

CHALLENGES FOR GOVERNMENTS AND DONORS

Conflict Resources

Wars need money. Since the end of the Cold War, natural resource exploitation has played an increasingly prominent role in providing this money. Previously, many combatants were financed by competing superpower blocs. But since such ideological sponsorship is now much harder to come by, and as war remains an expensive business, belligerents have turned to easily accessible wealth from natural resource exploitation. In the process, they have left a long trace of human rights violations.

Timber, minerals and oil have been used to fund conflicts from Angola to Afghanistan, from Cambodia to Sierra Leone, from the Democratic Republic of Congo to Liberia. The presence of some commodities, in particular oil, may make the initiation of conflict more likely; the presence of others, for example timber, gemstones and narcotics, may lengthen the duration of conflicts. Such riches may alter the mindset of combatants, turning war and insurgency from a purely political activity to an economic one; conflicts become less about grievance and more about greed. In all cases, however, the link between natural resources and conflict depends critically on the ability of their exploiters to access external markets. Take away the ability to earn returns from resource extraction and their value to the promoters of conflict falls away, some times dramatically.

Timber is just one of a number of conflict resources, and Global Witness believes it's necessary to find solutions that address the whole issue of conflict resources, rather than address each commodity separately. The justification for this is the Kimberley Process to eradicate conflict diamonds from international trade. Despite its faults, the KP is a very positive demonstration of what can be achieved with international cooperation and political will, but it is simply not feasible to have a Kimberley Process for every commodity traded in conflict zones. This is why Global Witness is campaigning for a definition of conflict resources, probably housed in the UNSC, to ensure that wars such as those in Cambodia, Liberia, Sierra Leone, the DRC and, topically, Cote d'Ivoire cannot feed off the trade in natural resources.

Global Witness proposed definition is:

‘natural resources whose systematic exploitation and trade in a context of violent conflict contribute to, benefit from or result in the commission of serious violations of human rights, international humanitarian law or violations amounting to crimes under international law.’

Conflict Timber

That said, forest exploitation does come with a unique set of problems, because forests are central to the basic existence of forest-dependent people, which gold, diamonds, coltan, cobalt etc are not - they are purely economic commodities. Forests provide houses, fuel, food and shelter. The poorer and more devastated a country, the more important forests are, as other means of sustaining life (Agriculture, trade etc) cease to be available.

I would like to stress that conflict includes not only wars, but oppression, abuse of human and economic rights, land rights etc. Land-grabbing, corruption etc all lead to low-level conflict, and that can lead to full blown war. Cambodia is at peace, but villagers, journalists and NGO workers are being threatened, arrested, expelled and even murdered, by government-connected groups seeking to control timber resources.

Challenges to Governments and Donors

- They need to be able to recognise the problem
- Then to be able to stop the problem
 - A definition of conflict resources will allow the international community to act fast (eg import bans), and will serve as a guide to others including business.

Legitimate and illicit businesses involved

The trade in conflict resources is not just the domain of illicit business, which can often, in theory at least, be tackled through existing legal means. Legitimate companies also engage in the conflict resources trade: sometimes because they may be genuinely unaware of the source of a particular commodity, but often they are fully aware, but in the absence of clear legislation they will trade anyway. De Beers and major oil companies such as Elf have in the past traded in conflict resources. Liberia also provides a clear example. Through the work of the UN Expert Panels, and reports by NGOs such as Global Witness and Greenpeace, the nature of Liberia's timber trade was well known to the international buyers: i.e. that there were close links between the Liberian logging industry and Charles Taylor, notorious for his support of the genocidal RUF as well as brutal repression within his own country, and that it played an important logistical and financial role in illegal arms importation. Despite this, leading trade associations such as the ATIBT, and major timber companies like Denmark's DLH refused to take any moral stand against the purchase of Liberian timber.

Philanthropic companies

Moreover, in this and other situations the industry over-emphasised the economic and social importance of the timber industry to the local population, to the point they began to sound like philanthropic institutions. However, there is an increasing body of thought that is questioning whether even the legitimate timber industry actually provides any significant or sustainable benefit to the populations and the overall wealth of tropical producer countries (there are no examples of where it does), so a positive contribution in zones of conflict or instability is extremely unlikely.

To its credit the UK's Timber Trade Federation did take a voluntary stand over the purchase of Liberian timber but the overall message is that the timber industry will not self-regulate, therefore the international community needs to legislate. After all, it is the international community which is having to pump billions of dollars into the reconstruction of Sierra Leone, Liberia, DRC and elsewhere, where countries have been impoverished, and transnational business has benefited from the trade in natural resources..

Governments

Sometimes it is governments that are the problem, and again the international community needs to address these complex but crucial situations. For example, in the early to mid-1990's the Cambodian government cooperated with their battlefield enemy, the Khmer Rouge, in order to export US\$10-20 million of timber every month to Thailand, facilitated by the Thai government and its rather too autonomous military. Liberia's was the government, and under his Strategic Commodities Act the timber trade was entirely legal.

Sanctions

In a conflict situation, smart-sanctions are probably the best way to end trade in conflict resources, but they must be enforced.

Currently a major hurdle is to get the problem recognised – it took Global Witness around 18 months to get the UN Expert Panel on Liberia to finally agree that timber sanctions were desirable, and two years before sanctions were actually in place. Two years more for Charles Taylor to precipitate regional instability, trade in conflict resources, and perpetuate gross human rights abuses. A definition of conflict resources, and a mechanism to apply it, would have seen Taylor's demise far earlier.

