

ILLICIT EXPLOITATION OF NATURAL RESOURCES

Over recent years, evidence of the ruinous effects of the illegal exploitation of raw materials on peace and security in many countries, particularly those with weak governance systems, has been piling up. In the maelstrom of conflicts in Angola, Mozambique, Sierra Leone, the Democratic Republic of Congo, the Central African Republic, Liberia and Côte d'Ivoire, warlords and leaders of militias and rebel movements prospered from the pillaging of their nation's natural wealth as much as financiers of crime rackets, dishonest civil servants, corrupt politicians or national and international corporations.



This impromptu alliance of stakeholders in Africa's wars and violence could be broken down only with tens of thousands of peacekeepers, targeted sanctions against the most persistent looters and with billions of Dollars invested in rebuilding governmental capacities.

Still, many nations are far from safe. Too heavy is the toll of war, violence and corruption to rebuild these countries in a few short years. With global demand for most commodities reaching record heights and while most of these resource rich states' oversight and law enforcement institutions are still in shambles, it is as easy as ever - and much more profitable - to gain access to natural resources. Adhering to legal standards continues to be a minor consideration. For warlords and leaders of militias who have successfully transformed themselves into elites by joining political parties or by becoming businessmen, it's business as usual. Sadly, these elites are greatly assisted by the apparent disinterest or inability of leading global companies - the ultimate users of raw materials - to reign-in the continued illegal exploitation of the developing world's natural resources.

Just in the last few months several investigations have revealed once again how criminal behavior is still pervasive in the natural resource business and how it affects each consumer around the world in unexpected ways. For at least four years it has been known that thousands of artisan diggers are exploiting cassiterite deposits (a tin oxide) around Walikale, in Eastern DRC. A report by Nicholas Garrett in the Financial Times (6th March 2008) confirmed again that these artisans are laboring under the dictate of the renegade 85th brigade of the Congolese army led by Colonel Samy Matumo. The production not only enriches these bands of soldiers and their commanders, but for years the cassiterite has been bought and traded through Western metals exchanges and brokers. Eventually it is used for the production of electronic products made by largest companies in this sector.

Another investigation by AP journalist Rukmini Callimachi (10 August, 2008) uncovered how hundreds of

children, some as young as four years old are being used as artisan miners in the bush gold mines of Senegal and Mali. These child laborers perform hazardous work rubbing mercury with their bare hands onto gold ore in order to separate it from the dirt. AP tracked gold shipments from these mines worth \$ 22 million to Swiss refineries controlled by a large European bank who in turn sells the gold to very well known pen, watches and jewellery companies. Other potential outlets of this gold are the discount jewelry sold at large supermarkets. and luxury jewelry sold by big trademarks.

Another disturbing example of child labor was reported by Bloomberg's Congo correspondent Franz Wild (22 July, 2008). In dozens of copper and cobalt mines in Katanga, he found thousands of children employed as miners. These violations of internationally recognized standards of child labor seem to occur mostly in mines that are operated by Chinese companies. Through a labyrinth of trading and refining companies, the copper and cobalt eventually finds its way into electronic gadgets manufactured by important companies in this sector.

All three reports state that the end-user companies have tried to excuse their use of blood metals with ignorance about their origin. Maintaining ignorance as corporate policy is hardly acceptable in a world where stringent due diligence of supply chains have become the norm in every other industry. Admittedly, tracing precious and semi-precious minerals back to their origin is a challenging task under current conditions even for the most experienced supply chain specialist. These conditions are extraordinary because they lack basic legal principals. There is no internationally accepted method for the proper identification of ownership or for the origin of the traded material. Because of this fundamental lack of information, anyone who can grab natural resources is virtually assured impunity when selling them on in the world market.

In recent years the Central African nations have come to recognize the need to fill this information gap and are making extraordinary efforts to correct these problems. The government of the DRC has already adopted a Ministerial Decree that requires its supervisory agency CEEC (Centre d'Evaluation, d'Expertise et Certification des substances minérales précieuses et semi-précieuses) to extend a certification system for origin, ownership and quality over a broad range of minerals and stones. By taking the lead, the DRC is following the will of the leaders of all Central African States who have declared the fight against illegal exploitation of natural resources to be a top priority. These leaders have, as part of their International Conference of the Great Lakes Region, agreed to form a committee to explore the practical implementation of a certification system for all their natural resources.

In theory, this African initiative has already received important political support from the leading industrialized nations. As part of the follow-up of the G-8 summit in Russia in 2006, the concept of certifying the Platinum metals group was endorsed. At the subsequent G-8 meeting in Germany in 2007, certification was endorsed as "a suitable instrument in appropriate cases for", among other interests, "resolutely counter-illegal resource extraction." The G-8 members have also agreed to "support a pilot study, in co-operation with the World Bank and its initiatives, concerning the feasibility of a certification system designed for selected raw materials."

The problem is that neither the most industrialized nations nor International Organizations have so far acted at a level appropriate to the threat. Only Germany has allocated funding and technical assistance to help turn the African states' intentions into reality.

Unlike the Kimberley Process, whose success rate in regularizing the diamond extraction and trade has disappointed some of its original supporters, new certification of origin systems for precious or semi-precious minerals and stones are now available based on solid scientific methodologies. In recent years three distinct research efforts undertaken in South-Africa, Russia and Germany have proven that the origin of many mineral samples can be determined by using analytical processes based on mineralogy and mineral-chemistry. The next big challenge is the implementation of these "fingerprinting" technologies into the everyday work of African officials who are in charge of monitoring the exploitation and marketing of their natural resources.

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