Chapter 7

Breaking the Link Between Resources and Repression

Michael Renner

The United Nations Children’s Fund has described Angola as “the worst place in the world to be a child.” Almost 30 percent of children die before they reach the age of six. Nearly half of all Angolan children are underweight, two thirds of Angolans scrape by on less than a dollar a day, and 42 percent of adults are illiterate. Food shortages, unsafe drinking water, and a pervasive lack of sanitation and health services have combined to limit life expectancy to just 47 years—short even by the standards of sub-Saharan Africa. The 2001 Human Development Index of the U.N. Development Programme (UNDP), a broad measure of social and economic progress, ranked Angola 160th out of 174 nations.¹

Endowed with ample diamond and oil deposits and other natural resources, Angola should not be on the bottom rungs of the world’s social ladder. But more than a quarter-century of brutal “civil” war has imploded the economy, displaced close to 4 million people—one out of three Angolans—and left about a million people dependent on foreign food aid. While the bulk of the population lives in misery and terror, the leaders of both the government and the rebel UNITA forces have devoted most of the money they gained selling Angola’s resources to buying weapons and lining their own pockets. The ideological differences that first sparked the war now reside in the dustbin of history, but resource-driven greed and corruption have proved to be powerful fuel for its continuation. Instead of a promise, diamond and oil wealth has turned out to be a curse.²

Though a somewhat extreme case, Angola is merely one of numerous places in the developing world where abundant natural resources help fuel conflicts. (See Table 7–1.) Altogether, about a quarter of the 49 wars and armed conflicts waged during 2000 had a strong resource dimension—in the sense that legal or illegal resource exploitation helped trigger or exacerbate violent conflict or financed its continuation.³

As of late 2001, conflict is not on the agenda of the World Summit on Sustainable
## Table 7–1. Selected Examples of Resource Conflicts

<table>
<thead>
<tr>
<th>Location and Resources</th>
<th>Observation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Colombia – oil</td>
<td>Since 1992, a “war tax” (more than $1 per barrel) has been levied on foreign oil firms to finance the army’s defense of oil installations against rebel attack. Occidental Petroleum also made direct payments to the army. Guerrilla groups have generated some $140 million in extortion money from oil firms. Oil has become Colombia’s largest export earner, but most people see few benefits, and indigenous groups like the U’wa fear growing encroachment by the oil industry. Protests against oil projects have brought military repression.</td>
</tr>
<tr>
<td>Sudan – oil</td>
<td>Civil war restarted in 1983 (the government reneged on a peace pact after oil was discovered in 1980), leading to more than 2 million deaths, 1 million refugees, and 4.5 million people displaced. Oil exports, started in 1999, now escalate the conflict; oil revenues pay for arms imports and helped triple military expenditures; oil industry roads and airstrips are used by the army. To depopulate oil-producing and potentially oil-rich areas in southern Sudan, government forces are bombing villages, destroying harvests, and looting livestock, and they are encouraging intertribal warfare by supplying arms to some factions. Opposition forces have targeted oil installations.</td>
</tr>
<tr>
<td>Chad and Cameroon – oil</td>
<td>Suppression of a revolt in Chad’s Doba region (where oil production is to start in 2003) led to hundreds of deaths. In 2000, the government of Chad bought weapons with part of $25 million in “bonuses” paid by ExxonMobil, Chevron, and Petronas. Construction of a pipeline to Cameroon’s coast threatens the land of the Baka Pygmies and may bring poaching and unregulated logging to Atlantic rainforest areas.</td>
</tr>
<tr>
<td>Afghanistan – emeralds, lapis lazuli, opium, heroin</td>
<td>Opium trafficking helped finance the anti-Soviet struggle and then civil war among Mujahideen factions. It has been a crucial source of revenue for the Taliban regime in the ongoing civil war since the mid-1990s, earning it up to $50 million a year. Opium production surged from 10 tons in the late 1970s to 1,200 tons in 1989 and then 4,600 tons in 1999. Under international pressure, the Taliban banned poppy cultivation in July 2000, but scrapped this ban following U.S. attacks in October 2001. A 25-percent tax has also been levied on timber shipments to Pakistan. The opposition Northern Alliance has relied mostly on earning up to $60 million annually from the sale of emeralds and lapis lazuli (an azure-blue semiprecious stone).</td>
</tr>
<tr>
<td>Cambodia – sapphires, rubies, timber</td>
<td>Following the end of Chinese aid in 1989, Khmer Rouge rebels resorted to resource looting to finance their operations. Mining and logging licenses granted to Thai companies in Khmer Rouge territory earned the group as much as $120–240 million a year in the early to mid-1990s. Gem depletion and Thai restrictions on the timber trade caused a sharp income drop after 1995, severely weakening the Khmer Rouge. The Cambodian government was making some $100 million a year in the mid-1990s from secret, illicit deals that gave Vietnamese loggers access to timber concessions. But extensive deforestation cut earnings to $20 million.</td>
</tr>
</tbody>
</table>

Note: Examples discussed in some detail in this chapter (Angola, Sierra Leone, Democratic Republic of Congo, Nigeria, Indonesia, and Papua New Guinea) are not included here.

SOURCE: See endnote 3.
Development in Johannesburg. But it is unquestionably an issue of prime importance. Basic human security—the absence of violent conflict—is a precondition for establishing a sustainable society. And many contemporary resource-related conflicts are being fought in areas of great environmental value. The Democratic Republic of Congo (formerly Zaire), Indonesia, Papua New Guinea, and Colombia, for example, together account for 10 percent of the world’s remaining intact forests. These and other countries in which resource conflicts are raging are also home to some of the world’s biodiversity hotspots. Yet they suffered from the world’s highest net loss of forest area in the 1990s, due to illegal logging and a host of other factors.4

The Relationship Between Resources and Conflict

There is growing awareness of the close links among illegal resource extraction, arms trafficking, violent conflict, human rights violations, humanitarian disaster, and environmental destruction. Expert panels established by the United Nations have investigated cases in Angola, Sierra Leone, and the Democratic Republic of Congo. Civil society groups have launched a campaign against “conflict diamonds” from those countries and have shed light on other conflict resources as well. Company and industry practices are coming under greater scrutiny. Media reports have helped carry these concerns from activist and specialist circles to a broader audience. All of this also comes against the background of an intensifying debate over the unchecked proliferation of small arms—the weapons of choice in resource-based conflicts.

In some places, the pillaging of oil, minerals, metals, gemstones, or timber allows wars to continue that were triggered by other factors—initially driven by grievances or ideological struggles and bankrolled by the superpowers or other external supporters. Elsewhere, nature’s bounty attracts groups that may claim they are driven by an unresolved grievance such as political oppression or the denial of minority rights, but are actually criminal entrepreneurs trying to get rich through illegal resource extraction. They initiate violence not to overthrow a government, but to gain and maintain control over lucrative resources, typically one of the few sources of wealth in poorer societies. They are greatly aided by the fact that many countries are weakened by poor or repressive governance, crumbling public services, the lack of economic opportunities, and the presence of deep social divides.

There is another dimension to the relationship between resources and conflict. It concerns the repercussions from resource extraction itself. In many developing countries, the economic benefits of mining and logging operations accrue to a small business or government elite and to foreign investors. But in case after case, an array of burdens—ranging from the expropriation of land, disruption of traditional ways of life, environmental devastation, and social maladies—are shouldered by the local population. Typically, these communities are neither informed nor consulted about resource extraction projects. This has led to violent conflict in places like Nigeria’s Niger Delta, Bougainville in Papua New Guinea, and a variety of provinces in Indonesia. Rather than full-fledged war, these conflicts usually involve smaller-scale skirmishes, roadblocks, acts of sabotage, and major human rights violations by state security forces and rebel groups.

This chapter is concerned with natural
resources extracted through mining and logging activities, but other resource-related conflicts are also taking place around the world. Many local and regional disputes revolve around equitable access to arable land and water, although these resources are not easily traded and therefore do not lend themselves to financing hostilities. Due to space constraints, the chapter also does not address conflicts arising out of the depletion of resources and degradation of natural systems.

