

Overview of the Due Diligence Regulations for Responsible Sourcing of Gold in Dubai

Dubai, as part of the UAE, is a major global hub for gold trading and refining, regulated primarily by the UAE Ministry of Economy (MoE). The **Due Diligence Regulations for Responsible Sourcing of Gold** (issued in 2022 and effective from January 2023, with updates via Ministerial Decree No. 68 of 2024) require gold refineries, precious metals dealers, and related entities (classified as Designated Non-Financial Businesses and Professions or DNFBPs) to implement risk-based due diligence in their supply chains. These regulations align with the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas (CAHRAs) to mitigate risks like money laundering, terrorism financing, human rights abuses, and environmental harm.

The regulations apply to **all gold sourced by UAE/Dubai entities**, regardless of origin, but mandate **enhanced due diligence (EDD)** for supply chains involving gold mined, transported, or traded in CAHRAs. This includes identifying red flags (e.g., suppliers from high-risk origins, unusual trade patterns) and conducting third-party audits.

Interpretation of “Countries on the Regulations”

The phrasing “countries on the Due Diligence Regulations” likely refers to the **Conflict-Affected and High-Risk Areas (CAHRAs)**—countries or sub-regions where gold sourcing triggers stricter compliance measures. The UAE regulations do not provide an exhaustive, fixed list of CAHRAs (as risks evolve dynamically). Instead, entities must assess risks using:

- OECD guidelines.
- Indicators like armed conflict, political instability, weak governance, human rights violations, or links to illicit activities.
- Supplementary tools, such as the EU’s indicative CAHRA list (updated quarterly by RAND Europe under Regulation (EU) 2017/821) and U.S. Dodd-Frank Act covered countries.

CAHRAs are **not prohibited** for sourcing; responsible practices are encouraged to enable ethical trade.

Key Countries and Areas Identified as CAHRAs for Gold Sourcing

Based on aligned international frameworks (OECD, EU indicative list as of 2025, and Dodd-Frank Section 1502), the following are commonly designated as CAHRAs for gold and other 3TG minerals (tin, tantalum, tungsten, gold). These are indicative and non-exhaustive; Dubai entities must verify current status via MoE guidance or tools like the EU’s CAHRAs platform. The list focuses on areas with documented gold mining/transport risks:

Country/Area	Specific High-Risk Regions/Sub-Areas	Key Risks for Gold Sourcing
Democratic Republic of the Congo (DRC)	Eastern provinces (North Kivu, South Kivu, Ituri, Maniema, Tanganyika, Haut-Uele)	Armed groups funding via artisanal/small-scale mining (ASM); forced labor; smuggling.

Country/Area	Specific High-Risk Regions/Sub-Areas	Key Risks for Gold Sourcing
Angola	Lunda Norte, Lunda Sul provinces	Informal gold mining; cross-border smuggling from DRC; corruption.
Burundi	Northern and eastern provinces (near DRC/Rwanda borders)	Political instability; links to regional conflict minerals trade.
Central African Republic	Eastern and northeastern regions (e.g., Haute-Kotto, Vakaga)	Ongoing armed conflict; gold used to finance rebel groups.
Republic of the Congo (Congo-Brazzaville)	Sangha and Likouala departments (northern border areas)	Illegal gold trade; weak oversight in ASM.
Rwanda	Western and northern provinces (e.g., Rubavu, Nyabihu)	Alleged laundering of smuggled DRC gold; rapid gold export growth.
South Sudan	Northern and eastern states (e.g., Upper Nile, Jonglei)	Civil unrest; gold financing non-state armed groups.
Tanzania	Northern regions (e.g., Geita, Mara near Lake Victoria)	Informal mining; regional smuggling routes from DRC/Burundi.
Uganda	Karamoja region (northeastern districts)	ASM with child labor; cross-border gold from DRC/South Sudan.
Zambia	Northwestern and Copperbelt provinces	Informal trade links to DRC; environmental/human rights issues in ASM.
Venezuela	Southern states (e.g., Amazonas, Bolívar)	Illicit mining in Orinoco Mining Arc; ties to organized crime and environmental destruction.
Myanmar	Kachin, Shan, and Kayah states	Conflict gold funding ethnic armed groups; forced labor in jade/gold mines.
Sudan	Darfur region and Red Sea state	Gold smuggling financing conflicts; weak governance post-civil war.
Liberia	Grand Gedeh and River Gee counties (border with Côte d'Ivoire)	ASM with risks of child labor and smuggling.
Sierra Leone	Kono and Koinadugu districts	Artisanal mining risks; legacy of conflict diamonds extending to gold.
Mali	Kayes and Sikasso regions (southern areas)	Jihadist insurgencies affecting gold mines; terrorism financing.
Niger	Agadez and Tillabéri regions	Instability from Sahel conflicts; informal gold trade.
Burkina Faso	Est, Centre-Nord, and Sahel regions	Rising jihadist violence disrupting gold production; displacement.
Ethiopia	Oromia and Tigray regions	Ethnic conflicts; risks in emerging gold mining areas.

Notes:

- This list draws from the EU's indicative CAHRA list (covering ~100 areas globally as of 2025, focused on 3TG supply chains), Dodd-Frank's DRC-adjacent countries, and OECD examples. It prioritizes gold-relevant areas.
- Sub-national risks are emphasized, as conflicts are often regional (e.g., not the entire country).
- Other potential CAHRAs (e.g., Afghanistan, Colombia, Indonesia's Papua) may apply based on site-specific assessments but are less central to gold.
- For Dubai compliance, refineries must report annually to the MoE and undergo independent audits for CAHRA-linked supplies.

Compliance Implications in Dubai

- **Mandatory for:** All gold refineries in Dubai (including DMCC free zone members).
- **Steps:** Establish management systems (Step 1), assess supply chain risks (Step 2, flagging CAHRAs), mitigate via EDD (Step 3), third-party audits (Step 4), and annual reporting (Step 5).
- **Penalties:** Fines up to AED 5 million (~\$1.36 million) for non-compliance.
- **Benefits:** Enhances Dubai's reputation as a responsible gold hub, aligning with CEPAs (e.g., UAE-India CEPA requiring UAEGD-accredited gold).

For the latest assessments, consult the MoE portal or OECD tools. If sourcing from these areas, prioritize transparency to support ethical trade.