

**Memorandum presented to the
Standing Senate Committee on Foreign Affairs**

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The order of reference is as follows:

« That the Standing Senate Committee on Foreign Affairs be authorized to examine and report on the development and security challenges facing Africa; the response of the international community to enhance that continent's development and political stability; Canadian foreign policy as it relates to Africa; and other related matters; »

« We will not enjoy development without security, we will not enjoy security without development, and we will not enjoy either without respect for human rights. Unless all these causes are advanced, none will succeed. »

Koffi Annan. Introduction to the draft report
*In Larger Freedom: Towards Development,
Security and Human Rights for All* (2005)

PEACE AND SECURITY IN AFRICA

There exists at present a widely held assumption to the effect that foreign investment in poor countries will of itself bring growth, development and poverty reduction. Not only is the equation far from being that simple as convincingly set out in the North South Institute's 2004 Canadian Development Report "Investing in Poor Countries", but as well in certain cases, investment in mineral rich countries may, under certain circumstances, in fact fuel violent conflict and impede development.

This is of particular relevance to Canada for several reasons :

1. The African continent has enormous potential mineral wealth.

Africa's known mineral wealth includes the following percentages of the world's proven reserves of the following minerals :

Bauxite 30%; Chromium 81%; Cobalt 60%; Copper 9%; Gold <40%;
Manganese 61%; Platinum Group Metals 89%; Tantalum 20%; Titanium 24%;
Vanadium 30%; Zirconium 46%.¹

2. Because of the disappointing results from agriculture due to a wide range of factors including the neglect of this sector over the last decades, inadequate or inappropriate measures of agricultural reform, falling international prices caused among others things by the subsidies to northern producers, **the extractive sector is gaining in importance in the export receipts of many African countries and occupies an increasingly important place in aid, trade and investment relations with Canada.**

Of the nine countries selected by Canada for an enhanced aid partnership relationship², five are located in Africa, all of have important mineral resources and for three, Ghana, Mali and Tanzania, mining represents the country's leading sector.

Canada's over all trade patterns and investment in Sub-Saharan Africa underline the importance of imports of oil, metals and metal ores:

- Total trade: In 2003, total two-way trade in goods with Sub-Saharan Africa was \$2.5 billion (exports of \$772 million and imports of \$1.7 billion). This represented an 11.7% increase in exports and a 39% in imports from 2002.
- Top Canadian exports: cereals, machinery, communications equipment and used clothing.
- Top imports from Sub-Saharan Africa: oil (51.6% of the total), cocoa, precious stones and metals, metal ores, and fruits and nuts.
- Key trading countries: South Africa, Nigeria and Equatorial Guinea. The trade relationship with South Africa dominates and is increasing.

¹ Source: African Renaissance, *Mining Journal*, January 26, 2001. ; Dale Hull and James Lauer, *Leveraging Experience – Mobilizing Canada's Mining, Legal and Financial Expertise*, Minerals and Metals Sector, Natural Resources Canada, Canada-Africa Mining Forum: Leveraging Opportunities with Canada, Cape Town, South Africa, February 9, 2004.

² Canadian International Development Agency (CIDA), *Canada Making a Difference. A Policy Statement on Strengthening Aid Effectiveness*, Ottawa, September 2002. The countries are : Bangladesh, Bolivia, Ethiopia, Ghana, Honduras, Mali, Mozambique, Senegal and Tanzania.

- Investment: The 2003 estimated market value of the stock of Canadian direct investment in Sub-Saharan Africa was \$3.8 billion (mostly in mining and oil). Sub-Saharan African investment in Canada, mostly in mining from South Africa, is around \$300 million.³

Moreover, the African countries identified by CIDA for enhanced concentration are also, with the addition of Ethiopia, those identified for reasons of governance as Canada's key potential trading partners: « In addition to the established markets and product categories [...], attention should be paid to the countries in Africa which CIDA has identified for enhanced concentration because of their governance history. It is widely recognized that good governance goes hand in hand with a good investment climate and provides the kind of environment which will be more attractive to the foreign business person. These countries are : Ethiopia, Ghana, Mali, Mozambique, Senegal and Tanzania »⁴.

3. Canada represents a leading player internationally and Canadian companies are at the forefront of exploration and mining activities in Africa.

At the end of 2003, companies of all sizes listed on Canadian Stock Exchanges⁵ held interests in almost 550 mineral properties located in 36 countries on the African continent, about 20 more properties than at the end of the previous year. Canadian companies held interests in almost 90 properties in South Africa, almost 50 in Tanzania, more than 40 in each of Burkina Faso, Ghana and Mali, and more than 20 in each of Botswana, Guinea and Zambia.

In 2003, the larger-company mineral exploration market in Africa was valued at \$448 million, or more than 18% of the \$2.4 billion larger-company market worldwide. The larger Canadian-based companies planned to spend more than \$43 million in Africa, equivalent to roughly 10% of the market on that continent.

There are more mineral exploration companies based in Canada exploring in Africa than from any other country in the world.⁶

³ Department of Foreign Affairs and International Trade, *Trade and Investment in Sub-Saharan Africa. Nothing Ventured, Nothing Gained* [on line] http://www.dfait-maeci.gc.ca/africa/trade_invest-fr.asp.

⁴ *Ibid.*

⁵ There are more than 1000 mining companies listed on Canadian Stock Exchanges, more than in any other country.

⁶ André Lemieux, «Canada's Global Mining Presence», Minerals and Metals Sector, Natural Resources Canada, *Canadian Minerals Yearbook*, 2003 [on line] <http://www.nrcan.gc.ca/mms/cmmy/content/2003/08.pdf>.

TABLE 1**Number of Companies Exploring in Africa, By Country of Origin, 2003⁷***117 Companies - US\$374.2 Million*

Australian-Based Companies	34
Canada-Based Companies	53
European-Based Companies	12
U.S.-Based Companies	3
Others	3
African-Based Companies	12

Canadian companies account for the dominant share of all worldwide mineral exploration activity undertaken by the larger companies. The larger companies based in Africa account for 20%, while those based in Europe and Australia each account for 13% and those based in the United States account for 11%.