The examples discussed here are all “civil” conflicts in the sense that the violence takes place within a given country, although there are important global connections through the world market for illegal resources and the supply of arms, and through spillovers into neighboring countries. The years ahead will also likely witness the threat of growing resource wars across borders. A recent study by Professor Michael Klare of Hampshire College underscores that as demand for fuels, minerals, water, and other primary commodities continues to rise at environmentally unsustainable rates, disputes over ownership are multiplying, and emerging scarcities are increasing the likelihood that industrial powers will intervene to secure “their” supplies of raw materials.5

**Anatomy of Resource Conflicts**

In contrast to the cold war era, today’s conflicts are less about ideologies and more about the struggle to control or loot resources—less about taking over the reins of state and more about capturing locations that are rich in minerals, timber, and other valuable commodities or controlling points through which they pass on the way to markets. Although some of today’s conflicts have their roots in long-standing grievances, changed circumstances have altered the dynamics of these conflicts and provided them with a powerful momentum of their own: a vicious cycle in which the spoils of resource exploitation fund war, and war provides continued access to these resources.

The end of cold war rivalry meant that much of the support previously extended by the two superpowers to their Third World allies—whether governments or rebels—has fallen by the wayside. While external patrons (either governments or nationals living outside the country) have not vanished altogether, warring factions are increasingly relying on a variety of criminal means, including extortion, pillage, hostage-taking, monopolistic control of trade, drug trafficking, exploitation of coerced labor, and commandeering of humanitarian aid within their borders.6

But possibly the most important revenue source is the illicit extraction and trading of natural resources. Paul Collier, director of the Development Research Group at the World Bank, suggests that greed and the availability of “lootable” natural resource wealth are key factors. What is required is the presence of primary commodities that can be captured or taxed by armed groups. While Collier overstates the importance of greed and downplays other factors such as grievance, his work underscores that “some countries are much more prone to conflict than others simply because they offer more inviting economic prospects for rebellion.”7

Most resource-based conflicts are unlike traditional wars. Pitched battles between opposing sides are generally avoided because the objective is maintaining conditions conducive to resource looting. In fact, some of the different armed factions are known to have engaged in simulated attacks against opposing groups, sold arms and...
supplies to them, or collaborated in other ways. The common objective is to facilitate looting and to perpetuate conditions that permit activities that otherwise would be plainly understood as criminal.8

The bulk of the violence is directed against civilians. Since establishing undisputed control over resources is a key objective, armed groups seek to intimidate the local population into submission or use terror to drive people away. “Hence the importance of extreme and conspicuous atrocity,” observes Mary Kaldor of the University of Sussex, including directly expelling people, rendering an area uninhabitable by the indiscriminate spread of landmines, shelling houses and hospitals, chopping off people’s limbs, imposing long sieges and blockades to induce famine, and applying systematic sexual violence. Unlike ideologically based rebel movements, those pursuing resource wealth do not compete for “the hearts and minds” of the local population. Young boys are often turned into child soldiers, and girls into sex slaves for the fighters. Many fighters are forced to commit atrocities, often against their own relatives, in order to traumatize them and to spread a sense of complicity that will prevent them from being accepted back into their communities later.9

Actions that are often described as chaos, collapse, and senseless violence in media reports actually flow from a certain logic, albeit a perverted one. David Keen, a lecturer at the London School of Economics, argues that violence serves an economic function, maintaining a conflict economy that benefits certain groups—government officials, warlords, combatants, arms smugglers, and unscrupulous traders and businessmen. Those who benefit from this violent “mode of accumulation” derive profit, power, and status, even as it spells impoverishment, broken lives, and death for society at large. Groups living off a lucrative resource have a vested interest in prolonging conflict. They are likely to find this to be a more attractive choice than settling conflict because it allows them to maintain their privileged position and bestows a quasi-legitimacy on their actions.10

But the lure of easy wealth through illegal resource exploitation also encourages the proliferation of competing groups of ruthless and well-armed people, often deepening the lawlessness and prolonging violence. The implications for those in the international community who seek to end such conflicts are disturbing. It may be possible to arrange cease-fires or even peace accords, but these tend to be respected only as long as they suit the interests of the armed groups. Achieving a true peace will require long-term and substantial involvement by the international community.11

Why are some countries susceptible to resource-based conflicts? While the availability and “lootability” of natural resources is a key factor, this alone does not explain the conflict. Many countries with a rich resource endowment have not fallen prey to violence. A number of factors—political, social, economic, and military—result in weak states and vulnerable economies.

Ample resource endowment can actually have negative economic consequences, as countries grow overly dependent on these resources and allocate little capital and labor to other sectors—agriculture, manufacturing, and services. The result is a failure to diversify the economy and to stimulate innovative energies and the development of human skills. And the volatility of world commodity market prices can trigger distorting boom-and-bust cycles.

Some researchers argue that societies
whose main income is derived from resource royalties instead of value added are prone to develop a culture with widespread corruption, a growing gap between rich and poor, and state institutions that do not function properly and fail to serve the public. Resource extraction industries tend to have enclave characteristics—that is, they have few linkages to the rest of the local economy, particularly if the resources are exported before any processing takes place. Frequently, enclaves are also physically separated, as mineral deposits or timber resources are often found in remote areas. The benefits to the larger economy are therefore quite limited.12

The resources over which so much blood is being shed have consumers in the richest countries as their destinations.

Another factor is the extremely poor governance of many countries, in some cases leading to what William Reno of Northwestern University has called the “shadow state”: a situation where corruption and patronage are rife, public goods and services are being withheld from most people, and state institutions (like the civil service, universities, the central bank) are weakened to thwart potential challengers to the ruler, while a parallel network outside these formal institutions is created for the benefit of leaders and their cronies. State revenues are diverted to generate huge illicit fortunes for rulers and payments to key regime supporters. (Zaire’s dictator Mobutu, for instance, was thought to have amassed illegal wealth worth an estimated $4–6 billion, more than the country’s annual economic output.)13

Rulers of shadow states often foster and manipulate conflicts among different communities, factions, and ethnic groups as a means to maintain control. However, ruling in such a fashion intensifies frictions within society. In such conditions, discontented and aggrieved groups turn increasingly to protest and perhaps violence, rivals rise to challenge the discredited leadership, and ruthless political or criminal entrepreneurs who sense an opportunity for pillaging resources use violence to achieve their objective.14

Many developing countries, particularly in sub-Saharan Africa, face a situation where government forces are in decay and private security formations, including paramilitary units, citizens’ self-defense groups, corporate-sponsored forces, foreign mercenaries, and criminal gangs, are on the rise. In fact, it is becoming more difficult to make clear-cut distinctions between legitimate and illegitimate, between public and private, security forces.

This is happening for a number of reasons. Without cold war–motivated sponsorship and under increasing pressure from western donors for belt-tightening, many governments can no longer maintain large armies. Soldiers go unpaid or underpaid and often turn to other sources of funding, including looting and extortion. Some military commanders become de facto local warlords. Such fragmentation is even more likely where rulers have deliberately created rival security forces that keep each other in check, preventing a serious challenge to central control.15

During the 1990s, a number of private mercenary firms rose to prominence. Companies like Executive Outcomes (now defunct), Sandline International, Defense Systems Ltd., and Ghurka Security Guards attracted military personnel from western industrial and former Warsaw Pact armies who lost their jobs at the end of the cold war, as well as veterans of apartheid-era South Africa. They offer a range of “services” that
include training and consulting, guarding facilities, procuring or brokering weapons, and running combat operations—and corporations and governments the world over have contracted with them. Several beleaguered governments, including those of Angola, Sierra Leone, and Papua New Guinea, turned to them to help fight rebel groups, paying them with revenues derived from natural resources or, in some cases, granting them (or affiliated companies) concessions to diamonds and other resources.16

Multinational oil and mining corporations often rely on private security forces to guard their operations and facilities. And in some cases, such as Occidental Petroleum in Colombia, Shell in Nigeria, Talisman Energy in Sudan, and ExxonMobil and Freeport-McMoRan in Indonesia, they have subsidized or helped train and arm government security forces or have made equipment and facilities available. These units have been involved in severe human rights violations.17

The massive proliferation of small arms and light weapons plays a key role in all of this. Resource-based conflicts are primarily carried out with such weapons because they are cheap, widely available, easy to conceal and smuggle, and easy to use and maintain. Using them does not require complex logistical arrangements. A rough estimate of global small arms production suggests that about 6 million pistols, revolvers, rifles, submachine guns, and machine guns were manufactured each year during the past two decades; all in all, it is thought that at least 550 million firearms exist worldwide. For 2000 alone, it is estimated that at least 15 billion rounds of ammunition were produced. The picture that emerges, despite uncertainty surrounding the data, is one of a world exceedingly well equipped with these tools of terror and death.18

