments for extracting oil, natural gas, and minerals, not just in the Congo, but in countries throughout the world. The data would have to be disclosed on a project-by-project basis and a country-by-country basis so that payments can be tracked in a transparent manner. Disclosure of payments to developing country governments will allow members of civil society in developing countries to identify government officials who receive payments for resource extraction, and hold them accountable for the use of the money.

Together, Section 1502 and Section 1504 will help American investors make certain that their investments are not being used to support corruption, violence, and violations of human rights in Congo and elsewhere around the world. I strongly urge the SEC to adopt strong and effective rules on both of these sections as soon as possible.