

**Congress of the United States**  
**Washington, DC 20515**

November 21, 2011

The Honorable Hillary Clinton  
Secretary of State  
U.S. Department of State  
2201 C Street, Northwest  
Washington, D.C. 20520

Dear Secretary Clinton:

We are writing to draw your attention to the imperative for good governance of Afghanistan's extractive industries. The U.S. has the obligation and the opportunity to address this core issue which has profound implications for Afghanistan's economic development, its social development and its stability at the upcoming December conference in Bonn. We urge you to secure a commitment from the international community and the Government of Afghanistan to the sound management of these critical resources over the medium and long term at this conference.

Afghanistan's valuable mineral and petroleum reserves will play a pivotal role in the country's long-term development, stability and security. Recent announcements estimate the potential value of these resources at up to \$3 trillion,<sup>i</sup> including significant quantities of copper, iron, gold and lithium. The GDP of Afghanistan is \$27 billion. If managed well, these industries could provide a vital source of domestic revenue in the post-transition period and beyond, creating opportunities for the Afghan people and propelling the country away from dependency on aid. As President Karzai has stated "Afghanistan will be able to support itself, we are a rich country."<sup>ii</sup> If managed poorly, the crushing poverty and lack of opportunity that create the desperation that nurtures the very forces the U.S. is battling every day could get even worse.

The experiences of resource-rich countries like the Democratic Republic of Congo, Angola and Libya illustrate the risks inherent in their development. In many places, predatory natural resource exploitation has contributed to elite capture of the resources, enabled crippling levels of corruption and helped to sustain armed violence. All too often, the end result is pollution of the air and water on which affected communities depend, extremely low wages and little to no safety standards for local workers.

Successful management of minerals and petroleum reserves requires good governance. This need is particularly acute in Afghanistan, which already suffers from ongoing conflict, weak rule of law and high levels of corruption. The extractive industries are attracting attention from all factions, including the Afghan Taliban, which means it is crucial to get governance right immediately in order to safeguard Afghanistan's future peace and stability. As you said to the Senate Foreign Relations Committee in June, "improving governance, creating economic opportunity, supporting civil society is vital to solidifying our military gains and advancing our political and diplomatic goals."

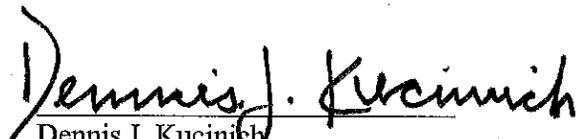
Afghanistan is now auctioning off rights to these resources to national and international companies. The Government of Afghanistan has already made a commitment to the transparency of revenues through the Extractive Industries Transparency Initiative (EITI).<sup>iii</sup> It is a good first step, but much more needs to be done to move beyond political rhetoric and ensure these resources translate to development and economic growth. The process of awarding developing rights and the frameworks that are set up to manage and oversee operations must also be well-managed.

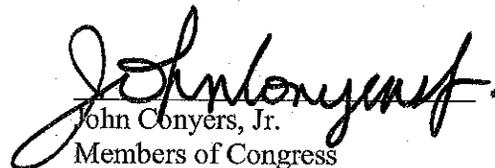
Key building blocks in the development of these extractive industries include:

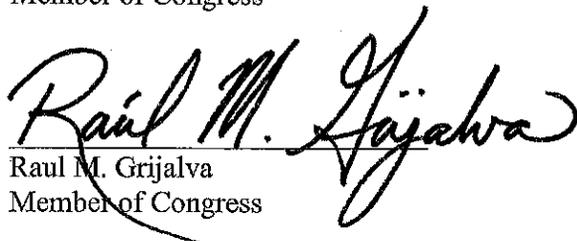
- Clear, credible and transparent processes for the award of concessions that provide the Afghan people with information on how, to whom and on what grounds contracts are awarded.
- Expansion of the scope of Afghanistan's EITI to include transparency in the award of licenses and in any future revenue management/sharing arrangements;
- Publication of existing and future concession contracts including associated infrastructure agreements to allow risk issues to be identified and addressed, implementation to be monitored and resource revenues to be tracked through the budget; and
- Legal, regulatory and contractual frameworks which safeguard the economic interest of the Afghan people and address social, environmental and human rights risks using local consultations and other appropriate mechanisms to ensure the free prior informed consent of the Afghan people, particularly those directly affected by mining activities;