Because many activities along the resource-conflict spectrum are illicit in nature and involve actors of questionable legitimacy, grey and black market transfers carry special significance. The trafficking of arms is closely linked to illegal trade of raw materials such as minerals, timber, and diamonds. The routes on which arms and commodities travel in opposite directions are often the same. Revenues from selling off commodities finance the purchase of arms, ammunition, military equipment, uniforms, and other items; sometimes weapons are directly bartered for natural resources, drugs, animal products, and other commodities.19

Resource-based conflicts in places like Kono, Aceh, and Bentai seem far removed from the shopping malls of the western world. But the resources over which so much blood is being shed have consumers in the richest countries as their destination, no matter how complex and circuitous the networks of delivery are. For consumers, this connection is easiest to grasp in the case of diamonds, a highly visible and prominently marketed product. For materials like petroleum, timber, copper, and coltan, the connection is harder to make because they undergo extensive processing before they find their way into complex final products. (See Box 7–1.) But a portion of the western world’s cell phones, mahogany furniture, and gold chains bears the invisible imprint of violence.20

In the final analysis, it is the strong demand for commodities and the consumer products made from them that makes illegal resource exploitation so lucrative. The enormous expansion of global trade and the growth of associated trading and financial networks have made access to key markets relatively easy for warring groups. They have had little difficulty in establishing
international smuggling networks, given either a lack of awareness and scrutiny or a degree of complicity among international traders, manufacturers, and financiers, as well as lax controls in consuming nations. Some major international companies have in effect helped perpetuate resource-based conflict in several ways:

- by purchasing “hot” commodities from combatants, as De Beers did until recently when it bought conflict diamonds;
- by providing revenues to governments that are at war, as the oil companies Chevron and Elf have done in Angola;
- by facilitating the shipment of illicit raw materials, such as Sabena flying coltan derived from occupied Congo to Europe; and
- by operating in countries with repressive or illegitimate governments, as Exxon-Mobil and Freeport-McMoRan in Indonesia, Shell in Nigeria, Talisman Energy and others in Sudan, and Occidental in Colombia do.

Few owners of mobile phones realize that their technical gadgets may link them to one of the deadliest of contemporary wars—the conflict in the Democratic Republic of Congo. Coltan, short for columbite-tantalite, is one of the raw materials that warring factions have battled over. With the appearance of gritty black mud, coltan is an ore containing tantalum, a highly heat-resistant material. Tantalum is crucial for the manufacturing of capacitors, tiny components that regulate the flow of current on circuit boards and help make the modern world go round. As one journalist put it, “for the high-tech industry, tantalum is magic dust.” More than half the global supply is used by the electronics industry for products like cell phones, laptops, and pagers, but there are also important applications in the aerospace, defense, chemical, pharmaceutical, medical, and automotive industries.

World tantalum supply runs to about 3,000–3,500 tons a year. Perhaps three quarters of this comes from legitimate mining operations in Australia, Canada, and Brazil. But Congo, with the world’s fourth-largest coltan reserves, is also an important supplier. Rwandan troops and their rebel allies, the Rally for Congolese Democracy (RCD), took control of 1,000–1,500 tons of coltan stocks in 1998–99. They also drove Congolese farmers off their coltan-rich land and had Rwandan prisoners dig for coltan in exchange for reduced sentences.

The high-tech industry’s soaring demand for tantalum triggered a temporary global supply shortage in 2000. Prices surged from less than $20 per pound in 1998 to more than $200, making the coltan business extremely lucrative for the warring parties and individual miners. In late 2000, the RCD rebels said they produced 100–200 tons of coltan a month, yielding the group a larger windfall than its diamond mining activities. Then in 2001, prices crashed in response to slumping cell phone sales, putting a damper on the gold rush-like conditions in illegal mining camps in eastern Congo. Still, coltan deposits retain their lure—the promise of a better life in a country where most incomes are measured in mere cents per day.

SOURCE: See endnote 20.
These corporate practices do not necessarily all constitute wrongdoing. Oil companies in Angola are contracting with a recognized government, for example. But their presence plays an enabling role in situations where the majority of the population suffers from violence and deprivation.22

How Conflicts Are Financed by Natural Resource Pillage

A campaign against “blood diamonds” launched by civil society groups has highlighted the fact that several violent conflicts in developing countries are funded by the sale of glittering stones that advertisers work hard to associate with the idea of love and personal commitment. Diamonds and other commodities have been of particular concern in three conflicts discussed in some detail here: Sierra Leone, the Democratic Republic of Congo, and Angola.

It is difficult to know the share of resources derived from war zones. For diamonds, industry giant De Beers estimates that in 1999 blood diamonds accounted for about 4 percent of the world’s rough diamond production of $6.8 billion. But other estimates go as high as 10–20 percent. Besides conflict diamonds, there is also a substantial quantity of illicit diamonds—ones that have been mined illegally or stolen, but not derived from conflict areas. Because both types rely on gray and black markets, it is extremely difficult to distinguish between them. A U.N. group of experts estimated that about 20 percent of the global trade in rough diamonds is illicit in nature.23

Diamonds have played a central role in the conflict that devastated Sierra Leone during the 1990s. Ibrahim Kamara, Sierra Leone’s U.N. ambassador, said in July 2000: “We have always maintained that the conflict is not about ideology, tribal or regional difference....The root of the conflict is and remains diamonds, diamonds and diamonds.”24

Even prior to the 1990s, corruption, cronyism, and illegal mining had squandered the country’s diamond riches, to the point where few government services were functioning, and educational and economic opportunities were few and far between. Sierra Leone became a “model” shadow state. Pressure from international lenders for financial austerity and retrenchment in the government workforce only succeeded in worsening the situation. The International Rescue Committee has reported that one third of all babies in the diamond-rich Kenema District die before age one. UNDP placed Sierra Leone dead last on its Human Development Index.25

Throughout the 1990s, Sierra Leone suffered from rebellion, banditry, coups and coup attempts, and seesawing battle fortunes. (See Table 7–2.) In March 1991, the Revolutionary United Front (RUF) invaded Sierra Leone from Liberia, with strong backing from then warlord and now president Charles Taylor, and seized control of the Kono diamond fields. The ranks of the RUF contained disaffected young men from slum areas, illicit diamond miners, Liberian and Burkinabé mercenaries, and others who welcomed the opportunity for pillage and violence. But many others were kidnapped and forced to commit atrocities, including a large number of children. Though the RUF professed to act on unresolved grievances, its principal aim was to gain control over the country’s mineral wealth. The rebellion was characterized by banditry and brutality. It claimed more than 75,000 lives, turned a half-million Sierra Leoneans into refugees, and displaced half of the country’s 4.5 million people.26

Faced with the RUF rebellion, the gov-
Table 7–2. Key Events in Sierra Leone’s Civil War