TABLE 2**Exploration Budgets for Africa, By Country of Origin, 2003⁸***117 Companies - US\$374.2 Million*

Australian-Based Companies	15.0%
Canada-Based Companies	17.6%
European-Based Companies	14.4%
U.S.-Based Companies	5.1%
Others	3.4%
African-Based Companies	44.5%

TABLE 3**2003 Worldwide Exploration Spending by Region⁹***917 companies - budgets totalling \$2.19 billion*

Pacific/SE Asia	4.2%
United States	7.0%
Rest of the World	11.1%
Australia	15.5%
Africa	17.1%
Canada	21.5%
Latin America	23.6%

⁷ Source: Natural Resources Canada, based on Metals Economics Group's, *Corporate Exploration Strategies: A Worldwide Analysis*; Hull and Lauer, *op. cit.*

⁸ *Ibid.*

⁹ Metals Economics Group, *World Exploration Trends*, Report for the Prospectors & Developers Association of Canada 2004 International Convention [PDF] <http://www.metalseconomics.com/catalog/pages/pdac2004.pdf>, p. 3.

The distribution of operating mines with a significant Canadian participation by country is given in Table 4.

TABLE 4	
Operating Mines in Africa with a Significant Canadian Interest, 2003¹⁰	
<i>Country:</i>	<i>Commodity (# of operations)</i>
Botswana:	Ni-Cu (1)
Democratic Republic of the Congo:	Cu (2)
Ghana:	Au (3); Bauxite (1)
Guinea:	Diamonds (2); Bauxite (1); Gold (1)
Mali:	Au (2)
Namibia:	Diamonds (1)
Sierra Leone:	Diamonds (1)
South Africa:	Au (3); Diamonds (8); Pt (1)
Tanzania:	Au (2)
Tunisia:	Zn-Pb (1)
Zambia:	Cu (3)
Zimbabwe:	Au (1)

The publication *Canada's Global Mining Presence* in the 2003 Canadian Minerals Yearbook produced by Natural Resources Canada, lists the eleven countries which accounted for 75% of Canadian Mineral Property Portfolio Holdings in Africa in 2003. In decreasing order of importance these were South Africa, Tanzania, Burkina Faso, Ghana, Mali, Zimbabwe, Guinea, Zambia, Botswana, Democratic Republic of the Congo, and Sierra Leone¹¹. The same document also provides an overview of certain investments planned by Canadian companies in various African countries.

According to this source, Tanzania ranks 11th in the world in terms of countries where Canadian companies are the most active in mineral exploration. Barrick planned to spend almost \$12 million in that country, mainly in the Lake Victoria greenstone belt. Barrick's program for Tanzania in 2003 was the largest for that country. Barrick planned to explore for gold at or in the vicinity of the Bulyanhulu underground mine located south of Lake Victoria, and at the Tulawaka deposit, located 100 km to the west of that mine. The capital cost of building an open-pit mine at Tulawaka to produce some 75 000 oz of gold annually over a period of four years is estimated at roughly US\$50 million. Probable reserves at Tulawaka are estimated at 1.4 Mt grading 11.6 g/t gold. Production is expected to begin in early 2005. Average cash production costs are likely to be about US\$175/oz.

¹⁰ Source: Natural Resources Canada, *Info Mine*, and used under licence ; Hull and Lauer, *op. cit.*

¹¹ Lemieux, *op. cit.*, p. 7.17.

In Eritrea, Nevsun Resources Ltd. planned to spend \$7 million on grass-roots exploration for gold-copper at the Bisha property located in the Gash-Barka district.

In southwestern Mali, Nevsun planned to spend \$5 million at the Tabakoto deposit and at the adjoining Segala gold deposit located in the Kenieba district. The company is building, at a capital cost of US\$40 million, an open-pit mine that would produce roughly 100 000 oz of gold annually from the Tabakoto deposit over a period of five years starting in mid-2005. That deposit contains reserves estimated at 3.1 Mt grading 5.45 g/t gold. Reserves at the Segala deposit, which the company plans to also process at the Tabakoto plant, amount to an estimated 3.3 Mt grading 3.02 g/t gold.

In Botswana, Lionore Mining International Ltd. planned to spend over \$2 million on grass-roots exploration to find additional resources to feed the processing plant at the Phoenix nickel-copper-cobalt- precious metal open-pit mine located east of Francistown in the northeastern part of that country.

In Namibia, Teck Cominco planned to spend \$2 million on grass-roots exploration for zinc in the southern part of the country.

In South Africa, SouthernEra Resources Limited planned to spend roughly \$3 million exploring for platinum at the Millenium property located on the eastern limb of the Bushveld Igneous Complex, and for diamonds at the Prieska property, located in the Northern Cape Province. Also in South Africa, Placer Dome planned to spend \$2 million on grass-roots exploration for gold and PGM (platinum group metals).

4. The role of junior companies.

While Canadian companies are without a doubt at the forefront of exploration and mining activities in Africa, it is junior companies, those defined by Natural Resources Canada as companies which spend less than \$4 million a year on exploration¹² which represent by far the large majority of companies listed on Canadian stock exchanges. On the basis of the different sources¹³, information available concerning 296 mining companies listed on the Toronto (TSX) and TSX Venture Exchange, the two stock exchanges which are where most mining companies are listed, illustrates the rise of junior companies. Of the companies listed, 55 were larger companies and 99 juniors companies. (Annex 1).

¹² Keith J. Brewer and André Lemieux, « Canada's Global Position in Mining. Canadian Financing of the International Mining Industry », presented to the Metals Finance 4th International Conference Finance for the Global Metals Industry, Toronto, May 7-9, 1997, p. 15.

¹³ Northern Miner, *Canadian & American Mines Handbook 2004-2005*, Business Information Group, Toronto, October 2004 ; and InfoMine, compiled by the TSX, February 2004.