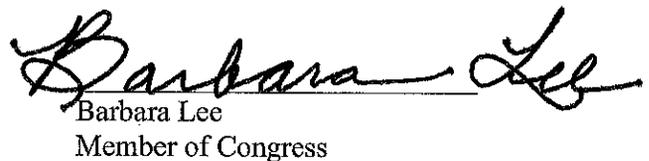
The potential impacts of the extractive industries are too deep, widespread, and enduring to handle informally or passively. A multinational agreement on language at the Bonn conference that incorporates the above elements would be a historic milestone for the people of Afghanistan. We look forward to working with you to ensure that, as we begin to bring the troops home, Afghanistan is on the path to a prosperous, peaceful and secure future.

Sincerely,

  
Dennis J. Kucinich  
Member of Congress

  
John Conyers, Jr.  
Members of Congress

  
Raul M. Grijalva  
Member of Congress

  
Barbara Lee  
Member of Congress



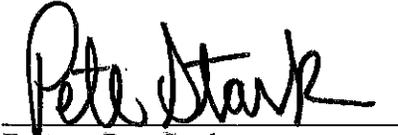
Michael M. Honda  
Member of Congress



Keith Ellison  
Member of Congress



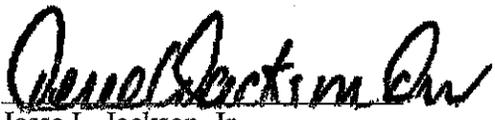
Bob Filner  
Member of Congress



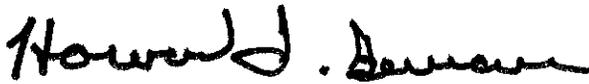
Fortney Pete Stark  
Member of Congress



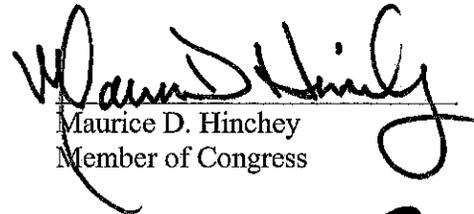
Gwen Moore  
Member of Congress



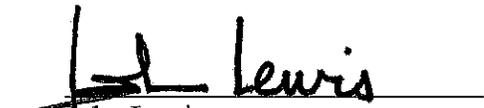
Jesse L. Jackson, Jr.  
Member of Congress



Howard L. Berman  
Member of Congress



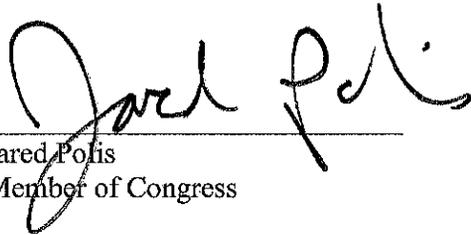
Maurice D. Hinchey  
Member of Congress



John Lewis  
Member of Congress



Janice D. Schakowsky  
Member of Congress



Jared Polis  
Member of Congress



Danny K. Davis  
Member of Congress



James P. Moran  
Member of Congress

<sup>1</sup> Islamic Republic of Afghanistan Government Media and Information Center, 2011. *30 percent of Afghanistan's soil mineral resources worth three trillion USD*, 31 January 2011. Available at [http://www.gmic.gov.af/english/index.php?option=com\\_content&view=article&id=174:30-percent-of-afghanistans-soil-mineral-resources-worth-three-trillion-usd-&catid=38:news&Itemid=87](http://www.gmic.gov.af/english/index.php?option=com_content&view=article&id=174:30-percent-of-afghanistans-soil-mineral-resources-worth-three-trillion-usd-&catid=38:news&Itemid=87). [Accessed 24 August

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2011]. Since then, the US Geological Survey announced in September 2011 the discovery of at least 1 million metric tons of rare earths in Afghanistan, further increasing the potential value of the country's extractive sector.

<sup>ii</sup> Graham-Harrison, E, 2011. Long-term deal with U.S. must be on Afghan terms: Karzai. *Reuters [online]*, 26 July 2011. Available at <http://in.reuters.com/article/2011/07/26/idINIndia-58458520110726>. [Accessed 24 August 2011]

<sup>iii</sup> The Extractive Industries Transparency Initiative (EITI) is a global standard that promotes revenue transparency, through a process overseen by government, companies and national civil society. Afghanistan became a candidate for EITI in 2010, and is currently taking steps to comply with the EITI standard.