<table>
<thead>
<tr>
<th>Year</th>
<th>Events</th>
</tr>
</thead>
<tbody>
<tr>
<td>1991–95</td>
<td>RUF invades Sierra Leone, triggering a civil war involving government troops, civil defense militia, several private mercenary firms, and Nigerian forces. RUF controls diamond-rich areas. Army splits into factions. The private military firm Executive Outcomes (paid in cash and with diamond profits) pushes the RUF back.</td>
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<tr>
<td>1996</td>
<td>Elections in March won by Ahmad Tejan Kabbah; new government signs peace agreement with RUF in November calling for disarmament, demobilization, and withdrawal of foreign forces.</td>
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<tr>
<td>1997</td>
<td>In May, Kabbah overthrown by Armed Forces Revolutionary Council (AFRC—a disgruntled faction of the army). AFRC invites the RUF to join its regime in June; systematic murder, torture, rape, and looting follow. In October, the United Nations imposes an arms embargo.</td>
</tr>
<tr>
<td>March 1998</td>
<td>Nigerian troops and Sandline, a private mercenary firm, drive the AFRC/RUF from the capital of Freetown; Kabbah reinstated. By June, the United Nations narrows arms embargo to nongovernmental forces.</td>
</tr>
<tr>
<td>Late 1998</td>
<td>RUF regains control of diamond areas and attacks Freetown; massive human rights violations.</td>
</tr>
<tr>
<td>1999</td>
<td>Lomé peace accord signed (amnesty and cabinet positions for RUF and AFRC leaders); Nigeria begins troop withdrawal; U.N. Security Council establishes UNAMSIL peacekeeping force, but it is “peacekeeping on the cheap” (slow arrival of underequipped, poorly trained troops).</td>
</tr>
<tr>
<td>May 2000</td>
<td>RUF takes several hundred UNAMSIL troops hostage, full-scale fighting resumes; British troops intervene; RUF leader Foday Sankoh captured.</td>
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<tr>
<td>July 2000</td>
<td>U.N. embargo imposed on any diamonds that do not have a government certificate.</td>
</tr>
<tr>
<td>November 2000</td>
<td>Cease-fire agreement signed between the government and the RUF; cease-fire largely observed but situation remains volatile.</td>
</tr>
<tr>
<td>March 2001</td>
<td>U.N. Security Council threatens sanctions against Liberia unless it demonstrates that it is not supporting the RUF.</td>
</tr>
<tr>
<td>July 2001</td>
<td>U.N. Security Council approves plans for a war crimes tribunal, but proposed budget is cut in half. Government, the United Nations, and RUF agree on diamond mining ban in Kono district.</td>
</tr>
<tr>
<td>Fall 2001</td>
<td>RUF continues to mine diamonds in violation of ban, using forced labor; 15,000 U.N. peacekeepers enforce cease-fire, but policing the mining ban is not part of their mandate. Some 16,000 RUF and militia combatants disarmed, but lack of funding hinders reintegration of fighters, and RUF retains weapons and its military structure.</td>
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Source: See endnote 26.
ernment expanded its armed forces from 3,000 to 14,000. This undisciplined, ineffective, ragtag army brought together ill-trained soldiers, militiamen from neighboring Liberia, urban toughs, and street children involved in petty theft. Mary Kaldor of the University of Sussex comments about the latter that “they were given an AK47 and a chance to engage in theft on a larger scale.” Government soldiers often supplemented their meager payments through looting and illegal mining.27

Rebel forces and parts of the government army actually collaborated at times. Government soldiers by day sometimes became rebels by night. This cooperation between supposed adversaries culminated in May 1997 when disgruntled government soldiers staged a coup against a government that had been elected just several months earlier, and invited the RUF to join the new junta. The prospect of peace was seen as an unacceptable threat to their system of criminal exploitation.28

Sierra Leone is a comparatively small diamond producer, but a large share of its gemstones are of very high quality and therefore sought after. The RUF purchased arms and sustained itself through its control of the diamond fields, but diamond wealth has been a constant source of internal friction. At first, RUF fighters did the mining, but later the group relied more on forced labor, including that of children. The group’s annual income has been estimated at $25–125 million, though some estimates are considerably higher.29

RUF diamonds enter the world market disguised as Liberian, Guinean, and Gambian diamonds. An investigative U.N. panel reported in December 2000 that it had “found unequivocal and overwhelming evidence that Liberia has been actively supporting the RUF at all levels, in providing training, weapons and related matériel, logistical support, a staging ground for attacks and a safe haven for retreat and recuperation, and for public relations activities.” Under Charles Taylor, Liberia has become a major center for diamond smuggling, arms and drug trafficking, and money laundering.30

Taylor has grabbed exclusive control over Liberia’s natural resources and is using the profits from timber exports to support the RUF in Sierra Leone. As international sanctions succeed in clamping down on the trade in conflict diamonds, the importance of timber revenues is rising. Taylor receives extra-budgetary payments from a small number of logging companies that get special privileges in return and are involved in arms smuggling. One is Exotic Tropical Timber Enterprise run by Ukrainian arms and diamond dealer Leonid Minin, who was arrested in Italy in July 2001 for gun-running. But the key player in the illicit timber trade appears to be the Oriental Timber Co. (OTC). Controlling some 43 percent of Liberia’s forests, the company has been implicated in smuggling weapons to the RUF along its timber roads.31

Liberia still has a considerable amount of its original rainforest cover and a rich array of plant and animal species, including forest elephants and the endangered Pygmy hippopotamus. But the scale of the timber trade now is such that its forests are likely to be denuded in little more than a decade; according to current plans, the pace will actually intensify further. OTC has not only engaged in rapacious clear-cutting methods, it has also bulldozed through homes and entire villages with little warning and no compensation. Forest management and replanting efforts are virtually absent.32

The U.N. expert panel also found conclusive evidence that Burkina Faso is a key
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conduit in facilitating small arms shipments to Liberia and the RUF. In addition, arms have been transferred through Senegal, Gambia, and Guinea. And Côte d’Ivoire has directly assisted the RUF. Weapons originated primarily in Libya, Ukraine, Slovakia, and Bulgaria, and sometimes were shipped with the help of western air cargo companies.33

Resource pillage has also been a key factor in the conflict in the Democratic Republic of Congo, a war that has killed some 1.7 million people and displaced another 1.8 million. In August 1998, Ugandan and Rwandan troops invaded, assisting rebel groups seeking to overthrow the government of Laurent Kabila. Angola, Zimbabwe, and Namibia dispatched troops in support of Kabila. According to one estimate, more than 100,000 foreign troops have been involved in Congo. Several of the intervening forces wanted to thwart their own rebel groups operating from Congolese soil. Rwanda, in particular, was concerned that remnants of the Hutu Interahamwe militias that had carried out a campaign of genocide against the Tutsi in Rwanda in 1994 were using Congo as a staging ground for their hit-and-run attacks.34

But in addition to political and military factors, the opportunity to plunder the enormous resource wealth of Congo, in the context of lawlessness and a weak central authority, came to be a powerful incentive for continued conflict. Congo is extremely rich in minerals, gemstones, and agricultural raw materials such as diamonds, gold, coltan, niobium, cassiterite, copper, cobalt, zinc, manganese, timber, coffee, tea, and palm oil. In addition, the country’s wildlife, including okapis, gorillas, and elephants (for their tusks) attract poachers. The losers have been the vast majority of Congo’s population and the natural environment. (See Box 7–2.)35

At first, the invading forces and their allies resorted to outright plunder of stockpiled raw materials; later they organized a variety of methods to extract additional resources. Individual soldiers work for their own or their commanders’ benefit, while local Congolese have been put to work by Rwandan and Ugandan forces. Local miners were made to relinquish some of their finds (either by force or through extortion racket). Foreign nationals, including Rwandan prisoners, have worked for the Rwandan army’s or the commanders’ benefit. Companies of questionable reputation were given concessions, and child labor was used in gold and diamond mining. Occupying forces and their rebel allies have also forced coffee growers and palm oil producers to sell their commodities at depressed prices.36

The conflict has enabled Rwanda and Uganda to become major exporters of raw materials that they do not possess at all or have only in limited quantities. Looted resources have become a major source of their foreign exchange. Uganda, for instance, is re-exporting gold, diamonds, cassiterite, coltan, coffee, tea, timber, elephant tusks, and medicinal barks. It now exports 10 times more gold ore than it did five years ago. Resource pillage has allowed both countries to finance their military presence. Rwanda has even set up an extrabudgetary system for this purpose. In Uganda’s case, the individual enrichment of top military commanders and businessmen—including Salim Saleh, who is the brother of President Museveni, and James Kazini, the former chief of staff of the Ugandan army—appears to be the main driving force.37

Congo’s government itself has used its natural resources as payment in kind to buy weapons. For instance, a Chinese company was brought into a mining joint venture as
BREAKING THE LINK BETWEEN RESOURCES AND REPRESSION

Part of a deal to secure Chinese military equipment. And although the motivation of countries intervening in support of the government seems primarily political and strategic, Congo has nevertheless used resource wealth as an incentive for its allies to stay involved. The government has granted several concessions, including offshore oil wells to Angola, diamond and cobalt to Zimbabwe, and a share of a diamond mine to Namibia. Ridgepoint, a Zimbabwean firm whose officials include Zimbabwe’s justice minister and a nephew of President Mugabe, became a partner of Congolese state-owned Gécamines in a copper-mining venture. Zimbabwe also received timber as barter payment for its military assistance.38

Responsibility for the conflict lies with not only regional leaders but also more distant countries, international donors, and private companies that have wittingly or unwittingly facilitated the exploitation of Congolese resources by shipping and buying illegally obtained commodities. A U.N. expert panel named Mombasa (in Kenya), Dar es Salaam (in Tanzania), and Douala (in Cameroon) as the main ports used. It also listed 34 companies based in Western Europe, Canada, Malaysia, India, Pakistan, State of the World 2002

BOX 7-2. ENVIRONMENTAL IMPACTS OF RESOURCE CONFLICT IN CONGO

An expert panel of the United Nations on illegal resource exploitation in Congo found that okapis, gorillas, and elephants have dwindled to small populations in several national parks.

