



SECURITY COUNCIL REPORT UPDATE REPORT



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Natural Resources and Conflict

Expected Council Action

On 25 June the Security Council will hold an open debate on the relationship between natural resources and conflict, an initiative of Belgium, this month's Council president. A presidential statement seems likely. However, because of the complex scope of the issues (and possible concern about the implications of too widely focused thematic debates) it seems likely that the immediate operational focus of any statement will be a request to the Secretary-General for recommendations on how the Council could strengthen its role in dealing with the impact of natural resources and conflict, in particular when establishing peacekeeping operations.

The debate is expected to focus on the detrimental link between illicit natural resource extraction and conflict. Some members may canvass various options for dealing with the issue, including sanctions, monitoring and reporting and activities by peacekeeping missions.

Belgium hopes the debate will also foster broader discussion on how the Council could play a more substantial role in addressing this issue in the future, including by becoming more actively involved in preventive and post-conflict measures.

Background

On 6 June Belgium circulated a concept paper for the 25 June debate (S/2007/334). This paper seeks to frame the debate as part of the development of the Council's role in conflict prevention outlined in resolution 1625 which was adopted at a Security Council Heads of State-level meeting during the 2005 World Summit. Resolution 1625 specifically reaffirmed the Council's:

“determination to take action against illegal exploitation and trafficking of natural resources and high-value commodities in areas where it contributes to the outbreak, escalation or continuation of armed conflict.”

The Belgian paper lays out three main issues for discussion.

1. Prevention of Conflict: Contested ownership or distribution of revenues related to natural resources can directly cause conflict. Could the Council play a role in identifying such situations and encourage improved governance of natural resources?

2. Reducing Conflict: Preventing natural resources from prolonging conflict has appeared as a real issue in some country-specific situations and has demanded Security Council action. How

can commodities-based sanctions regimes, experts' reports and peacekeeping operations be strengthened?

3. Post-Conflict: Natural resources in a post-conflict situation can be a positive force for reconstruction and development instead of a potential source for continued dispute, possibly triggering a re-lapse into war. Is there a role for the Council leveraging a shift from negative to positive and helping reinforce a development-oriented approach? When would the Council transfer its responsibilities to other bodies, in particular the Peacebuilding Commission?

Overview of the Council's Work on Natural Resources and Conflict

In addressing various situations on its agenda the Council has previously recognised that revenue from illicit extraction of natural resources fuels many conflicts by enabling armed groups to finance their activities. It responded by:

- imposing sanctions regimes;
- establishing committees and groups of experts; and
- authorising some peacekeeping operations to assist in monitoring and implementing these sanctions regimes.

Sanctions Regimes

The Council imposed embargoes on:

- oil and diamonds in Angola and Sierra Leone;
- diamonds and timber in Liberia; and
- diamonds in Côte d'Ivoire.

Currently, only the diamond sanctions in Côte d'Ivoire remain. The recently lifted diamond embargo in Liberia will be reviewed in the coming months.

In 1993, the embargo on oil and in 1998 the embargo on diamonds against *União Nacional para a Independência Total de Angola* (UNITA) in Angola was the first time the Council imposed sanctions on a non-state actor. The diamond sanctions were imposed to force compliance with the Lusaka Protocol, a peace settlement between the Angolan government and UNITA. The sanctions against UNITA played an important role until 2002 when they were terminated after consolidation of peace in the country.

In Sierra Leone, the Council imposed sanctions on oil in 1997 and on diamonds in 2000. The diamond sanctions were a direct response to the impending collapse of the Lomé Peace Accord between the Government of Sierra Leone and the Revolutionary United Front (RUF) in order to cut off the rebel army's source of funding. Sanctions were allowed to expire in 2003 as a result of the civil war's end in 2002 and the government's full participation in the Kimberley Process.

In 2001, the diamond sanctions imposed on Liberia were directly connected with then President Charles Taylor's support of the RUF in Sierra Leone. The Council continually tightened the diamond sanctions and Taylor turned to timber as source of revenue prompting the Council to impose timber sanctions in 2003. In August 2003 Taylor, who is currently on trial in the Special Court for Sierra Leone at The Hague, was exiled to Nigeria. Liberia's transitional government was installed in October with presidential elections following in 2005. Timber and diamond sanctions were lifted in 2006 and 2007 respectively in light of the new government's commitment to transparent management of its natural resources.

In December 2005 the Council imposed diamond sanctions in Côte d'Ivoire as the AU-brokered Pretoria Agreement began to disintegrate. Both the rebel *Forces nouvelles* and militias allied with the government rely on the exploitation of natural resources for funding. The 4 March Ouagadougou Agreement between the *Forces nouvelles* and the government could lead in due course to a relaxation of the sanctions. Based on past Council action, the lifting of sanctions would occur only after it was clear that peace was consolidated.

