

# Natural Resources and Conflict in the Democratic Republic of Congo: What Role for the EU?

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## SUMMARY OF THE NGO CONTACT GROUP MEETING

### Guest speakers:

**Max van den Berg, MEP**

Introduction

**Stefaan Marysse, University of Antwerp**

Plunder, war and (under)development in DRC

**Christian Dietrich, International Peace Information Service**

Central Africa's Diamond Economy

**Jeroen Cuvelier, International Peace Information Service**

European companies and the coltan trade

This report was compiled by the chair of the meeting, Natalie Pauwels.

The meeting focused on the illicit exploitation of natural resources in the Democratic Republic of Congo (DRC), the implications of this exploitation for the continuation of armed conflict in the country, and the potential role that the European Union can play in de-linking the resources and conflict issue in an effort to establish a definitive peace settlement. The meeting was off-the record, and these notes do not serve as a faithful record of the proceedings but rather aim to highlight some of the principal issues and recommendations raised.

## BACKGROUND: THE GREED VS GRIEVANCE DEBATE

The linkage between illicit trade and violent conflicts, particularly in Africa, has been a subject of heated debate in academic circles in recent years, and this debate has begun to spill over into the realm of policy-making. The debate has revolved around the concept of "greed versus grievance", the title of a book by M. Berdal and D. Malone published by the International Peace Academy in 2000.<sup>1</sup> How much have violent conflicts been shaped by greed, that is the economic interests of key players in securing control over the lucrative trade in natural resources and other goods? Conversely, how much can be explained by real socio-economic and political grievances? While there is no overall consensus, the "greed" perspective appears to be making inroads into the policy field, with significant implications for the way in which countries marred by civil wars are being approached by third countries, international organisations and multilateral donors. Resource rich, yet listed among the poorest countries of the world and divided by an ongoing civil war that has claimed an estimated 2 million lives and involved a number of rebel groups and foreign troops from neighbouring countries, the DRC provides a case in point.

## ILLEGAL EXPORT AND PLUNDER

The report of the United Nations Expert Panel on the Illegal Exploitation of Natural Resources and Other Forms of Wealth of the DRC<sup>2</sup> was characterised as a good document but not without flaws. One major problem noted is the absence of clear definitions. In particular, it was felt that a distinction must be made between illegal exports and plunder of natural resources. While revenues generated from illegal exports are a problem for the state, which cannot tax the goods, if these revenues help the country (for instance, if they are channelled back into the informal economy, create local employment opportunities, etc) then the activity should not be considered plunder. Plunder occurs when the value of exports is not compensated by an inflow of imports or financial capital into the country from which the exports originate. In this case, the value-added leaving the country results in a net loss for the country. In DRC both plunder and illegal exploitation are occurring. Clearly, the plunder of natural resources by third countries is supplementing the military expenditures of those countries and in particular their military efforts in DRC itself, with few if any benefits for the DRC's citizens. Less clear-cut is the case of coltan mining, which some have credited with having created jobs for local populations despite the fact that the revenues generated by the illegal trade have mostly left the country; others claim that these jobs are of dubious benefit, since many of the people who have taken up work mining coltan were previously engaged in subsistence agriculture, whereas they now have to pay for food at often inflated prices. This unresolved debate underlies the discussion about whether or not an embargo should be imposed on coltan from the Great Lakes region.

European countries have been complicit in the illicit coltan trade, as established by an investigative report published by the International Peace Information Service (IPIS).<sup>3</sup> The coltan trade in DRC has largely fallen under the control of the RCD-GOMA, the main Rwandan-backed rebel group. RCD-GOMA taxes revenues from the trade to fund its military operations. Several European companies cooperated actively with RCD-GOMA and with Rwandan political and military elites in this trade, thus implicitly contributing to the ongoing conflict in DRC.

In the case of diamonds, despite international initiatives underway to stop the illicit trade in conflict diamonds and the imposition by the UN of embargos on diamonds from Sierra Leone, Angola and Liberia, the DRC's diamond economy has yet to come under serious international scrutiny. Part of the problem is that the African diamond economy is so intertwined, with overlapping smuggling routes ranging from DRC to the Central African Republic and Angola, making it even more difficult to track where diamonds originate. Furthermore, available statistics provided by industry and/or importing/exporting countries are unclear, incomplete or simply do not add up. While there is a clear need to control the illicit trade in diamonds to allow legitimate exports to benefit the country, it is questionable whether a legitimate industry can even exist in DRC, where government corruption is rampant and accountability minimal. The same is true for most industries, and the resource extraction sectors in particular are known for the susceptibility to corruption and lack of transparency. Even the legitimate diamond industry has been criticised as being archaic and opaque, and is at least in part to blame for the persistence of an illicit trade.