The growth in the number of junior companies represents one of the most important developments in the mining industry in the last fifty years. In his report entitled *International Dimensions of the New Minerals and Metals Policy of the Government of Canada : Partnerships for Sustainable Development*, Torsten Strom of Natural Resources Canada noted that, « Canada's major mining companies have been actively involved in overseas mining for the better part of the twentieth century. It is only in the last decade, however, that other segments of the industry – including junior exploration companies – have embraced the opportunities presented by the geological potential of countries beyond North America »¹⁴. Junior companies, which lack the financial resources of the larger mining companies, must rely on the stock market for the capital needed for their exploration programmes.

In order to understand how this has taken place, it is important to recognize the role played by corporate financing through Canadian securities markets. According to Brewer and Lemieux, the Canadian financial services industry has been very efficient in bringing Canada's junior mining sector to the attention of investors in Canada, the United States and Europe, Asia and elsewhere. Moreover, foreign investors have been a growing source of funds for Canadian – based resource companies¹⁵. In fact, by the end of the 1990's, the Canadian financial services industry appeared to have raised more equity capital for the mineral industry than was raised in Australia, the United States and South Africa combined¹⁶.

While the close interaction between the finance and mining sectors, coupled with the signing of multi-lateral agreements, and favourable tax legislation for the mining industry have all contributed to making Canada a leader in global mining exploration and placing Canadian juniors at the forefront, this also entails certain challenges as junior companies tend to be less subject to controls, less prone to apply best practices and to operate in high risk and at times zones of conflict. They nonetheless represent the majority of Canadian companies operating in Africa and their number is growing.

5. Issues concerning security and mining activities are already critically important and are destined to become increasingly so and rapidly.

This was clearly recognised in the recommendations of the Report of the Extractive Industries Review of December 2003 and notably in its recommendation to the effect that there should be no support from the World Bank Group for extractive activities in areas of conflict or at high risk of conflict, More recently and with considerable precision as to what

¹⁴ Torsten Strom, « International Dimensions of the New Minerals and Metals Policy of the Government of Canada : Partnerships for Sustainable Development », *Mineral Industry Review*, Ottawa, Natural Resources Canada, Summer 1997, p. 33.

¹⁵ *Ibid.*, p. 37.

¹⁶ *Ibid.*, p. 39.

should be done, these same issues were analysed and concrete recommendations were put forward in the report of the Commission for Africa which started from the now widely recognised premise that : « Countries with economies dependent on one or a few primary commodities, particularly high-value resources such as oil and other minerals, are often poor, have weak and less accountable governance systems, and are more vulnerable to violent conflict and economic shocks. »¹⁷

If I have chosen this area for my submission to the Standing Senate Committee on Foreign Affairs it is because my research and recent travels to Africa have convinced me that these are critically important and urgent issues. Moreover, at present, rather than take the lead as one might expect, in view of the importance which Canadian interests occupy and in contrast to the steps taken by other countries, Canada is lagging behind and making a rather poor showing. The assumption appears to be that it is sufficient to promote the OECD Guideline on Multinational Enterprises, which remains voluntary. This is simply not sufficient.

By comparison, certain other countries such as the Scandinavian ones have been much more dynamic in asking for inquiries when complaints have been lodged. For example, in Finland, the National Contact Point (NCP) has recently been reinforced by the creation of an Advisory committee made up of representatives from companies, unions and NGOs which has the mandate to do the follow up work when complaints are received and to make recommendations when an inquiry is necessary. In Sweden, the National Contact Point seeks the advice of experts internationally and entrusts the Swedish embassy in the country concerned to undertake an inquiry in the case of disputed or contested cases.

By contrast, Canada has shown considerable reservation over the possibility of adopting more energetic procedures permitting the follow up of complaints lodged concerning the activities of its companies and appears to believe that the existence of existing international instruments such as the OECD Guideline is sufficient. To the best of our knowledge, complaints that have been brought before Canada's NCP have not given rise to an inquiry. Further to the findings of the Panel of Experts set up by the Security Council of the UN on the Illegal Exploitation of Natural Resources and Other Forms of Wealth of the Democratic Republic of the Congo which in its 2001 Report named eight Canadian mining companies, a first request for an inquiry was submitted in 2002 to the NCP and a second at the beginning of 2004. These two reports did not lead to further inquiry as Canada's NCP accepted the conclusions of the Final Report to the Security Council in October 2002 which no longer mentions Canadian companies with the exception of International Panorama Resources (now known as Kakanda Development Corp.). Canada's NCP interprets its mandate as that of facilitating dialogue among the parties concerned but beyond its mandate to undertake an inquiry.

¹⁷ Commission for Africa, Chapter 5 « The Need for Peace and Security », *Our Common Interest*, U.K, March 11, 2005.

While in no way presuming of the results of such inquiries, the first point is to underline that Canada's response to these critical issues is in sharp contrast to the far more energetic response of other countries. The Swedish government for example, was in touch with me about a complaint they had received about one of their companies in Ghana.

Secondly, Canada's response seems paradoxical in view of the fact that the presence of Canadian mining companies is far more important than in the case of countries which intervene much more energetically.

Third, beyond questioning why this is the case, in view of the well recognised links between natural resources and violent conflict in Africa, it is important and urgent to examine very concretely what can be done about this situation and more generally, the role which Canada can play in responding to the challenges of development and security facing Africa today.

FIVE RECOMMENDATIONS

1. Policy balance and coherence

As the Report of the Commission for Africa notes « Investing in development, growth and job creation, including through fairer trade policies, is essential to reducing violent conflict in Africa ». Studies suggest that « doubling per capita income approximately halves the risk of rebellion and each additional percentage point on the growth rate reduces the risk of rebellion by approximately one percentage point »¹⁸.

The Report continues: « However, development and growth that do not address inequality and exclusion will not reduce violent conflict. Inequality and exclusion are central causes of violent conflict »¹⁹.

The GRAMA's research suggests that given the current emphasis on creating an environment favourable to attracting foreign investment in the extractive sector, the manner in which measures of deregulation and forms of re-regulation and facilitation were introduced in the 1980's, and the 1990's, may not necessarily be compatible with, and even present impediments to meeting the development challenges of the countries concerned.²⁰

¹⁸ *Ibid.*, p. 160.

