

Friday, 16 January 2004

H.E. Guy Verhofstadt  
Eerste Minister  
Wetstraat 16  
B-1000 Brussel

*Re: New Lachaussée's Proposed Exports to Tanzania*

As you will be aware the UN Panel of Experts on the Illegal Exploitation of Natural Resources and Other Forms of Wealth in the Democratic Republic of Congo (DRC) presented its final report to the President of the UN Security Council at the end of October 2003. The report clearly identifies a strong link between economic exploitation and the illegal flow of arms in the DRC. This has helped fuel the conflict and has contributed to the worsening humanitarian and human rights crisis, particularly in the Eastern DRC.

Before it was disbanded the UN Panel submitted dossiers on a number of companies requesting further investigation or monitoring by the relevant National Contact Points for the OECD Guidelines for Multinational Enterprises. One of the companies singled out by the UN Panel for continued monitoring by the Belgian National Contact Point to ensure future compliance with the Guidelines, is the Forrest Group.

It is a matter of the utmost concern to us that, within a matter of weeks of the dossier's being received by the Belgian National Contact Point, Belgium's export credit agency – Delcredere - announced its decision to provide cover to the New Lachaussée company, which is part of the Forrest Group, for the delivery of military material to Tanzania. New Lachaussée, is active in the design, production and supply of integrated assembly units for the manufacture of machines producing ammunition for the infantry and detonators.

We would like to take this opportunity to explain our objections to this decision.

1. We do not believe that it is appropriate to support companies that are helping proliferate arms and ammunition in a conflict zone and particularly not at such a delicate stage in the transition towards peace. There is evidence from the UN Panel and the Belgian Senate's 'Great Lakes' Commission of Inquiry indicating that Tanzania has been one of the transit countries for illegal arms' flows into the DRC. At least three million people have died in the DRC as a result of the conflict since 1998. The Ituri province in the eastern DRC has

seen the worst of the conflict and that is where over 75 per cent of the killings have taken place and from where 90 per cent of the country's internally displaced population have fled.

2. We do not believe that Delcredere's support for New Lachaussée is in keeping with the letter or spirit of the 'Statement of Principles' adopted by all the export credit agencies whereby they agreed to support only productive activities in highly indebted poor countries like Tanzania. What evidence is there that the military material would be essential to Tanzania's security needs?
3. Furthermore, at its April 2003 meeting, the OECD Working Party on Experts Credits and Credit Guarantees, which includes Delcredere, agreed that the export credit agencies would draw their clients' attention to the OECD Guidelines for Multinational Enterprises, presumably in an effort to encourage them to adhere to its provisions. The New Lachaussée Tanzanian project can hardly be construed as compliant with the Guidelines or as helping to promote respect for human rights or sustainable development in the Great Lakes region.
4. There is concern that the delivery of military material to Tanzania without adequate safeguards may contravene Council Regulation (EC) No 1727/2003 of 29 September 2003 concerning certain restrictive measures in respect of the Democratic Republic of Congo. Article 1 prohibits the provision of "*financing and financial assistance, including in particular grants, loans and export credit insurance, for any sale, supply, transfer or export of arms and related material of all types, including weapons and ammunition, military vehicles and equipment, paramilitary equipment and spare parts of the aforementioned, directly **or indirectly**, to any person, entity or body in the Democratic Republic of Congo*".
5. The EU Code of Conduct on Arms Exports (June 1998) calls on Member States "not to allow exports which would provoke or prolong armed conflict" (Criterion Three). The Conventional Arms Exports Working Group – COARM – established by the EU Council of Ministers, in its latest report has also expressed concern about the consequences of uncontrolled flows and destabilising accumulations of arms and other military equipment and the proliferation of the technology and means to produce such equipment. "*Member States have agreed that, when considering licence applications for the exports of controlled technology or goods for the purposes of production overseas of equipment on the Common List of military equipment, account will be taken of the potential use of the finished product in the country of production and of the risk that the finished product might be diverted or exported to an undesirable end-user.*" (Journal officiel de l'Union européenne, 31.12.03).

## *RIGHTS AND ACCOUNTABILITY IN DEVELOPMENT*

In your public pronouncements, Prime Minister, you have shown leadership in calling upon the international community to make the restoration of peace in Central Africa a priority. We are also aware of the many positive initiatives that have recently been undertaken by the Belgian authorities to support the efforts of the governments of the Democratic Republic of Congo and of Burundi to end the conflict and pave the way for elections. We do not believe that these goals, which have our wholehearted support, are compatible with backing the delivery of military material (including technology and means to produce such equipment) to Tanzania. The decision by Delcredere not only calls into question the commitment of the Belgian government to promoting ethical corporate behaviour in conflict zones but also undermines the whole credibility of the OECD Guidelines. The timing could hardly be less opportune given that the UN Security Council is about to set up an arms monitoring mechanism to enforce the arms embargo for the Democratic Republic of the Congo.

We hope that Belgium will reconsider the New Lachaussée project and that the regional government of Wallonia, which we understand has the competence to make a final decision on this matter, will withhold an export licence. Should the New Lachaussée deal go ahead the image of Belgium abroad will be tarnished and the people of Central Africa will lose faith in the sincerity of your government's support for the peace process in the Great Lakes' region.

Yours sincerely,

Patricia Feeney  
Rights and Accountability in Development (UK)

co-signatories :  
Heike Drillisch - WEED (Germany)

Colleen Freeman - Friends of the Earth (USA)

Sébastien Godinot - Amis de la Terre (France)

Aaron Goldzimer – Environmental Defense (USA)

Nick Hildyard The Corner House (UK)

Kirsten Hund - Netherlands Institute for Southern Africa (NL)

Dorothy Jackson - Forest Peoples Programme (UK)

*RIGHTS AND ACCOUNTABILITY IN DEVELOPMENT*

Saskia Ozinga - FERN (Brussels)

Regine Richter – Urgewald e V. (Germany)

Renato Roldão – EURONATURA (Portugal)

Fraser Reilly-King - Halifax Initiative Coalition (Canada)

Antonio Tricarico - Campagna per la Riforma della Banca Mondiale (Italy)

Wiert Wiertsema, - Both Ends (Netherlands)