## RECOMMENDATIONS

What can the European Union do? The issues mentioned above are admittedly complex, and there do not appear to be any straightforward solutions to the problem of the link between illicit trade in natural resources and violent conflict. However, there are measures that the EU and other actors can take, at the very least as a starting point in attempting to contribute to establishing peace in DRC. The following list includes recommendations compiled from a number of recent reports on the situation in the DRC as well as more general recommendations from NGOs working on related issues:

**Diamonds:** the EU should strive to ensure that the Kimberley Process (the international initiative to tackle the trade in conflict diamonds) is a success. It should push its domestic diamond industry to increase transparency. Adequate and harmonised customs controls must be adopted across the EU in order to control diamond imports and enforce embargos on conflict diamonds to ensure that they do not enter the single market. One suggestion might be to have only one entry point for diamonds to the EU (the most logical place probably being in Belgium, where controls are the most stringent and where expertise is available). Furthermore, diamond industry statistics should be standardised. With specific reference to DRC, the EU could push for a UN Security Council resolution boycotting diamonds from DRC and neighbouring countries, similar to those adopted for Sierra Leone, Angola and Liberia.

**Coltan:** as mentioned above there is no consensus as to whether coltan from DRC should be embargoed. However, there have been calls for the EU to support the imposition of at least a temporary embargo on coltan emanating from rebel-controlled regions of DRC and regions under the control of foreign troops, as well as from third countries involved in the war (as per the recommendation of the UN Panel of Experts). The EU could and should ensure that Member States investigate companies, including banks and insurance firms allegedly involved in or facilitating business activities in the Great Lakes region's illicit coltan trade; measures should be taken to stop their involvement and penalties should be applied as necessary.

**Timber:** Although not specifically discussed in this meeting, the exploitation of timber from the DRC has also been linked to the continuation of the conflict. A recent report by Global Witness<sup>4</sup> notes in particular the role of Zimbabwe in exploiting DRC's timber resources, financing in part that country's own military involvement in DRC. The report calls on the international community, citing in particular the EU (which is a major importer of African timber), to impose sanctions on timber exports from DRC.

**Corporate Social Responsibility:** In all cases, the EU could do more to engage European companies in proactive conflict prevention strategies. Favouring the carrot over the stick could do more towards improving the prospects for peace in the Great Lakes region than any sanctions or embargos could. For instance, the EU would do well to revisit its Green Paper on promoting a European framework for Corporate Social Responsibility (CSR) to take into account the conflict dimensions of CSR. Tackling conflict prevention starting in one's own backyard (in this case, the supply-side: European companies) may make more sense than attempting to tackle conflicts from the demand-side, where the EU has little leverage. European companies and governments should also be encouraged to adhere to the OECD Guidelines for Multinational Enterprises and the OECD DAC Guidelines "Helping Prevent Violent Conflict".<sup>5</sup>

**Assessing costs and benefits of the informal economy:** As one speaker pointed out, the implosion of the DRC state preceded the outbreak of war and has resulted in the emergence of a large informal economy. This informal economy has in part compensated for the gradual erosion of the formal economy and has benefited many ordinary Congolese citizens in times of great difficulty. While the extent to which the informal economy is feeding into the conflict needs to be carefully assessed, any measures aimed at curbing it must be carefully weighed against the benefits this economy has provided to the DRC's war-weary population.

Putting the greed vs. grievance debate in perspective: As mentioned above, the academic research on war economies, and particularly the emphasis on greed as a driving factor in many African civil wars, is increasingly being taken up by multilateral donor agencies, governments and development institutions. While it is important to take into consideration the results of academic research in this field, we should not lose sight of the complexity of conflicts. Grievances should not be overlooked in the search for a panacea for Africa's wars. The economic dimension of most civil wars can only in part explain their origins and persistence, and real socio-economic and political grievances do exist and must be taken into consideration.

#### NOTES

- 1 Mats Berdal and David M. Malone, eds. Greed and Grievance: Economic Agendas in Civil Wars. Lynne Rienner, 2000.
- 2 United Nations Security Council S/2001/357, "Report of the Panel of Experts on the Illegal Exploitation of Natural Resources and Other Forms of Wealth of the Democratic Republic of the Congo", 12 April 2001.
- 3 Supporting the War Economy in the DRC: European Companies and the Coltan Trade: Five Case Studies. International Peace Information Service, January 2002.
- 4 "Branching Out: Zimbabwe's Resource Colonialism in Democratic Republic of Congo". Global Witness, February 2002.
- 5 OECD DAC Guidelines, "Helping Prevent Violent Conflict". OECD Publications, 2001.

*This summary was produced by the International Security Information Service, Europe. For information on future meetings of the EU-NGO CFSP Contact Group, please subscribe to the group's listserv. Directions on how to do so can be found at [www.isis-europe.org](http://www.isis-europe.org). Alternatively, e-mail [info@isis-europe.org](mailto:info@isis-europe.org) or call +32 (0)2 230 7446.*

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