The Council imposed economic sanctions regimes against UNITA, and in Sierra Leone and Côte d'Ivoire when previously reached political agreements began to falter. Sanctions were established to diminish the revenue sources that had been enabling armed groups to intensify conflict, with a view to steering the parties involved toward political dialogue and settlement.

In the case of Liberia, sanctions were imposed only after Taylor became involved in funding the conflict in neighbouring Sierra Leone with revenues gained through natural resource exploitation.

Peacekeeping Operations

Peacekeeping operations in Liberia and Côte d'Ivoire have also played an important role in stemming the impact of natural resources on conflict.

In 2003, the UN Mission in Liberia (UNMIL) was mandated by resolution 1509 to assist the transitional government in restoring proper administration of natural resources. UNMIL implemented this task on the ground by establishing an Environment and Natural Resources Unit. This played an important role in changing the previous dynamic under which sanctions had been easily ignored. UNMIL assisted the government in monitoring sanctions, establishing its authority throughout the country, police training, establishing a national policy for the logging industry and improving management and control over natural resources. The lifting of sanctions on both timber and diamonds in the country is in part due to the successful cooperation between UNMIL and the transitional government.

In 2005, the UN Operation in Côte d'Ivoire (UNOCI) was mandated by resolution 1643 to contribute to the application of the sanctions. In 2006, UNOCI established an Embargo Cell which collaborates with the Côte d'Ivoire Group of Experts and the Kimberley Process Certification Scheme on the enforcement and monitoring of sanctions. This initiative has significantly improved the efforts to monitor the diamond embargo. UNOCI's civil affairs section also has a mandate to assist in redeploying state administration throughout the country, but this is unlikely to be achieved in the north until the security situation improves. Until then it will be a significant challenge to implement transparent management of natural resources in Côte d'Ivoire.

Democratic Republic of the Congo

A question for the Council is the situation in the Democratic Republic of the Congo. The country's significant mineral reserves coupled with corrupt management of the mining sector helped fuel the 1998-2003 civil war leading to the death of some 4 million people. Conflict and massive displacement continues in the eastern part of the country.

On 15 May the Council adopted resolution 1756 renewing the mandate of the UN Mission in the DRC (MONUC) and recognising the specific link between illicit exploitation and trade of natural resources and the proliferation of arms trafficking in the DRC. The resolution urged the government, with the support of the international community, to extend its authority throughout

the state, establish control over its natural resources and improve the transparent management of those resources.

Since 2000, groups of experts have been examining the link between natural resource extraction and conflict in the DRC. However, unlike the peacekeeping missions mentioned above, MONUC has had no capacity to monitor exploitation of natural resources in absence of a relevant sanctions regime.

Resolutions 1649 and 1698 had asked the DRC Group of Experts to propose measures to prevent the illegal exploitation of natural resources financing armed groups in the eastern part of the DRC. One of the Group's recommendations was sanctions on natural resources based on violations of relevant Congolese law. Resolution 1698 also requested a report from the Secretary-General on the potential impact of such sanctions.

The February 2007 report of the Secretary-General cautioned against imposing economic sanctions. His assessment was that sanctions would have only a marginal effect, could potentially undermine the first democratically elected government in over forty years in addition to negatively affecting local miners. As an alternative, the report recommended public and private efforts aimed at promoting security sector reform and good governance, ensuring transparent business practices, drafting a code of conduct for private actors in the DRC, establishing a cross-border commission to stem fraudulent exports, and protecting local miners.

The divergence of views between the Secretariat and the DRC Group of Experts left the Council without a unified recommendation.

In March sixty mining contracts in the DRC, most of which were signed in the period of conflict, were suspended pending review by the recently elected government, led by President Joseph Kabila.

There have been recent allegations that some peacekeepers attached to MONUC were involved in trafficking for gold in 2004. These are under investigation by the UN.

Each of these factors may indicate the need for the Council to think more broadly about the link between natural resources and conflict in the DRC if it is unclear whether the traditional tool-kit of sanctions is able to yield the desired results.

Key Issues

The main issue at this stage is whether the Council is comfortable approaching the link between natural resources and conflict in a thematic way. It is unclear what practical future involvement this would entail.

A related issue is that a substantial shift on natural resources and conflict from country-specific treatment to thematic consideration could stimulate concerns by General Assembly member states about "encroachment" of the Security Council into General Assembly domain. It is unclear whether such concerns are likely to be voiced in any significant way at this early stage.

