



**PATH
FINDER 2010**

**“ILLEGAL TRADE IN
NATURAL RESOURCES”
WHAT CAN BRUSSELS DO?**

CONFERENCE 29-30/09/10

Conference organised by the Institute for Environmental Security with the support of the Netherlands Ministry of Foreign Affairs / Development Cooperation, the European Economic and Social Committee and the Belgian Presidency of the Council of the European Union



European Economic and Social Committee



The over-exploitation of natural resources is recognised as one of the main challenges affecting our planet today and has been a growing concern of the international community for several years. At the same time, natural resources are extensively used by protagonists in local armed conflicts to finance wars that have resulted in the death of millions of people in recent years. By organising the Pathfinder Conference, the IES seeks to address both issues and discuss the role the European Union could play to reinforce the legality of international trade in natural resources.

The Problem

In free market countries, domestic commercial practices and governmental administrative regulatory systems should interact in a structured fashion with local entrepreneurs, national businesses and foreign investors. However, in cases of weak governance and in conflict zones, the legitimate government often lacks adequate resources to effectively control the domestic resources that are being exploited criminally. Illicitly obtained commodities' exports are facilitated by a series of illegal payments between corrupt businessmen, rebels, terrorists and even involving state and military officials.

Once these commodities leave their country of origin, they are all too frequently treated as legally owned private assets in importing and transit countries. Ironically, the quiet transformation of a stolen good into a private and often corporate asset is not accepted in other spheres of law or business. Importing and transit countries and the relevant commercial enterprises need to recognise their responsibility in this legitimisation of illegal natural assets.

Ultimately, the illegal trade in natural resources deprives developing countries, their local communities and their citizens of their right to development. It also does damage to national and international security, is harmful to the conservation of ecosystems, and undermines the moral values of all market participants.

Objectives

- Provide a global overview of the issues at stake through various perspectives (environment, trade, development, peace & security). Improve the understanding of the dynamics and actors behind illegal trade in natural resources and promote solutions based on law.

Conference Partners



- Offer an opportunity for policy makers, researchers, NGO's, IGO's and the private sector to participate and exchange ideas on how to improve the fight against the import of illegally extracted natural resources in the European Union. The aim of this conference is to outline concrete proposals that could be implemented. We will focus on actionable points while also taking into account the work completed by other organisations in the same field.
- Raise awareness of EU policy makers and highlight the responsibilities of international companies and consumers in the fight against illegal trade in natural resources.
- Promote the debate at the EU level. The conference seeks to answer to the question "What can Brussels do" and propose concrete steps that the European Union could take to positively impact global natural resources governance and support the fight against corruption and crime based on illegal exploitation of natural resources.

Themes

Although the conference will not necessarily tackle each one of these themes separately, the multidimensional impacts of illegal trade will be discussed throughout the meeting.

1) The impact of illegal trade in natural resources on the environment

- The environmental damage of illegal mining. The mining industry is known to be relying upon high quantities of water and energy. Waste from extractive operations involves materials that must be removed to gain access to the mineral resources, such as topsoil, overburden, waste rock and tailings. Waste produced by the non-ferrous metal mining activities may also contain large quantities of dangerous substances such as heavy metals. Illegal mining activities may have a high impact on the environment, not only because of the activity itself, but also because they elude all kind of environmental impact assessments and controls. What can be expected from a better regulation of international trade in commodities?
- The over-exploitation of the living. The increasing demand for certain plants and animals in a globalised world directly threatens entire species, and thus biodiversity. The IUCN publishes the Red List of Endangered Species which plays a prominent role in guiding conservation activities of governments, NGOs and scientific institutions. But traditions are hard to change and bans can provoke shifts from legal to illegal trade in natural goods whose impacts are more difficult to estimate. Timber, endangered fish species, mammals and birds are all too easily traded on the internet and make conservation efforts difficult to attain. What kind of solutions are promoted to ensure a better control of the trade in natural species and, when bans are voted, what can be done to enforce the law more efficiently?

2) The impact of illegal trade in natural resources on development

- Resource-rich countries with weak governments are easy targets for criminal operators. The plundering of natural resources can be organised with the help of corrupt officials from the local, regional or national governments and to the detriment of local people. The shortfall in government revenues has a huge impact on the development of infrastructure, public services, education and exacerbates poverty. It also increases popular resentment against their government and support for opposition groups. Importing countries have to be aware of this reality and do what they can to avoid being complicit of the degradation of living conditions in producing countries. What types of measures can importing countries take to ensure that trade does not worsen development conditions in producing countries in addition to feeding corrupt officials and criminal activities?
- In developing countries, many people are reliant upon local natural resources for their livelihoods. Illegal poaching, mining and logging are also done to respond to a local demand and offer a precious source of income in economically devastated regions. There is a need to avoid a one-size-fits-all type of answer to illegal trade of natural resource which might result in putting the conservation of nature above the people that depend upon it for their survival. The issue is further complicated by the interactions of poor populations with criminal operators who largely benefit from the revenues of such illegal activities. What types of solutions can be proposed to fight against illegal trade in natural resources financing criminal activities and corruption without further penalising the poorest members of societies?

3) The impact of illegal trade in natural resources on security

- In regions of weak governance, the unfair distribution of natural resources combined with high market demand and high prices, over-exploitation and strong economic dependency may contribute to the emergence of conflicts which, in turn, can destabilise regions. Importing countries have to take this reality into account and cannot remain silent observers when conflicts do arise.
- In conflict zones and under certain conditions, natural resources can be used to finance and sustain conflict or undermine peacemaking efforts. What can importing countries do to avoid financing the continuation of conflicts through their trading policies?