¹⁹ *Ibid.*, p. 160-161.

²⁰ See GRAMA (Groupe de recherche sur les activités minières en Afrique) : Bonnie Campbell (Ed.), *Regulating Mining in Africa : For Whose Benefit?*, Discussion Paper 26, Uppsala (Sweden), Nordic Africa Institute (NAI), 2004, 89 pages ; Bonnie Campbell (dir.), *Enjeux des nouvelles réglementations minières en Afrique*, Document de recherche 3, Uppsala (Suède), NAI, 2004, 97 pages. Documents available online on GRAMA's website : <http://www.unites.uqam.ca/grama/>.

Moreover, in the present context of ever-increasing liberalisation and fragile state forms there is a very real danger that unless further steps are taken to ensure a better balance in our policy objectives (creation of local employment, minimum wage standards, environmental protection, etc.), the promotion of Canadian mining interests in Africa may well contribute to social exclusion and inequality in the countries concerned and consequently, to the increasing instability and potential conflict.

That Canada be far more attentive to the coherence and balance of its policies in the extractive sector and sensitive to the fact that the design of current mining legislation in Africa which seeks to encourage foreign investment may not in fact be necessarily compatible with the achievement of social and economic development and the protection of the environment of the countries concerned.

2. Reinforcing local capacity of African countries to apply existing regulations, to monitor and to enforce.

It is underlined in the Report of the Commission for Africa that « Governance can be a deciding factor in whether or not a country experiences violent conflict »²¹. It also noted that « The state is responsible for ensuring security for its people »²². However, our research indicates that the manner in which highly standardised economic and institutional reforms have been introduced at the initiative of multilateral financial institutions since the period of structural adjustment, has tended to reduce the capacity of local states to monitor and enforce their own legislation and regulations in areas which are critical for social and economic development and the protection of the environment. While there are in fact provisions for impact assessments, research carried out in this area with regard to Mali for example, points to the government's absence of resources, its lack of access to information and the lack of headway made so far in this regard²³. In a similar manner in the case Madagascar²⁴, in spite of the introduction of legislation to ensure environmental protection and a new 1999 mining code, there is good reason to question whether the government of this country, just as that of Mali, is in fact in a position to ensure the enforcement of norms in key areas, should they not be respected by private operators, for the reasons pointed out by the World Bank : « After several years of budgetary reductions, Government institutions lack the human and financial resources to enforce the law, especially in the context of

²¹ *Ibid*, p. 161.

²² *Ibid*.

²³ Soulemayne Dembele, « Environnement au Mali. ONG: Partenaires ou Prestataires de services? », *Info-CCA*, Bulletin de liaison du Comité de Coordination des Actions des ONG au Mali, no 152, Bamako, September 2000. ; Claudie Gosselin and Bani Touré, *Cohérence des politiques et interventions canadiennes dans la lutte contre la pauvreté: Le cas du Mali*, Ottawa, The North-South Institute, November 2000.

²⁴ Bruno Sarrasin, *Élaboration et mise en œuvre du Plan d'action environnemental à Madagascar (1987-2001) : construction et problèmes d'une politique publique*, Doctoral dissertation in Political Science, Université de Paris 1, 2002.

decentralization »²⁵. Under the circumstances, although countries such as Mali and Madagascar do possess legislation in the area of environmental protection for example, its application is far from assured particularly in the context of the increased liberalization contained in their respective mining codes. This situation appears to leave responsibility for the monitoring and enforcement of environmental norms largely up to private operators and, because of the heritage recognized by the World Bank, there is good reason to remain sceptical concerning the capacity of local states to question or remedy the resulting practices.

More generally, current trends contributing to the redefinition of the role of the state through the introduction of increasingly standardised legal and fiscal frameworks with a view of creating a favourable environment for investment but at the expense of its capacity to respond to the challenges of development is neither viable, nor in the interest of either local populations or foreign investors.

In the long run, the responsibility to define, monitor and enforce norms and standards must rest with local governments and the communities concerned.

That Canada recognise the long term benefit of reinforcing the legitimacy and capacity of African countries to apply existing regulations, to monitor and to enforce and to this end, Canada determines to work with local governments and other actors concerned (whether multilateral institutions, private enterprises or non governmental organisations, etc) to mobilise the financial and technical resources necessary to ensure that states can effectively be responsible for ensuring security and development of their people.

3. Corporate activity in conflict areas.

The Commission for Africa has recommended that OECD countries should promote the development and full implementation of clear and comprehensive guidelines for companies operating in areas at risk of violent conflict, for incorporation into the OECD Guidelines on Multinational Enterprises. One of the negative impacts of instability is reduced foreign and domestic investment. However, while this investment is often desperately needed, companies that are actively engaged in such countries can also have a negative effect on peace and security. By using disreputable private security companies or co-opting armed groups to protect installations, multinationals have contributed to wider insecurity. Another disruptive factor can be hiring disproportionate numbers of people from one socio-economic or ethnic group, or providing 'development assistance' to particular communities. In other cases, companies are more directly involved in fuelling war by, for example,

²⁵ World Bank, *Project Appraisal Document for a Mining Sector Reform Project*, Report No 17788-MAG, Washington, D.C., June 2, 1998, p. 6.

paying substantial sums to governments or warlords and helping oppressive or corrupt regimes to remain in power. Sometimes these payments go directly to financing conflict. Some firms are even involved in arms trafficking. Many such actions are in breach of international laws. But many unhelpful acts are not actually crimes and cannot be controlled using existing channels of regulation. The regulatory gap is currently filled by various standards and codes for behaviour, such as the OECD Guidelines on Multinational Enterprises. Although voluntary, OECD governments are obliged to promote and ensure adherence to the guidelines. The G8 has already committed to ‘encouraging the adoption of voluntary principles of corporate social responsibility by those involved in developing Africa’s natural resources’. That obligation now needs to be implemented.