First, in 1994, came the influx of more than a million refugees from Rwanda, leading to widespread deforestation and wildlife poaching. In 1998, they were joined by Rwandan and Ugandan troops and their Congolese allies, rebels against the Kabila regime. The promise of rich coltan deposits and other resources also lured some 10,000 miners into Kahuzi-Biega National Park and the Okapi Wildlife Reserve; both of these are UNESCO World Heritage sites, but severe environmental degradation has landed them on the organization’s list of sites in danger. Poaching of elephant tusks, in violation of an international treaty, left only 2 out of 350 elephant families in Kahuzi-Biega in 2000. Likewise, the number of eastern lowland gorillas has been driven so low that they are threatened by extinction.

Miners strip off the bark of eko trees to fashion troughs in which they flush out coltan from ore-bearing mud; thousands of trees have been destroyed, undermining the livelihoods of the local indigenous people, the Mbuti, who use the eko trees for gathering honey.

Logging companies connected to the rebels have engaged in rapacious clear-cutting operations. DARA-Forest Co., for example, had been denied a logging license in early 1998, but obtained a concession in Orientale Province in 2000 from RCD-ML, a rebel group allied with Uganda. It subsequently carried out logging “without consideration of any of the minimum acceptable rules of timber harvesting for sustainable forest management,” according to the U.N. expert panel. Satellite images show deforestation taking place at an alarming rate. Although DARA-Forest failed to satisfy Forest Stewardship Council procedures and evaded international requirements for timber certification, the U.N. panel found that companies from Belgium, Denmark, Switzerland, China, Japan, Kenya, and the United States nevertheless imported the company’s timber via Uganda.

SOURCE: See endnote 35.

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and Russia as importers of illicit Congolese minerals. Finally, the panel criticized the World Bank for turning a blind eye to the illegal exploitation of resources; Bank staff either failed to question or even actively defended Uganda’s suddenly increased raw materials exports.39

Even if international efforts succeed in establishing a lasting cease-fire and a withdrawal of foreign troops, a number of illegal networks headed by military officers and unscrupulous political and business leaders continue to control vast areas of Congo and operate them as their personal fiefdoms. They have a vested interest in the continuation of conflict as a cover for their plundering activities.40

Angola’s involvement in the Congo war is but the most recent episode in its own history of interminable conflict. Since its independence struggle against Portugal from 1961 to 1975, Angola has been at war except for short interludes. At first, it was superpower support (and Cuban and South African intervention) that sustained fighting between the MPLA government and UNITA rebels. But when the outside powers phased out their assistance in the late 1980s, both sides turned to the country’s ample natural resources. Three cease-fires and peacemaking efforts failed, primarily because UNITA reneged on its commitments and returned to war.41

Angola’s oil and diamond wealth (and to a lesser extent its gold, coffee, timber, and wildlife) has fueled arms purchases, but also served to enrich a small elite on both sides. Angola is the world’s fifth-largest producer of nonindustrial diamonds, and the second-largest oil producer in sub-Saharan Africa. While the offshore oil wells have remained in government hands, control over the diamond mines has shifted back and forth. (Despite the fierce war, there have also been allegations that senior members on the government side have sold military supplies to UNITA and sold diamonds on behalf of the rebels.) Both sides have succeeded in mortgaging the country’s natural bounty in pursuit of a crippling conflict, severely clouding prospects of future generations.42

UNITA derived an estimated $3.7 billion from diamond sales in 1992–98. In the early 1990s, UNITA controlled about 90 percent of Angola’s diamond exports, but after some defeats its share declined to about two thirds in 1996–97. Its revenues have now further declined due to additional territorial losses, depletion of some deposits, and the (limited) impact of U.N. sanctions. It is believed that UNITA currently sells about $80–150 million worth of diamonds a year, down from as much as $600 million a decade ago. Diamond dollars purchase weapons, fuel, and food for troops, but they have also been used to curry favor with the leaders of Burkina Faso, Togo, and the former Zaire. And a considerable portion of the income has apparently been siphoned off by corruption.43

UNITA has some of its own people involved in diamond digging, but much of the mining is carried out by what in effect are bonded laborers deprived of even basic rights and working under dangerous conditions. The rebel group is also imposing a “tax” payable either in diamonds or in cash from diggers working in territory under its control, and receives “commissions” from diamond buyers operating in its realm.44

Until 1999, when De Beers decided to stop buying Angolan diamonds, UNITA had little difficulty selling its gemstones. For several years, De Beers pursued a no-questions-asked diamond-purchasing policy, being more interested in maintaining its market control than in the suffering that “blood diamonds” perpetuate. In 1996 and
1997, Angolan diamonds are thought to have accounted for about one fifth of De Beers’ business.45

Its diverse smuggling routes have apparently enabled UNITA to circumvent a 1998 U.N. embargo on its diamonds. Burkina Faso, Zaire (until the fall of the Mobutu dictatorship), and Rwanda (since 1998) have served as safe havens for illicit transactions. UNITA has been able to smuggle diamonds through Côte d’Ivoire, Morocco, the Central African Republic, Namibia, South Africa, and Zambia, with or without the knowledge of the governments of these countries. The Zambian Ministry of Mines, for instance, provided false Certificates of Origin. The origin of UNITA gemstones was further disguised by having them polished, most likely in Israel and Ukraine.46

UNITA was similarly able to evade a U.N. arms embargo by relying on a variety of arms brokers and delivery routes and securing the complicity of several governments that provided false end-user certificates for weapons. Mobutu’s Zaire, Burkina Faso, and Togo (since 1996) were major conduits for arms from Eastern Europe; Zaire and the Republic of Congo were also used to store UNITA weapons; after 1998, Rwanda allowed UNITA to hold meetings with arms brokers in its capital, Kigali. Weapons—mostly small arms, but also including major items such as tanks and artillery—came primarily from Bulgaria and other East European countries.47

What diamonds are to UNITA, oil is to the Angolan government. At $2–3 billion per year, oil revenue accounts for about 90 percent of Angolan exports and a similar share of the government’s budget. Oil money buys arms and keeps the war going: almost three times as much is allocated to the war than to social programs. Meanwhile, a small elite surrounding President Eduardo dos Santos and his top generals rakes in considerable profits through corrupt oil and weapons contracts, control over the allocation of scarce foreign-exchange and import licenses, and other opaque financial deals. For these individuals, the war is lucrative.48

Angola’s oil and diamond wealth has fueled arms purchases, but also enriched a small elite.

Many of the world’s largest oil firms, including Chevron, Elf Aquitaine, BP, and ExxonMobil, operate in Angola and are planning major investments to expand their presence. Global Witness, a British nongovernmental organization (NGO), charges that the oil companies are complicating it in perpetuating the war because they provide the necessary revenues. Much of the close to $900 million in “signature bonuses” that these companies were required to pay in order to secure exploration and production rights in ultra-deep offshore blocks in the late 1990s was apparently used to buy arms. The consortia of companies that were awarded two of these blocks, led by Elf and Exxon, include firms that have been involved in arms dealing.49

Since the mid-1980s, the Angolan government has resorted to securing loans from international banks by mortgaging future oil production. Much of the money from these high-interest loans has financed military spending. A substantial portion of oil revenues flows directly into a foreign bank account for debt servicing instead of being available for badly needed social expenditures. With a significant portion of revenues being outside the formal state budget—more than two thirds in 1997—financial accountability is nearly absent, and opportunities for corruption are rife.50
BREAKING THE LINK BETWEEN RESOURCES AND REPRESSION

How Resource Extraction Triggers Conflict

In many instances, resource extraction is itself the source of conflict. Around the world, the operations of oil, mining, and logging companies are causing severe tensions with local populations, often indigenous peoples. From Colombia, Ecuador, and Peru to Nigeria, Cameroon, Indonesia, and Papua New Guinea, the same scenario is unfolding.

Typically, these operations confiscate land from local people without proper compensation. They cause an array of environmental problems by poisoning drinking water, destroying arable land, and disrupting hunting and fishing grounds. And they introduce social disruptions because they bring a heavy influx of construction workers, miners, and loggers. Buildings and roads that are etched into previously inaccessible areas may bring boomtown conditions and attract additional outsiders. While the burdens and disruptions are all too real, the economic benefits from resource extraction mostly accrue to outsiders: the central government, multinational corporations, and assorted foreign investors. But when the affected communities resist, they are often met with severe government repression.