Participation

More than 100 participants will be present at the conference. The audience will be international and largely composed of:

- Official representatives and policy makers, including members of the European Parliament, European Commission and Council of Ministers, permanent representations and embassies;
- NGO representatives, including partner organisations;
- IGO representatives based in Brussels and elsewhere;
- Private companies;
- Media representatives.

Certain seats will be reserved to ensure participation of students and the general public.

The Conference

In the first morning session, the panellists will provide an assessment of the problems created by illegal trade in commodities and its implications for environment, development, peace & security and international trade.

Following this, a group of experts will provide an analysis of the politics and economics that allow such commodities to be presented as legal natural assets to importing countries.

In the afternoon, the panellists will go through the most recent solutions developed to tackle the problem including certification (FSC, PEFC), voluntary initiatives (Kimberley Process, FLEGT VPA's) and prohibitions (Lacey Act, Public Procurements, Due Diligence Regulation).

In the last session, we will explore what the European Union could do to contribute to the fight against illegal trade in natural resources involving Member States and whether a general legal mechanism can be set up within importing countries to efficiently address the issue.

A special slot for discussions will be reserved in each session.

Follow up

A final report including an executive summary and specific recommendations will be produced shortly after the conference and shared with the participants. The report will also be submitted to various policy makers in support to the pending legislation on Due Diligence which is expected to be discussed in the Council of Ministers in October 2010.

The network created will be continuously stimulated to enhance civil society cooperation on the issue of illegal trade in natural resources and plan future campaign with the aim of reducing the implication of importing countries within the European Union and elsewhere in criminal activities involving natural resources.



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European Economic and Social Committee



**European Economic and Social Committee
Room VM3, rue Van Maerlant 2, 1040 Brussels**

Programme

Day One - 29 September 2010

19:00-21:00 Opening Dinner

Welcome by **Tom SPENCER**, Vice-Chairman, Institute for Environmental Security / Former President, Committee on Foreign Affairs, Security and Defence Policy, European Parliament

Keynote Speaker

Catherine BEARDER, MEP, Member, Committee on International Trade, European Parliament

Day Two - 30 September 2010

09:00-09:30 Registration and Welcome Coffee

09:30-11:00 Session I: Problem - Illegal trade in natural resources, a global issue and the limits to existing tools

- Welcome by **Josef ZBORIL**, EESC Member, Employers' Group

Moderator **Wouter VEENING**, Chairman / President, Institute for Environmental Security

- **Harrison MITCHELL**, Director, Resource Consulting Services
- **Joost VAN DER ZWAN**, Economy & Peacebuilding, International Alert
- **Ruben DE KONING**, Researcher, Stockholm International Peace Research Institute (SIPRI)
- **Satu HASSI**, MEP, Member, Environment, Public Health and Food Safety Committee, European Parliament

Discussion

11:00-11:30 **Coffee Break & Press Conference**

11:30-13:00 **Session II: Analysis - The politics and economics of illegal trade**

Moderator **Bernard SNOY**, Visiting Professor, Institute for European Studies, Catholic University of Louvain / Senior Advisor, IES

- **Alain DELETROZ**, Vice-President Europe, International Crisis Group
- **Richard SAUNDERS**, Associate Professor, Department of Political Science, York University
- **Michel GARY**, Programme Coordinator, Forest Governance Integrity Programme, Asia Pacific Department, Transparency International

Discussion

13:00-14:00 **Lunch**

14:00-15:30 **Session III: Solutions & Gaps - International, legal and voluntary initiatives**

A. Governmental & Legislative Action



Rapporteur: Wouter VEENING,
Chairman / President, Institute for
Environmental Security

Resource Persons

- **Stephane CHARDON**, EU Representative at the Kimberley Process, DG RELEX, European Commission
- **Laura RIO**, Senior Programme Manager, Environment and Security Initiative (ENVSEC)
- **Amelie TAOUFIQ**, Legal Officer, Secretariat of the Basel Convention

Discussion

B. Corporate & Civil Society Action



Rapporteur: Ruben DE KONING,
Researcher, Stockholm International
Peace Research Institute (SIPRI)

Resource Persons

- **Ian SMILLIE**, Chairman, Diamond Development Initiative
- **Pekka ISOSOMPPI**, Director, Social Regulation, Nokia
- **Mark VAN DORP**, International Fund for Animal Welfare (IFAW)
- **Marie MÜLLER**, International Coordinator, BICC / Fatal Transactions

Discussion

VS

15:30-16:00 **Coffee Break**

16:00-16:30 **Presentation by the Rapporteurs of Session III A & B**

16:30-16:45 **Trade in Natural Resources: A Role for Remote Sensing?**

- **Dr Gordon CAMPBELL**, Senior Engineer, Science, Applications and Future Technologies Department, European Space Agency

16:45-17:30 Session IV: The way forward - Panel discussion - Q&A

Moderator **Ronald A. KINGHAM**, Director, Institute for Environmental Security

Panel • **Jon BUCKRELL**, Programme Manager, Illegal Logging and Trade, Chatham House

• **Ian SMILLIE**, Chairman, Diamond Development Initiative

• **Catherine BEARDER, MEP**, Member, Committee on International Trade, European Parliament

• **Harrison MITCHELL**, Director, Resource Consulting Services

• **Daniel FIOTT**, Researcher, Madariaga - College of Europe Foundation

17:30-18:30 Farewell Reception