However, existing guidelines make inadequate provision for economic activity in areas at risk of, or actively engaged in, violent conflict. Corporate guidelines need to be revised with conflict zones in mind, setting out the best current practice on security arrangements, transparency, and revenue-sharing arrangements. Such guidelines should be aimed at helping companies to avoid the potential risks to their own business of operating in such environments, and thus allow them to invest with greater confidence. They should set out the importance of using conflict analysis and risk assessments to avoid creating or worsening conflicts. The mechanisms for implementation of the OECD Guidelines through National Contact Points (NCPs) should be strengthened, for example through establishing NCPs in resource-rich African countries, as recommended by participants at the Commission’s regional consultations.

In addition, shareholders can exercise their considerable influence to ensure that codes and standards are adhered to and consumers also have substantial power to persuade companies to adopt ethical policies.

The Commission also suggests the « Guidelines alone, of course, will not be enough. A body will be needed to monitor their effectiveness, with clear disincentives for non-compliance. This could be another function for the permanent Expert Panel within the UN Security Council charged with overseeing various issues relating to conflict resources and their trade, which we recommend above. This body should also be charged with ensuring that companies do not circumvent guidelines by taking a deliberately narrow interpretation of them. It could also play a role in monitoring the activities of businesses not registered in OECD countries »²⁶.

At present in Canada, the role assumed by the National Contact Point appears to be largely that of facilitating dialogue between those who have lodged a complaint and the companies concerned. This is not sufficient and does not ensure follow up. In this regard, Canada is lagging behind compared to other countries such as Sweden. When a complaint was made

²⁶ Commission for Africa, *op. cit.*, p. 166.

concerning the activities of a Swedish company in Ghana, the Swedish NCP mandated its ambassador in Ghana to make an inquiry about the companies operations.

Canada appears to be reticent to adopt a similar more active role perhaps in part because our embassies have as a mandate to represent Canada's commercial and economic interests and this mandate appears to be given priority to the detriment of the morale obligation to follow up complaints concerning the activities of Canadian companies. This issue was particularly well illustrated by the nature of the follow up of the NCP, further to the findings of the Panel of Experts set up by the Security Council of the UN on the Illegal Exploitation of Natural Resources and Other Forms of Wealth of the Democratic Republic of the Congo which in its 2001 Report named eight Canadian companies operating in the DRC.

More generally, if Canada's NCP were more effective, without drawing foregone conclusions as what would be found, a more active NCP would allow for a more transparent and systematic treatment of complaints which are currently formulated informally but increasingly frequently, concerning the activities of Canadian mining companies in Africa not only in zones of conflict but also in countries such as Ghana, Mali and Tanzania.

That the role and mandate of Canada's National Contact Point be clarified, formalised and strengthened in order to ensure that it be able to act more effectively than is presently the case concerning the monitoring, evaluation and if necessary, remedial measures to be taken further to complaints in general and particularly in zones of conflict.

That in view of the considerable impact of these issues on Canada's international reputation, Canada's National Contact Point be requested to report annually to Parliament concerning complaints lodged with regard to the activities of Canadian companies abroad, inquiries conducted and recommendations proposed.

4. Canadian public responsibility for Canadian companies and particularly junior companies: voluntary codes are not enough.

The close interaction between the finance and mining sectors, coupled with the signing of multi-lateral agreements, and favourable tax legislation for the mining industry have all contributed in making Canada a leader in global mining exploration²⁷. Junior mining

²⁷ See : Bonnie Campbell, « Canadian Mining Interests in Africa in the Context of Globalisation », International Center for Human Rights and Democratic Development, Montreal, 1999 [on line] <http://www.ichrdd.ca/english/commdoc/publications/globalization/globAfrCamp.html>. ; Bonnie Campbell, « Les intérêts miniers canadiens et les droits de la personne en Afrique dans le cadre de la mondialisation »,

companies are at the forefront of Canada's presence in Africa. Typically, junior companies operate in areas where high risk is involved and consequently this may involve zones of conflict. Particularly in such situations, voluntary codes are not sufficient. Consequently, there is need to ensure a mechanism for monitoring the presence of Canadian companies especially in zones of conflict, particularly junior companies which tend to be active in and draw benefit from high risk situations.

The presence of mining companies in zones of conflict should in itself sound an alarm and encourage the National Contact Point or other institutions in Canada to monitor very closely the activities of such companies. To this end it is recommended:

Any company considering investment in a country designated as a conflict zone should be required to include in its risk assessment, an analysis of the potential human rights and humanitarian implications of its presence.²⁸

In this manner, all investment in zones of conflict should, as a minimum, be accompanied by an assessment of the implications of the exploitation of natural resources on human rights in a manner similar to impact assessments which are carried out on environmental risks. This idea is already promoted in Norway's « Guidelines Concerning Human Rights and Environment for Norwegian Companies Abroad », the UN Human Rights Responsibilities, and the Voluntary Principles²⁹.

5. Management of resources in conflict zones.

More effective action to obstruct the trade in conflict resources is hampered by the fact that there is as yet no internationally recognised definition of such resources. This means that each commodity, and each instance of misuse, has to be dealt with separately, on an ad hoc basis. It took two years and several UN resolutions to establish the Kimberley Process. A common definition of conflict resources with clear criteria for when resources become conflict resources would remove the need for separate schemes on individual commodities. International measures designed to stop the trade in conflict resources can then kick into action as soon as there is convincing evidence that revenues from extraction of a particular resource in a specific country are being diverted towards funding violent conflict. The international community should prioritise, and fund the process of agreeing to a common

Centre international des droits de la personne et du développement démocratique, Montreal, 1999 [en ligne] <http://www.ichrdd.ca/francais/commdoc/publications/mondialisation/afriqueMondial.html>.

²⁸ This recommendation was put forward in the document: Georgette Gagnon, Audrey Macklin, Penelope Simons, *Deconstructing Engagement. Corporate Self-Regulation in Conflict Zones – Implications for Human Rights and Canadian Public Policy*, A Strategic Joint Initiative of the Social Sciences and Humanities Research Council and the Law Commission of Canada, University of Toronto, January 2003, p. 133.