A practical issue is the requisite resources, both financial and human, if the Council requests a report from the Secretary-General or strengthens its existing mechanisms. It is unclear how the Secretariat, given the current burdens it is managing, could find additional capacity for what would undoubtedly be a major new stream of work.

Options

The Council has the following options.

- Take no action and continue to address the link in a country-specific way.
- Adopt a general statement recognising that a generic problem does exist and request a report from the Secretary-General with recommendations on how to strengthen the Security Council action on the issue (and perhaps the establishment of a trust fund with voluntary contributions to fund the work).
- Strengthen the civilian affairs component of peacekeeping missions in regard to capacity-building for the drafting of legislation, extending state authority, security sector reform and good governance, particularly in the resource sector.
- Establish a working group on the issue.
- Encourage a stronger role for the Peacebuilding Commission in post-conflict development of natural resources.
- Encourage natural resource management initiatives outside of the UN framework, for example, following the precedent of the Kimberley Process, the Extractive Industry Transparency Initiative, the OECD Code of Conduct, and other commodity tracking and certification initiatives.
- Encourage regional approaches such as the protocol against natural resource exploitation from the Great Lakes Conference adopted in 2006.

UN Documents

Resolutions

- S/RES/1756 (15 May 2007) renewed MONUC's mandate, recognised the link between natural resources and conflict in the DRC, and urged the government to extend its authority and improve the transparent management of those resources.
- S/RES/1753 (27 April 2007) lifted the diamond sanctions on Liberia.
- S/RES/1698 (31 July 2006) requested the Secretary-General to submit a report on the potential impact of sanctions in the DRC.
- S/RES/1653 (27 January 2006) was adopted after the debate on peace, security and development in the Great Lakes region where the Council expressed that the link between natural resources and the proliferation and trafficking of arms fuels conflict in the region, in particular in the DRC.
- S/RES/1643 (15 December 2005) imposed diamond sanctions on Côte d'Ivoire and authorised UNOCI to contribute to the application of sanctions.
- S/RES/1625 (14 September 2005) decided to strengthen the Council's role in conflict prevention, particularly in Africa.
- S/RES/1521 (22 December 2003) imposed timber sanctions on Liberia.
- S/RES/1509 (19 September 2003) authorised UNMIL to assist the transitional government in administering natural resources in Liberia.
- S/RES/1448 (9 December 2002) ended all sanctions against UNITA in Angola.
- S/RES/1343 (7 March 2001) imposed diamond sanctions on Liberia.
- S/RES/1306 (5 July 2000) imposed diamond sanctions on Sierra Leone.
- S/RES/1173 (12 June 1998) imposed diamond embargoes against UNITA in Angola.
- S/RES/1132 (8 October 1997) imposed oil sanctions on Sierra Leone.
- S/RES/864 (15 September 1993) called for an oil embargo against UNITA in Angola.

Reports

- S/2007/68 (8 February 2007) was the Secretary-General's report which cautioned against imposing sanctions in the DRC.
- S/2007/40 (25 January 2007) was a group of experts report recommending sanctions on

natural resources in the DRC.

- S/2006/997 (18 December 2006) was the report of the Informal Working Group of the Security Council on General Issues of Sanctions.
- S/2006/964 (12 December 2006) was a group of experts report which reported on UNOCI's creation of an Embargo Cell in Côte d'Ivoire.
- S/2002/1146 (15 October 2002) was the report of the Panel of Experts on the Illegal Exploitation of Natural Resources and Other Forms of Wealth in the DRC.

Letters

- S/2007/334 (6 June 2007) was the concept paper for the 25 June open debate on conflict and natural resources.

Press Statements

- SC/8856 (20 October 2006) expressed the Council's decision to not renew timber sanctions against Liberia.
- SC/7778 (5 June 2003) expressed the Council's decision to not renew diamond sanctions against Sierra Leone which had expired on 4 June.

Debates

- S/PV.5359 and Resumption 1 (27 January 2006) was a debate on peace, security and development in the Great Lakes region, many speakers focused on the role of natural resources in conflict and its potential role as a driver of development.
- S/PV.4113 and Resumption 1 (15 March 2000) was an open debate on Angola and with a focus on conflict diamonds.

Useful Additional Sources

- Global Witness, www.globalwitness.org
- Crisis Group, www.crisisgroup.org
- Global Policy Forum, www.globalpolicy.org
- *The Sinews of War: Eliminating Trade in Conflict Resources*, Global Witness, November 2006
- *Sanctions for Conflict Prevention and Peacebuilding: Lessons Learned from Côte d'Ivoire and Liberia*, Department of Peace and Conflict Research, Uppsala University, 2006
- *Natural Resources and Violent Conflict: Options and Actions*, Paul Collier and Ian Bannon (editors), The World Bank, 2003