Several places in Indonesia are the site of some of the most intense resource-triggered struggles. At the northern tip of Sumatra, Aceh has seen increasing violence. Aceh is home to Arun, Indonesia’s largest gas field and the site of a huge liquefied natural gas (LNG) plant. Operated by ExxonMobil and owned by the state company Pertamina, Arun generates 30 percent of the country’s oil and gas export income, or about $1.2 billion a year. The facility gave rise to local resentments in a number of ways. Construction in the late 1970s displaced several villages and hundreds of families. Gas leaks and chemical spills caused health and environmental problems, devastating local communities depending on agriculture and fish farming. Revenues from the LNG facility fed rampant corruption but proved of little benefit to the local population, one third of whom live below the official poverty line.51

Aceh is also rich in timber, minerals, and fertile land. But these resources, too, were exploited by cronies of the Suharto dictatorship. Land traditionally owned by indigenous people was expropriated; deforestation resulting from excessive logging has caused landslides and flooding and has destroyed homes and rice paddies. “Transmigrants” from Java that came to Aceh under Suharto to set up timber, pulp, and wood-processing industries have also been a source of intense resentment for the Acehnese.52

The Aceh Freedom Movement known as GAM (Gerakan Aceh Merdeka) began in 1976, but its first uprising was easily crushed by the military. A second rebellion in the late 1980s met with arrests, torture, and rape; it is estimated that more than a thousand civilians were killed by the military. Aceh was put under martial law from 1989 to 1998. But the fall of the Suharto regime allowed exiled GAM guerrillas to return and popular support for independence to rise. Today, GAM is well equipped and financed. Renewed violence has killed more than 5,000 people, mostly civilians.53 GAM guerrillas have long targeted military installations and Javanese migrants, but ExxonMobil has now become a prime target. Intensifying attacks forced the company to suspend operations from March to July 2001, costing the government an estimated $100 million in lost revenue per month. Military commanders responded with a counterinsurgency operation that
resulted in numerous executions and disappearances and that led thousands of Acehnese to flee their homes.\textsuperscript{54}

ExxonMobil has sought to portray itself as an innocent bystander of the violence, but nongovernmental groups have charged the company with a “complicity of silence” in the face of severe military abuses. Several mass graves with more than 5,000 bodies have been discovered. ExxonMobil paid the military to provide security for its operations, and reports allege that the company provided equipment to dig the mass graves and allowed its facilities to be used by the military for torture and other activities. The International Labor Rights Fund filed a lawsuit against the company on behalf of 11 Acehnese villagers, suing for complicity in murder, torture, kidnapping, and sexual abuse by Indonesian soldiers.\textsuperscript{55}

Some 5,000 kilometers to the east, in Indonesia’s Irian Jaya province (also known as West Papua), resource wealth has contributed to a conflict that began even earlier. After the area was forcibly incorporated into Indonesia in 1961, a rebel movement known as OPM (Organisasi Papua Merdeka, the Papuan Freedom Organization) arose in the mid-1960s and advocated the establishment of a separate state. But OPM did not gain wider support until the 1970s, when it harnessed grievances against a large-scale mining operation.\textsuperscript{56}

U.S.-based Freeport-McMoRan Copper & Gold Inc. is operating the Grasberg mine—the world’s largest open-pit gold mine, which is roughly as large as the state of Vermont. Profits from the operation have been the single biggest source of tax revenue for Indonesia. Land owned by the indigenous peoples, the Amungme and Kamoro, including a mountain sacred to them, was taken over without their consent by a 1967 agreement between Freeport and the Suharto regime. Not only have many villages been displaced, but mine wastes have been dumped on downstream tribal lands. In 1998, for example, some 200,000 tons of ore were dumped into the Ajkwa river system. These mine “tailings” have turned 230 square kilometers of the river delta into a lifeless wasteland.\textsuperscript{57}

Land owned by the Amungme and Kamoro, including a mountain sacred to them, was taken over by a 1967 agreement between Freeport and the Suharto regime.

From the beginning, the local tribes opposed Freeport’s presence, but this opposition was not linked to OPM’s armed separatism until 1977. Indonesian security forces retaliated by bombing and burning villages. But land rights conflicts, compensation demands, human rights violations, and environmental damage kept triggering violent and nonviolent protests. As in Aceh, the migration of Javanese migrants into West Papua added fuel to the conflict. Freeport has maintained close ties with the armed forces. The company relies heavily on military protection in return for providing transportation, accommodation, and funding to the troops. Financial reports for the company show that it has made more than $9 million available to the military since the mid-1990s.\textsuperscript{58}

Since 1998, pro-independence sentiments have heightened due to two opposite factors: the greater political freedom of the post-Suharto era and the increasing military repression of separatist movements. The movement has grown to become a broad, civilian-based Papuan independence movement. But Jakarta dispatched thousands of additional troops after the Papuan Con-
gress declared independence in June 2000. Civilians were attacked, peaceful protests banned, key Papuan leaders arrested, and access by journalists and human rights observers severely restricted. Papuan militants in turn have attacked military forces and non-Papuan migrants. Although the violence is currently less intense than in Aceh, the death toll since 1961 may be as high as 100,000.  

Under special autonomy packages being discussed, both West Papua and Aceh are supposed to receive a larger share of the revenues derived from resources—80 percent of the income from mining and forestry industries, 30 percent from natural gas, and 15 percent from oil. But this may not satisfy the rebels, and these provinces are too valuable for Jakarta to grant full independence.

Aceh and West Papua are currently the most visible and thorniest conflict spots. But conflicts between resource extractors and local populations are on the rise across much of Indonesia. The impacts on indigenous populations are as severe as those on the natural environment. (See Box 7–3.)

In Bougainville (an island that is part of Papua New Guinea), similar issues led to a 12-year conflict. The world’s largest open-pit copper mine, owned by London-based mining giant Rio Tinto, started operating at Panguna in 1972. But the loss of land and other impacts severely affected the subsistence agriculture and the hunting and gathering activities of the area’s inhabitants. Mine tailings and other pollutants damaged about one fifth the total land area, decimated harvests of food crops and cash crops like cocoa and bananas, contaminated rivers, and depleted fish stocks. The mine also led to major social disruptions, including rising crime.

The Panguna mine produced up to $500

**BOX 7–3. DEFORESTATION AND CONFLICT IN BORNEO**

The island of Borneo is the scene of three decades of conflict between indigenous peoples (the Dayak) and loggers and rubber and palm oil plantation businesses. The forests of Borneo are among the largest remaining tropical forests, but commercial logging has been eating into these areas at a mighty pace since the 1960s, cutting down 12 percent of Kalimantan’s forest cover in the 1980s alone (Kalimantan is the portion of Borneo that belongs to Indonesia). The enormous wealth that a small but politically well connected elite (military officers and businessmen close to the Suharto dictatorship) has derived stands in stark contrast to the mortal threat that logging presents to the Dayak, whose livelihood—food, shelter, clothing, and medicine—is intimately connected to healthy forests. Unsustainable logging has resulted in soil degradation, silted streams, diminished wildlife and biodiversity, and unprecedented floods and droughts.

The government-subsidized “transmigration” of unemployed people from Java and Madura islands to Kalimantan provided cheap labor for clearing forests and converting the land to commercial rubber and palm oil plantations. But the Dayak saw the migrants as the agent of their growing marginalization; clashes between the two groups grew in frequency and violence. By early 1997, a low-level insurgency drew Indonesian troops. Military repression succeeded in imposing only a temporary calm, with fighting erupting again and again. Thousands have been killed, and tens of thousands displaced.

