



## Rep. Tom Emmer on House Committee Hearing

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**\*\*HOST:**

\*\* Thank you, Mr. Chair. Thanks to the witnesses again for taking time to be here today. Mr. Ameya, it is my understanding that a U.S. Federal court, at least one, perhaps more, have struck down a large and important requirement from Section 1502. And I am referring specifically to the requirement that companies file with the SEC to indicate that the minerals they use are, quote, conflict free. How do you think this will affect the United States and Western companies and their suppliers in terms of doing future business in Rwanda?

**\*\*MR. AMEYA:**

\*\* Thank you very much, Congressman, for the question. We are following that case closely, but obviously it is beyond any control of the Government of Rwanda. But the concern to us is the uncertainty it is creating. Because as long as the case is still before the courts, it creates uncertainty and we are not able to predict whatever will happen in the future.

**\*\*REP. TOM EMMER:**

\*\* Thank you. So it hasn't relieved the filing. It just you are waiting to see if ultimately let's just say the case is affirmed. I assume it is on appeal. Let's say the case is affirmed. How will that affect the U.S. and Western companies and their suppliers in terms of doing future business with Rwanda?

**\*\*MR. AMEYA:**

\*\* Still, there will be a problem to us because Section 1502 will be there and the region will continue to be struggling because of that de facto boycott. So the concern will remain.

**\*\*REP. TOM EMMER:**

\*\* Thank you. What other traceability systems for 3T minerals are currently being used by Rwanda's neighbors?

**\*\*MR. AMEYA:**

\*\* Today we have the ITSKI. That's the E3T supply chain initiative. We tested the Medtrak. It's another electronic system. And we also have the regional certification mechanism of the international conference on the Great Lakes region. So both are schemes that we are having on the ground, but the most efficient one is the ITSKI.

**\*\*REP. TOM EMMER:**

\*\* All right. And what are some of the development and investment challenges in terms of scaling up your mining sector in Rwanda? Where do you see the best opportunities for growth?

**\*\*MR. AMEYA:**



\*\* Thank you, Congressman. The best opportunities are at value addition. We have very good opportunities to create refineries and processing facilities in Rwanda. We also have very good opportunities in other minerals rather than 3Ts, like the gemstone. We also have very good opportunities in transforming and modernizing the mining industry from a small-scale artisanal industry to an industrial operations.

**\*\*REP. TOM EMMER:**

\*\* Thank you, Mr. Ameya. Changing gears just a little bit, Professor Schwartz, appreciate all your research, the empirical evidence you've presented. But as I was reading through it and then listening to you again today, on the one hand, when I read it, it sounded as though you or I took from it that you're not impressed with 1502. It's not doing what it was intended to do and that we should get rid of it. But then I get to another portion of your testimony, and you start to offer a potential better way of doing it. And I've heard you talk about this here this morning. So the question I have is, to you, Professor Schwartz, should we get rid of 1502, or should we fix it, and why?

**\*\*PROFESSOR SCHWARTZ:**

\*\* Well, thank you very much, Congressman. And you're definitely right that I have a lot of criticism for Section 1502. But the way I ultimately come down is that it is worth trying to salvage. And when I was writing that paper and thinking about, well, what should we do next, I was weighing kind of, is this section fundamentally flawed, so it should just be repealed, or is there a way to fix it? And I ultimately come down in thinking that there are ways to fix it. And that, primarily, if we ask some different questions, so ask companies, so the way companies complied was commonly through surveying their suppliers. So if we ask companies what their survey response rate was with respect to their suppliers, and if they followed up with their suppliers, and if we ask companies to identify the actual mine of origin and who controls the mine of origin. So if we ask some different questions, we might get better answers to what's going on in these companies' supply chains. Much of the rule, I think, is written with an eye towards process, that are these companies, do these companies have the right processes in place, and not enough with an eye towards substance. So I think if we ask more substantive questions like, okay, who are your suppliers, make it more clear that the companies need to identify their smelters and their supply chain, and make it so that we really can unfold the supply chain and get that onto the reports, I think it could be better.

**\*\*REP. TOM EMMER:**

\*\* But you weren't actually making a determination as to whether 1502 would be better, for instance, than the traceability systems that are currently being tested in the region.

**\*\*PROFESSOR SCHWARTZ:**

\*\* Well, that's a good point. They're all actually connected.

**\*\*REP. TOM EMMER:**

\*\* Well, it's a yes or no. You weren't actually doing that, trying to compare 1502 and whether its benefits outweigh the cost, as opposed to the traceability systems that are currently being tested.

**\*\*PROFESSOR SCHWARTZ:**

\*\* So they're connected. So ITSCI is a way to trace conflict minerals in order to comply with Section 1502. So that's why I said they're related together, that they're tied together. But you wouldn't need it.

**\*\*REP. TOM EMMER:**



\*\* I'm sorry? Say that again? My time has expired. Thank you. I'll allow you to answer that last. My last one was, but you don't need 1502. I understand you're saying they're related, Professor, but you don't need it. If the traceability systems that are currently being tested in the region work, then it would solve the problem, allegedly, that purportedly 1502 is supposed to address, correct?

**\*\*PROFESSOR SCHWARTZ:**

\*\* Correct. I see what you're saying. So if the tracing schemes are already in place, then perhaps the legislation is unnecessary if it's right. I understand your point. Thank you very much.

**\*\*HOST:**

\*\* The gentleman's time has expired.

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