²⁹ *Ibid.*

definition of conflict resources. The definition could eventually be incorporated into a UN Security Council or General Assembly resolution, to maximise its international impact.

Another obstacle is a lack of political will to ensure that international sanctions are enforced, and to punish sanctions busters. The monitoring and enforcement of recommendations by Expert Panels is also often weak. In recognition of these problems, the Commission for Africa has suggested a number of steps that the international community should take to improve the effectiveness of sanctions. According to the Commission, the international community should support the implementation of these measures to improve the efficiency of international sanctions. The monitoring and enforcement of sanctions can be improved by establishing a permanent body attached to the UN Security Council with standing capacity to investigate and sanction malfeasance. The UN Expert Panels established in recent years have faced significant bureaucratic and logistical hurdles when being set up, and only had temporary mandates. A permanent Expert Panel would make it possible to retain the institutional knowledge essential to conduct investigations, and would be able to respond more rapidly to complex, highly-changeable conflict situations. This permanent body could also be tasked with investigating the links between natural resources and violent conflict.

In order to weaken the link between natural resources and violent conflict in Africa, Canada should support the recommendations on the Report of the Commission for Africa and notably :

- **working towards a common definition for ‘conflict resources’, for global endorsement;**
- **supporting the recommendation on increased transparency support for the Extractive Industries Transparency Initiative (EITI) and extending transparency principles to other natural resources sectors like forestry and fisheries;**
- **taking the lead in the creation of a Permanent Expert Panel within the UN to monitor the links between natural resource extraction and violent conflict, and the implementation of sanctions. The panel should be empowered to recommend enforcement measures to the UN Security Council.**³⁰

As noted by the Commission for Africa : « Responsibility for resolving conflict in Africa should lie primarily with Africans, but there is much more the developed world can do to strengthen conflict prevention. » Canada’s position as a leading player in the extractive sector in Africa suggests that it is only fitting that as a country we show leadership in implementing the key recommendations contained in this Report.

May I thank you for your attention.

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³⁰ Commission for Africa, *op. cit.*

ANNEX 1 : CANADIAN AND AMERICAN MINING COMPANIES
LISTED ON CANADIAN STOCK EXCHANGES BY AFRICAN COUNTRIES

Compiled on the basis of Northern Miner, *Canadian & American Mines Handbook 2004-2005*, Business Information Group, Toronto, October 2004, and *InfoMine*, from the TSX, February 2004

Canadian and American Mining Companies	Country	Stock exchange
AfriOre Ltd	Afrique du Sud	TSX
Anooraq Resources Corp.	Afrique du Sud	Venture
Bema Gold Corp.	Afrique du Sud	TSX
Brasilca Mining Corp.	Afrique du Sud	Venture
Caledonia Mining Corp.	Afrique du Sud	TSX
Crew Gold Corp.	Afrique du Sud	TSX
Diamcor Mining Inc.	Afrique du Sud	Venture
Diamond Fields International Ltd	Afrique du Sud	TSX
Diamondworks	Afrique du Sud	TSX
Etruscan Resources Inc.	Afrique du Sud	TSX
Falconbridge	Afrique du Sud	TSX
Gold Fields Ltd	Afrique du Sud	NYSE (USA)
Great Basin Gold Ltd	Afrique du Sud	TSX
Harmony Gold Mining Company Ltd	Afrique du Sud	NYSE (USA)
Hinterland Metals	Afrique du Sud	Venture
Iamgold Corporation	Afrique du Sud	TSX
Jaguar Mining	Afrique du Sud	Venture
Lalo Ventures	Afrique du Sud	Venture
MinRes Resources Inc.	Afrique du Sud	Venture
Monroe Minerals Inc.	Afrique du Sud	Venture
Mountain Lake Resources Inc.	Afrique du Sud	Venture
Nordic Diamonds	Afrique du Sud	TSX Venture
Northern Orion Resources	Afrique du Sud	TSX
Olympus Stone	Afrique du Sud	TSX Venture
Pinnacle Resources Inc.	Afrique du Sud	OTCBB (USA)
Placer Dome Inc.	Afrique du Sud	TSX
Platinum Group Metals Ltd	Afrique du Sud	TSX Venture
Randgold & Exploration Company Ltd	Afrique du Sud	NASDAQ
Rex Diamond Mining Corp.	Afrique du Sud	TSX
Rupert Resources Ltd	Afrique du Sud	TSX Venture
SouthernEra Resources Ltd	Afrique du Sud	TSX
Superior Mining Corporation	Afrique du Sud	TSX Venture
Thistle Mining Inc.	Afrique du Sud	TSX

Trivalence Mining Corp.	Afrique du Sud	TSX Venture
Vaaldiam Resources Ltd	Afrique du Sud	TSX Venture
Adastra Mineral Inc.	Angola	TSX
Amcan Minerals Ltd	Angola	TSX Venture
America mineral Field	Angola	TSX
Diamond Works Ltd	Angola	TSX
Easton Minerals Ltd	Angola	TSX Venture
Energem Resources Inc.	Angola	TSX
Randsburg International Gold	Angola	TSX Venture
SouthernEra Resources Ltd	Angola	TSX
AfriOre Ltd	Botswana	TSX
Falconbridge	Botswana	TSX
Fancamp Exploration Ltd	Botswana	TSX Venture
First Strike Diamonds	Botswana	TSX Venture
International Kirkland	Botswana	TSX Venture
LionOre Mining International Ltd	Botswana	TSX
M.I.T. Ventures Corp.	Botswana	TSX Venture
Motapa Diamonds Inc.	Botswana	TSX Venture
Noranda	Botswana	TSX
Opawica Explorations	Botswana	TSX
Playfair Mining	Botswana	TSX Venture
RNC Gold	Botswana	TSX
SouthernEra Resources Ltd	Botswana	TSX
Trivalence Mining Corp.	Botswana	TSX Venture
Tsodilo Resources Ltd.	Botswana	TSX Venture
Afcan Mining Corporation	Burkina Faso	TSX Venture
AngloGold Ashanti Ltd	Burkina Faso	NYSE (USA)
Axmin Inc.	Burkina Faso	TSX Venture
Boliden	Burkina Faso	TSX
Challenger Minerals Ltd	Burkina Faso	TSX Venture
Channel Resources Ltd	Burkina Faso	TSX Venture
Crew Gold Corp.	Burkina Faso	TSX
Etruscan Resources Inc.	Burkina Faso	TSX
Goldbelt Resources Ltd	Burkina Faso	TSX Venture
Goldcrest Resources Ltd	Burkina Faso	TSX Venture
High River Gold Mines	Burkina Faso	TSX
Iamgold Corporation	Burkina Faso	TSX
Interstar Group Inc.	Burkina Faso	TSX Venture
Jilbey Gold Exploration	Burkina Faso	TSX Venture
Kinbauri Gold Corp.	Burkina Faso	TSX Venture
Melkior Resources Inc.	Burkina Faso	TSX Venture
Orezone Resources Inc.	Burkina Faso	TSX