Source: See endnote 61.
million worth of copper, gold, and silver per year. But Bougainvilleans received next to nothing, and their concerns were ignored. In 1988, they began a sabotage campaign that quickly developed into guerrilla war. The mine fell to the rebels and was closed in May 1989. Because income from Panguna was critical—Papua New Guinea lost 40 percent of its foreign-exchange earnings and a large portion of government income—widespread social and political unrest followed.\(^63\)

Bougainville declared independence in May 1990, but was not recognized internationally. Unable to recapture the mine and defeat the rebels, the government saw itself compelled to agree to peace negotiations. Still, a new attempt to invade the island was organized in 1996. Prime Minister Julius Chan offered $36 million in World Bank funds to the private military firm Sandline International, but senior army officers—incensed that their own budget was cut—forced Chan to resign and cancel the Sandline contract. A cease-fire was signed and a small peacekeeping force was deployed in 1998. In June 2001, the government and the rebels agreed in principle that Bougainville would gain some autonomy and an eventual referendum on independence. A resolution to the conflict is now in sight, after hundreds, and possibly thousands, of deaths.\(^64\)

In Nigeria, one of the world’s leading petroleum producers, oil development has enriched a tiny minority and foreign oil companies, but it has translated into environmental devastation, health problems, and impoverishment for the inhabitants of the oil-producing areas that have traditionally lived from fishing, agriculture, and palm oil production. The Niger Delta, where oil production is taking place, forms Africa’s largest wetlands area, harboring extensive mangrove forests and providing habitat for a number of unique plant and animal species. Poor industry practices such as constant flaring of natural gas, along with frequent oil spills from antiquated pipelines and leaks from toxic waste pits, have exacted a heavy toll on soil, vegetation, water, air, and human health. Local communities complain of respiratory problems, skin rashes, tumors, gastrointestinal problems, and cancers. They have seen a drastic decline in the fish catch and agricultural yields.\(^65\)

Throughout the 1990s, local communities staged protests, often directed against multinational oil companies in Nigeria—primarily Royal Dutch/Shell as the largest producer, but also Chevron, Mobil, France’s Elf, and Italy’s Agip. The Ogoni are one of the Niger Delta communities that gained world attention for their cause. The Movement for the Survival of the Ogoni People (MOSOP) organized mass protests that succeeded in shutting down Shell operations in Ogoni territory in 1993. The military dictatorship—which got 80 percent of its revenues from oil—responded with a campaign of violence and intimidation, and instigated various ethnic groups in the delta to attack each other. Some 2,000 Ogoni were killed and 80,000 uprooted; MOSOP leaders were detained or forced to flee, and in October 1995, the regime executed Ken Saro-Wiwa, MOSOP’s well-known spokesman, and eight other leaders.\(^66\)

Aided by weak enforcement policies and oppressive government, the oil companies have failed to abide by Nigeria’s environmental laws and have largely evaded paying compensation to delta communities for any damages. And although corporate representatives deny knowledge of the government’s repressive tactics, they frequently summon the notoriously abusive security forces to intervene against unarmed pro-
testers. Chevron helicopters were reportedly used in a 1998 assault against protesters. Elf and Agip are alleged to have instigated deadly attacks against, respectively, female protesters and a village that refused to let oil drilling go forward. Shell helped finance and arm a local paramilitary force in Ogoniland. Exposed to increasingly unfavorable world opinion, Shell undertook a major review of its activities and attitudes toward Niger Delta communities, but as a 1999 Human Rights Watch report comments, the company’s actual performance on the ground will be the judge of whether this amounts to more than changed rhetoric.67

The death of military dictator Sani Abacha in June 1998 allowed a transition to an elected government in 1999. According to Human Rights Watch, this brought a “significant relaxation in the unprecedented repression...inflicted on the Nigerian people.” A Human Rights Commission is investigating cases going as far back as 1965, and more than 10,000 petitions have been brought before it. Although western media attention has faded, protests and occupations of oil facilities surged after Abacha’s death. The government withdrew the feared Internal Security Task Force from Ogoniland, but human rights abuses against those attempting to raise grievances in the oil-producing areas continue nevertheless. In this sense, at least, conditions in the delta have changed little.68

While democratization efforts in Nigeria, Indonesia, and elsewhere might give greater hope that these conflicts can be resolved, far more needs to happen to bolster the human and development rights of affected communities. Greater awareness and scrutiny are also needed in major consuming countries if the link between resources and repression is to be broken.

**Sanctions, Certification Systems, and Economic Diversification**

Resource-related conflicts have been raging in large part because of a business-as-usual approach by governments and corporations. But prodded by NGOs, the situation is beginning to change.

Confronted with unending conflicts in Sierra Leone, Angola, and Congo that threaten to spiral out of control, the U.N. Security Council has increasingly examined the role of resources in perpetuating these wars. It imposed a number of embargoes on the illicit diamond trade and on the purchases of arms, equipment, and fuel paid for with diamond money. (See Table 7–3.) These efforts are only a beginning. Observers from NGOs and expert U.N. panels have called for similar measures that would cover additional types of resources. But governments have blocked action in some cases; for instance, France and China, the two leading importers of timber from Liberia, have opposed U.N. sanctions against Liberian timber exports.69

It has also become painfully obvious that existing sanctions are being violated by unscrupulous commodities producers, traders, bankers, and governments. There is an urgent need to step up international efforts to monitor compliance with sanctions and to improve the capacity to enforce embargoes and investigate violations so that traffickers can no longer operate with impunity.70

Growing energy is being directed at efforts to make it more difficult for resources gained through conflict to be sold on world markets. By far the most attention has gone to the diamond industry. The governments of Sierra Leone, Angola, and the
Democratic Republic of Congo are backing schemes under which only diamonds with proper documentation are considered legal. All gems are to be accompanied by certificates of origin, whose digital “fingerprint” is shared with authorities in importing countries. While polished diamonds cannot be traced to their origin, a recent technological breakthrough allows some high-tech sleuthing to pinpoint the source of rough stones by comparing trace amounts of impurities in the diamonds.71

But a certificate-of-origin system can be undermined by poor enforcement and circumvented by intricate international smuggling networks. A U.N. report in October 2001 found that $1 million worth of diamonds are still smuggled out of Angola every day. Lax government controls in the major diamond trading and cutting centers (Belgium, Switzerland, the United Kingdom, Israel, and others) and the opaque, unaccountable nature of the diamond industry are also major obstacles in the struggle to root out conflict diamonds. A March 2000 U.N. investigative report on how sanctions against UNITA were circumvented concluded that Belgian authorities “failed to establish an effective import identification regime” or to effectively “monitor the activities of suspect brokers, dealers and traders.” The Belgian and British governments have now expressed determination to crack down on conflict

Table 7–3. Resource Conflicts and United Nations Sanctions

<table>
<thead>
<tr>
<th>Date</th>
<th>U.N. Security Council Action</th>
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<tbody>
<tr>
<td>November 1992</td>
<td>Arms embargo against Liberia.</td>
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<tr>
<td>September 1993</td>
<td>Embargo on deliveries of arms, military equipment, and fuel to Angola’s UNITA rebels after their rejection of the 1992 election results.</td>
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<tr>
<td>August 1997</td>
<td>Additional sanctions against UNITA: freezing of bank accounts; prohibiting foreign travel by senior UNITA personnel; closing of UNITA offices abroad.</td>
</tr>
<tr>
<td>October 1997</td>
<td>Embargo on arms and oil supplies to Sierra Leone; travel ban on members of military junta (oil embargo terminated in March 1998).</td>
</tr>
<tr>
<td>June 1998</td>
<td>Arms embargo and travel ban on anti-government forces in Sierra Leone.</td>
</tr>
<tr>
<td>June 1998</td>
<td>Embargo on direct and indirect import of Angolan diamonds that have not been approved under an Angolan government certificate-of-origin regime.</td>
</tr>
<tr>
<td>May 1999</td>
<td>Panel established to investigate violations of sanctions against UNITA.</td>
</tr>
<tr>
<td>July 2000</td>
<td>Embargo on direct and indirect import of rough diamonds from Sierra Leone; following establishment of a new monitoring regime, embargo was narrowed to nonofficial exports in October 2000.</td>
</tr>
<tr>
<td>March 2001</td>
<td>Demand that Liberia cease financial and military support for RUF, and cease imports of Sierra Leonian rough diamonds without an official certificate of origin; embargo on arms deliveries to Liberia and travel ban against its political and military leaders; threat of embargo against Liberian diamond exports unless Liberia can show that it is not supporting RUF.</td>
</tr>
</tbody>
</table>

SOURCE: See endnote 69.
diamonds. Efforts are also continuing in the United States, the largest importer of diamonds, to ban imports of illegally mined diamonds. Although the industry initially threw its support behind a bill with weak standards and loopholes, it now supports more stringent legislation introduced in both chambers of the U.S. Congress.72

In recognition of the ease with which country-by-country diamond certification schemes can be evaded, support has been growing for establishing a standardized global certification scheme. Since May 2000, representatives from some 38 nations, the diamond industry, and a number of NGOs have conducted negotiations (referred to as the Kimberley Process) to develop an international system. The Kimberley controls were expected to be finalized and presented to the U.N. General Assembly by December 2001. But NGOs have complained of backtracking and stalling maneuvers by some governments, and they were worried that instead of a binding and credible system, a voluntary one might emerge.73

Similar measures may be needed for other conflict resources. A certification system for timber, for example, could build on existing efforts by the Forest Stewardship Council (FSC) to ascertain whether lumber is being produced in a sustainable manner. The FSC effort, initiated in 1993, entails independent audits to verify compliance with a series of requirements. Of particular interest is its “chain-of-custody” certification, which seeks to trace the lumber or furniture on consumer store shelves all the way back to the forest where the trees were felled. A comparable system of accounting could determine whether timber had been produced in conflict situations.74

So far, western governments have been all too ready to turn a blind eye in order to protect the interests of their own corporations.

