

Public Hearing :

*Natural Resources Curse in Central Africa:
Can the EU Contribute to Fairer Economic Relations?*

Recommendations to the European Parliament

9 December 2009

Presented by the following members of the **Belgian Network Natural Resources** :

Broederlijk Delen 
omdat het zuiden plannen heeft



GREENPEACE



And by :

**Fatal
Transactions** 

A. In order for natural resources to be managed in a transparent and sustainable manner

1. The EU should **include transparency, good governance, and the principle of free and prior informed consent by local populations in EU policies and legal agreements** vis-à-vis resource-rich countries (such as the Cotonou agreement, trade and investment agreements, Country Strategy Papers, National Indicative Programmes, or Corporate Social Responsibility, etc).
2. Specifically, the EU should also **strongly encourage EITI membership of partner countries, EU Member States, as well as all European extractive companies.**
3. The EU should support the introduction of **country-by-country reporting as a compulsory requirement for extractive companies** in the Transparency Obligations Directive 2004/109/EC, which is up for review in 2010. The EU should also ensure that the International Accounting Standard Board's review of the IFRS 8 norm and the proposal for a new Extractive Industries norm (replacing IFRS 6) becomes an opportunity to oblige multinational corporations to submit, in the annual report, their accounting information on a country by country basis.

B. In order to break the link between natural resources and armed conflict in the Great Lakes Region

1. The EU should **support certification mechanisms** that allow economic actors to differentiate 'clean' from conflict resources and oblige these to trade only in certified minerals. To this end:
 - The European Parliament should urge the European Commission to use its membership of the Kimberley Process to urge and assist the governments of the Great Lakes region to improve their internal control of the diamond exploitation and trade.
 - For other minerals known to fuel conflict (gold, coltan, cassiterite and wolframite), the European Parliament should urge the European Commission and the Member States to contribute to the establishment of similar certification mechanisms as a matter of urgency.
 - The EU should also support regional initiatives to this effect¹.
2. The EU should further facilitate the legitimate mineral trade by **reinforcing the local institutions' capacity to formalise, regulate, and develop the mining sector.** Specifically, the EU should grant financial and technical support, for instance by investing in the local mineral transformation process, to create more added value and benefit of the national economy.
3. The EU should **ensure that sanctions are applied to companies that remain involved in illegal exploitation and trade.** The EU should also investigate and bring to justice all European companies identified, notably by the UN Panel of Experts on Illegal Exploitation of Natural Resources, as being involved in such illegal practices.

¹ For example, the « Protocole sur la lutte contre l'exploitation illégale des ressources naturelles » of the International Conference on the Great Lakes Region (ICGLR) of 30 November 2006 provides for the establishment of a regional certification mechanism for natural resources in Article 11. The implementation of this Protocol is provided for in Article 9 of the « Pacte sur la sécurité, la stabilité et le développement dans la Région des Grands Lacs » of the ICGLR signed on 15 December 2006 in Nairobi.

C. In order to reinforce the corporate social responsibility of companies involved in the extractive industries abroad

1. The EU should **adopt a binding directive on corporate social responsibility which includes the extraterritorial competence of the European judge**. This is in the interest of the host countries and their populations as well as that of the companies themselves, who are currently confronted with widespread legal insecurity in the face of the diversity of existing frameworks.
2. In this legislation, the EU should include the obligation of **due diligence, the responsibility of parent companies for their subsidiaries and their entire supply chain**, and the mandatory **social and environmental reporting**.
3. The EU should encourage the adoption of such **binding initiatives by other international institutions** such as the UN, **as well as regional initiatives** such as that proposed by the International Conference on the Great Lakes Region².

D. In order that natural resource management can, in fact, benefit development in resource-rich countries

1. On the basis of the European Parliament resolution of 13 January 2005 (*P6_TA(2005)0008*) and given the ecological debt industrialised countries have amassed vis-à-vis countries in the global South, **the EU should cancel, without conditionality, all bilateral debts of developing countries in order to improve those countries' economic sovereignty**³. The EU should also urge relevant international institutions to do the same.
2. The EU should ensure the **coherence between all its policies and the development objectives it has committed to**. In particular, the European Parliament should ensure that the EU makes its **policy on natural resource supply** (for instance, the *Raw Materials Initiative/COM(2008)699*) coherent with the EU development objectives regarding the countries producing these primary materials.

² See articles 9 and 17 of the « Protocole sur la lutte contre l'exploitation illégale des ressources naturelles » of the ICGLR of 30 November 2006.

³ In general, reference can be made to the "full sovereignty" of the people over their natural wealth and resources as recognised in the Declaration on the Right to Development of 6 December 1986 and the International Pact on Economic, Social, and Cultural Rights (PIDESC).

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