Vested interests

The vested interests of the international community can prevent affirmative action being taken. The AU is extremely slow at addressing the actions of regional warlords and dictators, seemingly seeing continental *governmental* solidarity as more important than dealing with the problems. Within the UNSC the two main opponents of timber sanctions on Liberia were France and China, coincidentally the two biggest buyers of Liberian timber. Only when the situation in Cote d'Ivoire exploded, fermented by Taylor and drawing in French peacekeepers, did France support sanctions in Liberia.

Sanctions or other methods need to be well thought out. UN Resolution 792 in Cambodia recognised that the Khmer Rouge timber trade was detrimental to Cambodia's environment (it didn't recognise it as the economic driver that it was) and supported the transitional governments moratorium calling for the banning of log exports. This led to an explosion of portable sawmills all along the border and an unabated but less visible timber trade, in sawn timber.

When should sanctions be lifted?

Liberia's timber sanctions have been very successful – but when should they be lifted? The war is over and an elected government is in place. But a mistake made in other countries is to assume that a post-conflict country is in a position to control the natural resources trade. The immediate post-conflict phase is when many deals are done, and most of these will be bad deals. Again, diamond and steel deals in post-war Liberia are testament to this. But sanctions can't and shouldn't remain in place for ever, and there's little in the way of precedent to guide us here. There are other alternatives such as imposing moratoriums on the extraction and trade of particular commodities.

When does conflict stop?

When does conflict stop? Conflict isn't just 'hot' – Cambodia has low-level conflict now. Liberia is at peace but highly fragile. Taylor is still in contact with his allies there, he has expressed his continued interest in Sierra Leone and in early 2004 attempted two coup attempts against Guinea's President Conte. If he is not brought to justice, and if he succeeds in his quest for regional control, are we, the UK, ready to send our forces back into Sierra Leone?

Prevention

The international community has been slow to address the issue of conflict resources even when the conflict is in full swing; Liberia and DRC spring to mind. So how can we recognise situations where resources will fund a future conflict and prevent it?

At least one answer to this is to address the issues raised by fragile, failing and failed states. Lack of democracy, militarisation, corruption, diversion of resource revenues and human rights abuses are all pointers to impending problems. With treaties like the KP, and processes such as the Extractive Industries Transparency Initiative (EITI), some action is being taken, but enforcement – regulation – remains lacking. No business that operated in the DRC during the 1998-2003 war has been brought to book.

The IMF's recent cancellation of Cambodia's debt as the country is sliding towards being a one-party state despite the US\$2.8 billion the UN spent in brokering democratic elections illustrates an inconsistent international approach that benefits only Cambodia's ruling elite, at the expense of the population and we, the foreign taxpayers. This kind of situation has been prevalent over the past decade, where recipient governments fail to deliver on a whole raft of commitments including corruption, human rights etc, but nevertheless continue to receive generous helpings of non-humanitarian aid. The UK's recent diversion of aid from government to development NGOs in Uganda and Ethiopia is much-welcomed, but it has come very late, and Rwanda has come away with a slapped-wrist in the form of a temporary suspension of aid in 2004, despite being at the core of instability in eastern DRC.

China

China is a major problem. It is a problem because every western donor we talk to says "but what about China?". And it's a problem because it is!

China's recent policy on Africa sums it up quite well when it states: Under Trade:

"The Chinese Government will adopt more effective measures to facilitate African commodities' access to Chinese market",

On the surface this seem harmless enough, but China's capacity to Hoover up resources makes this bland language quite chilling.

and under Economic assistance

"In light of its own financial capacity and economic situation, China will do its best to provide and gradually increase assistance to African nations with no political strings attached." (GW emphasis).

The lack of conditionality implied here is undermining efforts to improve democracy, governance and transparency.

The international community must work with China to ensure that its legitimate right to obtain natural and other resources does not undermine the development of Africa (which would undermine

China's own policy), nor the efforts of the international community. It should be remembered that much of China's manufacturing output ends up in the west for example around 40% of America's wooden furniture is imported from China.

RECOMMENDATIONS

- The UNSC should adopt a definition of conflict resources, as discussed above.
- UNSC and other 'smart' sanctions should be applied, be consistent and be enforced.
- Natural resources should be included in the mandate of the UN Peacebuilding Commission and be an integral factor in all post-conflict-reconstruction situations. The Peace building Commission should coordinate donor initiatives related to natural resources.
- International regulation: the international community should progress existing international initiatives such as the FLEG processes, including the EU Action Plan.
- It is crucial that international rhetoric should be matched by action.
- Ending culture of impunity. The Dutch prosecution of Gus Kouwenhoven, boss of the Oriental Timber Company, for war crimes is a precedent-setting move. The normalisation of international law in a domestic environment will do much to deter illicit and inappropriate business activity.
- Recognise timber as a resource like any other, not purely an environmental issue

Ending on a positive note, there are numerous examples of successful international responses, all of which have been based around cooperation and true political will. The Kimberley process and the EITI have a way to go, but have already made in-roads into their target areas, and there is a growing momentum which must not be lost. Other interventions include sanctions on Liberian diamonds and timber, sanctions on Sierra Leonean diamonds, the closing down of the Khmer Rouge timber trade amongst others.

The real challenge from the international community is to ensure such successes happen faster, making them last longer, and taking a consistent approach.