In recognition of the ease with which country-by-country diamond certification schemes can be evaded, support has been growing for establishing a standardized global certification scheme. Since May 2000, representatives from some 38 nations, the diamond industry, and a number of NGOs have conducted negotiations (referred to as the Kimberley Process) to develop an international system. The Kimberley controls were expected to be finalized and presented to the U.N. General Assembly by December 2001. But NGOs have complained of backtracking and stalling maneuvers by some governments, and they were worried that instead of a binding and credible system, a voluntary one might emerge.73

Similar measures may be needed for other conflict resources. A certification system for timber, for example, could build on existing efforts by the Forest Stewardship Council (FSC) to ascertain whether lumber is being produced in a sustainable manner. The FSC effort, initiated in 1993, entails independent audits to verify compliance with a series of requirements. Of particular interest is its “chain-of-custody” certification, which seeks to trace the lumber or furniture on consumer store shelves all the way back to the forest where the trees were felled. A comparable system of accounting could determine whether timber had been produced in conflict situations.74

It is clear that a number of businesses—oil and mining companies, trading firms, airlines and shipping companies, manufacturers, and banks—carry some responsibility for the events that have triggered campaigns against blood diamonds and other conflict resources. This responsibility ranges from an active role (in which companies are directly and knowingly involved in illicit resource exploitation), to a silent complicity (in which firms do business with repressive regimes or rebel groups because of lucrative contracts), to a passive “enabling” role (in which few questions are asked about the origin of raw materials or about money being laundered).

International embargoes and U.N. reports have begun to create greater transparency. NGO campaigns have tugged at the cloak of complicity through investigative reports and by “naming and shaming” specific corporations, in an effort to compel them to do business more ethically or to terminate their operations in certain locations. Such campaigns have been most potent in the case of companies that sell highly visible consumer products or whose corporate logos and slogans are familiar to millions.75

At the end of the 1990s, the diamond industry was hit by a wave of bad publicity and faced the threat of consumer boycotts. De Beers, the industry’s monopolist, was sufficiently embarrassed by London-based NGO Global Witness, which revealed that the company had knowingly purchased diamonds from Angola’s UNITA rebels, that it adopted a more responsible policy and urged the rest of the industry to follow suit. Similarly, when the role of coltan in the Congo war become more widely known,
consumer electronics companies scrambled to avoid the kind of negative publicity that the diamond industry had endured. Companies like Ericsson, Nokia, Motorola, Compaq, and Intel suddenly scrutinized their supply chains and put pressure on mineral processing firms to stop purchasing illegally mined coltan from Congo. The Belgian airline Sabena stopped its coltan shipments to Europe.\footnote{76}

There is growing awareness that natural resources will continue to fuel deadly conflicts as long as consumer societies import and use materials irrespective of where they originate and under what conditions they were produced. Support is growing for the idea that companies need to adopt more ethical ways of doing business. Shareholder activism and campaigns for ethical investing can help achieve these goals. But it is clear that activities to date are only a beginning. Governments and international organizations will need to work hard to create greater transparency in the dealings of financial and other companies. So far, western governments have been all too ready to turn a blind eye in order to protect the interests of their own corporations.\footnote{77}

Another priority area for action concerns the massive proliferation of small arms. As awareness of the impact of small arms in resource-related conflicts and other settings has grown, national governments, regional organizations, and the United Nations have become more active in seeking ways to check the spread of these weapons, particularly illegal transfers. Especially noteworthy is a moratorium on the trade and manufacture of such weapons in West Africa, which was signed in October 1998 and renewed for another three years in 2001. Since West Africa is awash in small arms, a U.N.-assisted effort is also being made to collect weapons already in circulation.\footnote{78}

It has become clear that the small arms plague can be tackled successfully only with broad international cooperation. A U.N. conference on small arms was held in July 2001, with the expectation of launching efforts to conclude international agreements on marking and tracing weapons, regulating arms brokers, and establishing stricter export criteria. The opposition of a few governments, most notably the United States, nearly derailed the conference, however. The Bush administration opposed a number of measures, including restrictions on civilian ownership of such weapons, prohibitions against sales to nongovernmental entities such as rebel forces, and any limitations on the legal trade. Although the outcome was a low-common-denominator action program, it nevertheless provides a basis for stepped-up efforts to pursue post-conflict small arms disarmament, to destroy surplus and illegal arms, to demobilize soldiers and reintegrate them into civil society, and, most important, to improve transparency and greater knowledge about transfers.\footnote{79}

Experience to date also provides a strong case for improving peacekeeping capabilities. The conflicts in Angola and Sierra Leone have attracted two of the largest U.N. peacekeeping efforts, and the Security Council has considered the feasibility of a large presence in Congo. But U.N. efforts confront a number of severe handicaps. The first concerns the warring parties. They may agree to cease-fires or even peace agreements as an expedient move that allows them to maneuver for advantage, only to return to violence at an opportune moment.

There are also systemic weaknesses in U.N. peacekeeping. Since there is no standing peacekeeping force, the United Nations relies on national governments to make personnel and equipment available. Typical-
ly, it takes several months for a mission to reach its authorized deployment strength. The numbers of peacekeepers are often inadequate to the task, and many of them are ill equipped and poorly trained. National contingents frequently do not work together well and sometimes fail to adhere to the mission’s mandate.

Fixing the deficiencies inherent in the current approach to peacekeeping would not only help brighten the chances of success in ending ongoing resource-based conflicts, it would probably also constitute something of a deterrent to future resource looters. An effective peacekeeping system that deploys well-trained and well-equipped troops in a timely fashion and that is able to protect victims instead of adopting a false neutrality would make a significant difference. An effective system would provide capacities to wrest control of resource-rich areas that are being illegally exploited, intercept smuggling routes, enforce peace agreements, and facilitate disarmament and demobilization of combatants. To establish such a system, governments must be prepared to invest adequate money, effort, and political support.

The policies discussed here are largely concerned with reacting to resource-based conflict rather than preventing it. Prevention is not an easy task, and there is no silver bullet. Promoting democratization, justice, and greater respect for human rights are key tasks, along with efforts to reduce the impunity with which some governments and rebel groups engage in extreme violence. Another challenge is to facilitate the diversification of the economy away from a strong dependence on primary commodities to a broader mix of activities.

The quest for sustainable development that is the focus of the Johannesburg conference is of crucial importance in this context. Investing in human development, improving health and education services, and providing adequate jobs and opportunities for social and economic advancement will go a long way toward reducing the risk that a country’s natural resource endowment will become its undoing. This is an investment that needs to be made not only by every government but also by the World Bank and other multilateral development agencies that have generously funded oil, mining, and logging projects. It must also be a priority for the rich nations that have for so long benefited from cheap raw material supplies while turning a blind eye to the destruction at their source.
### WORLD SUMMIT PRIORITIES ON CONFLICT

- Develop strong global certification systems for diamonds, timber, and other resources to improve ability to ascertain origins of commodities and to screen out those produced and traded illicitly in conflict areas.
- Secure better compliance with U.N. sanctions against illicit resource trafficking by improving the capacity of the United Nations, regional and international organizations, and governments to monitor and enforce embargoes.
- Increase the transparency and accountability of oil, mining, and logging corporations in areas of conflict, of trading and shipping companies, and of banks and other financial institutions. Develop strong codes of conduct for corporations and brokers.
- Reduce the availability of small arms by establishing stricter national export criteria, regulating arms brokers, marking and tracing weapons, and improving collection of surplus arms.
- Promote democratization and greater respect for human rights, particularly the rights of indigenous and minority groups.
- Support diversification of economies away from a heavy dependence on a handful of primary commodities.
- Increase consumer awareness of the connections between resource exploitation and conflict.