Placer Dome Inc.	Burkina Faso	TSX
Queenstak Resources	Burkina Faso	TSX
Riverstone Resources	Burkina Faso	TSX Venture
Semafo Inc.	Burkina Faso	TSX
Solomon Resources	Burkina Faso	TSX Venture
St. Jude Resources	Burkina Faso	TSX Venture
Teck Cominco Ltd	Burkina Faso	TSX
Magnesium Alloy Corp.	Congo/Brazzaville	TSX Venture
America Mineral Fields Inc.	Congo/Kinshasa	TSX
Adastra Minerals Inc.	Congo/Kinshasa	TSX
Anvil Mining Ltd	Congo/Kinshasa	TSX
Banro Corporation	Congo/Kinshasa	TSX Venture
Bema Gold	Congo/Kinshasa	TSX
Caledonia Mining	Congo/Kinshasa	TSX
First Quantum Minerals	Congo/Kinshasa	TSX
Kakanda Development Corp.	Congo/Kinshasa	TSX Venture
Melkior Resources Inc.	Congo/Kinshasa	TSX Venture
Neuer Kapital Corporation	Congo/Kinshasa	TSX Venture
Phelps Dodge Corp.	Congo/Kinshasa	NYSE (USA)
Rubicon Minerals Corp.	Congo/Kinshasa	TSX
SouthernEra Resources Ltd	Congo/Kinshasa	TSX
Tenke Mining	Congo/Kinshasa	TSX
Arca Explorations	Côte d'Ivoire	TSX Venture
Etruscan Resources Inc.	Côte d'Ivoire	TSX
Falconbridge Ltd	Côte d'Ivoire	TSX
Golden Star Resources	Côte d'Ivoire	TSX
Melkior Resources Inc.	Côte d'Ivoire	TSX Venture
Noranda	Côte d'Ivoire	TSX
Randgold and Exploration Company Ltd	Côte d'Ivoire	NASDAQ
Semafo Inc.	Côte d'Ivoire	TSX
Tanqueray Resources	Côte d'Ivoire	TSX Venture
Cresset Precious Metals Inc.	Egypte	PS (USA)
Explorations Minières du Nord Ltée	Erythrée	TSX
Nevsun Resources Ltd	Erythrée	TSX
Sanu Resources Ltd	Erythrée	TSX Venture
Sunridge Gold Corp.	Erythrée	TSX Venture
Motapa Diamonds Inc.	Gabon	TSX Venture
Searchgold Resources Inc.	Gabon	TSX Venture
SouthernEra Resources Ltd	Gabon	TSX
Adamus Resources	Ghana	TSX Venture
African Metals Corporation	Ghana	TSX Venture
Akrokeri-Ashanti Gold	Ghana	TSX Venture

Alcan Inc.	Ghana	TSX
AMI Resources	Ghana	TSX Venture
AngloGold Ashanti Ltd	Ghana	NYSE (USA)
Arena Gold Resources Inc.	Ghana	TSX Venture
Axmin Inc.	Ghana	TSX Venture
Birim Goldfields Inc.	Ghana	TSX
Cangold	Ghana	TSX Venture
Centura Resources	Ghana	TSX Venture
Crew Gold Corp.	Ghana	TSX
Fairstar Explorations Inc.	Ghana	TSX
Gold Fields Ltd	Ghana	NYSE (USA)
Golden Star Resources Ltd	Ghana	TSX
Iamgold Corporation	Ghana	TSX
Icon Industries	Ghana	TSX Venture
Midland Minerals Corporation	Ghana	- (Ontario)
Moydow Mines International Inc.	Ghana	TSX
Nevsun Ressources Inc.	Ghana	TSX
Newmont Mining Corporation	Ghana	TSX/NYSE (USA)
Orezone Resources Inc.	Ghana	TSX
Pacific Comox Resources	Ghana	TSX Venture
Patrician Diamonds	Ghana	TSX Venture
Pinnacle Resources	Ghana	OTCBB (USA)
PMI Ventures	Ghana	Venture
Red Back Mining Inc.	Ghana	Venture
Semafo Inc.	Ghana	TSX
St. Jude Resources	Ghana	TSX Venture
Trio Gold Corporation	Ghana	TSX Venture
Red Back Mining Inc.	Guinée Bissau	TSX Venture
Afcan Mining Corporation	Guinée Conakry	TSX Venture
Alcan Inc.	Guinée Conakry	TSX
Alcoa Inc.	Guinée Conakry	NYSE (USA)
AngloGold Ashanti Ltd	Guinée Conakry	NYSE (USA)
Arena Gold Resources Inc.	Guinée Conakry	TSX Venture
Cassidy Gold	Guinée Conakry	TSX Venture
Dia Bras Exploration	Guinée Conakry	TSX Venture
Diagem International	Guinée Conakry	TSX Venture
FNX Mining Company Inc.	Guinée Conakry	TSX
Golden Chalice Resources	Guinée Conakry	TSX Venture
Guinor Gold Corporation	Guinée Conakry	TSX Venture
Mano River Resources Inc.	Guinée Conakry	TSX Venture
Maple Minerals Corp.	Guinée Conakry	TSX Venture
Northern Abitibi Mining	Guinée Conakry	TSX Venture

