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The Role of Business in Armed Conflicts

The role of business in conflict prevention, peacekeeping, and post-conflict peace-building was taken up by the Security Council in an open debate held on 15 April 2004. UN Secretary-General Kofi Annan told the Security Council that the bottom lines of private corporations could no longer be separated from key goals of the United Nations such as peace, development and equity.

The meeting brought Council members together with UN Secretary-General Kofi Annan, James Wolfensohn (President of the World Bank), Henrich Von Pierer (Chief Executive Officer of Siemens), Ambassador Marjatta Rasi (Economic and Social Council President) and Ambassador Dumisani Kumalo (South Africa) as Chair of the ECOSOC Ad Hoc Advisory Group for African countries emerging from conflicts.

In his opening remarks, Mr. Annan explained how private companies operate in many conflict zones or conflict-prone countries. Their decisions—on investment and employment, on relations with local communities, on protection for local environments, on their own security arrangements—can help a country turn its back on conflict, or exacerbate the tensions that fuelled conflict in the first place, he said.

Mr. Annan went on to raise the issue of how private companies also manufacture and sell the main hardware of conflict—from tanks to small arms, anti-personnel mines or even machetes. These enterprises and individuals are involved in the exploitation of, and trade in, lucrative natural resources, such as oil, diamonds, narcotics, timber, and coltan, a crucial ingredient in many high-tech electronics. He said that governments and rebel groups alike have financed and sustained military campaigns in this way.

“These are complex challenges. They touch on fundamental questions of sovereignty, democratic governance, corporate accountability and individual integrity. Moreover, many of the transactions involved occur in the shadows, or within the context of failed States that do not have the capacity to regulate activities that are driven by profit but which fuel conflict. Enforcement and monitoring measures aimed at cracking down on such activities often lack teeth, if they exist at all,” the Secretary-General said.

Ms. Rasi noted that it was widely accepted that the private sector had a primary responsibility for building economic and social wellbeing. In the spirit of corporate citizenship and civic-mindedness, the private sector itself must assume a responsibility to help prevent and mitigate conflict. The actions of private companies during conflict—and the corporate ethics behind those actions—and sensitivity to human rights were important in that regard.

Another item that emerged in the Security Council debate was that of partnerships. Mr. Annan emphasized that private sector engagement in all phases of a conflict could only succeed if it was embedded in a broader concerted effort, accompanied by strong partnerships among governments, international organizations, business and civil society. Mr. Kumalo added that collaboration between local and international businesses was another type of partnership that represented a critical confidence-building step for

post-conflict nations, and contributed to the success of reconstruction and development efforts.

From a private sector perspective, Mr. Von Pierer described his company's efforts in conflict situations, most notably in Afghanistan. He said that Siemens had analyzed the country's most pressing infrastructure needs, chiefly rebuilding water systems and restoring power supplies, while helping with efforts to send people back to school. While all countries and situations were different, Mr. Von Pierer listed five basic factors that were critically important for private sector engagement in post-conflict situations: security, infrastructure, financing, post-conflict planning and visible progress.

Mr. Wolfensohn presented some of the findings made by the World Bank and stressed that in all conflict situations, the first thing to look at following the restoration of peace and the examination of various fundamental social issues was the question of establishing a framework for restoring business. In this regard, he suggested that it was important to have a growing economy in which people could share.

Further discussing the responsibilities for the private sector in conflict prevention, peacekeeping, and post-conflict peace-building, Sichan Siv, Permanent Representative of the United States to the UN in New York, asserted that business did not have the same responsibilities as governments. Mr. Siv said that companies could provide leadership by setting examples of good corporate citizenship and had chosen to do so in different ways, such as adopting corporate codes of conduct or choosing to participate in voluntary international codes regarding corporate behaviour like the United Nations' Global Compact (see article page 6).

In addition to the Global Compact, other attempts have been made to tackle the issues surrounding business and countries experiencing or emerging from conflict, such as the Kimberley Process, which focuses on the trade in “conflict diamonds” (see *Go Between* 97). Mr. Annan said that these had largely been ad hoc in nature and that a “more systematic approach” was necessary. In this connection he announced the creation of an inter-agency group within the UN to study the political economy of armed conflict.

Ambassador Gunter Pleuger (Germany), current President of the Security Council, reminded Council members that it was not for governments or international organizations to decide what was in the best interest of the private sector. Companies would make their own decisions, weighing opportunities against risks of engagement in zones of conflict. In that regard, the United Nations, international institutions, and national governments were called upon to create the necessary framework for private sector engagement.