Pro-Veinor Resources Inc.	Guinée Conakry	TSX Venture
Searchgold Resources Inc.	Guinée Conakry	TSX Venture
Semafo Inc.	Guinée Conakry	TSX
Trivalence Mining	Guinée Conakry	TSX Venture
Viking Exploration Inc.	Guinée Conakry	PS (Ontario)
AfriOre Ltd	Kenya	TSX
Azimet Exploration Inc.	Kenya	TSX Venture
Barrick Gold Corporation	Kenya	TSX
Kansai Mining Corporation	Kenya	TSX Venture
Tiomin Resources Inc.	Kenya	TSX
Diamond Fields International Ltd	Liberia	TSX
Mano River Resources Inc.	Liberia	TSX Venture
Americana Gold & Diamond Holdings Inc.	Madagascar	PS (USA)
Diamond Fields International Ltd	Madagascar	TSX
Dynatec Corporation	Madagascar	TSX
Majescor Resources Inc.	Madagascar	TSX Venture
Pan African Mining Corp.	Madagascar	TSX Venture
Phelps Dodge Corp.	Madagascar	NYSE (USA)
Afcan Mining Corporation	Mali	TSX Venture
African Metals Corporation	Mali	TSX Venture
AfriOre Ltd	Mali	TSX
AngloGold Ashanti Ltd	Mali	NYSE (USA)
Axmin Inc.	Mali	TSX Venture
Azco Mining Inc.	Mali	TSX
Barrick Gold	Mali	TSX
Etruscan Resources Inc.	Mali	TSX
Fancamp Exploration Ltd	Mali	TSX Venture
Golden Star Resources Ltd	Mali	TSX
Great Quest Metals Ltd	Mali	TSX Venture
Iamgold Corporation	Mali	TSX
Metalex Ventures Ltd	Mali	TSX Venture
Moydow Mines	Mali	TSX
Nevsun Resources	Mali	TSX
North Atlantic Nickel Corp.	Mali	TSX
North Atlantic Resources Ltd	Mali	TSX
Orezone Resources Inc.	Mali	TSX
Randgold & Exploration Company Ltd	Mali	NASDAQ
Robex Resources Inc.	Mali	TSX Venture
Sanu Resources Ltd	Mali	TSX Venture
Teck Cominco Ltd	Mali	TSX
Defiance Mining Corporation	Mauritanie	TSX
Rex Diamond Mining Corporation	Mauritanie	TSX

Afri-Can Marine Minerals Corporation	Namibie	TSX Venture
AfriOre Ltd	Namibie	TSX
AngloGold Ashanti Ltd	Namibie	NYSE (USA)
Boulder Mining Corporation	Namibie	TSX Venture
Diamond Fields International Ltd	Namibie	TSX
Motapa Diamonds Inc.	Namibie	TSX Venture
Tsodilo Resources	Namibie	TSX Venture
Etruscan Resources Inc.	Niger	TSX
Semafo Inc.	Niger	TSX
Wave Exploration Corp.	Nigeria	TSX Venture
IBI Corporation	Ouganda	TSX Venture
Uganda Gold Mining Ltd	Ouganda	TSX Venture
Ateba Technology & Environnemental Inc.	République Centrafricaine	TSX Venture
Axmin Inc.	République Centrafricaine	TSX Venture
Energem Resources Inc.	République Centrafricaine	TSX
United Reef Ltd	République Centrafricaine	CNQ (Ontario)
Vaaldiam Resources Ltd	République Centrafricaine	TSX Venture
Axmin Inc.	Sénégal	TSX Venture
Iamgold Corporation	Sénégal	TSX
Randgold & Explorations Company Ltd	Sénégal	NASDAQ
Afcan Mining Corporation	Sierra Leone	TSX Venture
Africa Diamond Holdings Ltd	Sierra Leone	- (British Columbia)
Amcan Minerals Ltd	Sierra Leone	TSX Venture
Axmin Inc.	Sierra Leone	TSX Venture
Caldera Resources Inc.	Sierra Leone	TSX
Diamondfields International Ltd	Sierra Leone	TSX
Diamondworks Ltd	Sierra Leone	TSX
Energem Resources Inc.	Sierra Leone	TSX
Golden Star Resources Ltd	Sierra Leone	TSX
Mano River Resources Inc.	Sierra Leone	TSX Venture
Nord Resources Corporation	Sierra Leone	OTCBB (USA)
Rex Diamond Mining Corp.	Sierra Leone	TSX
AngloGold Ashanti Ltd	Tanzanie	NYSE (USA)
Axmin Inc.	Tanzanie	TSX Venture
Barrick Gold Corp.	Tanzanie	TSX
Cœur d'Alene Mines Corporation	Tanzanie	NYSE (USA)
Conquest Resources Ltd	Tanzanie	TSX Venture
Falconbridge Ltd	Tanzanie	TSX
First Quantum Minerals Ltd	Tanzanie	TSX
Great Southern Enterprises	Tanzanie	TSX Venture
Lakota Resources Inc.	Tanzanie	TSX Venture
McWatters Mining	Tanzanie	TSX

Midlands Minerals Corporation	Tanzanie	- (Ontario)
Norther Mining Explorations Ltd	Tanzanie	TSX
Orezone Resources Inc.	Tanzanie	TSX
Patrician Diamonds	Tanzanie	TSX Venture
Placer Dome Inc.	Tanzanie	TSX
Randgold & Exploration Company Ltd	Tanzanie	NASDAQ
Serengeti Resources	Tanzanie	TSX Venture
Sola Resources Corp.	Tanzanie	TSX Venture
Tan Range Exploration Corp.	Tanzanie	TSX
Breakwater Resources Ltd	Tunisie	TSX
Consolidated Global Minerals	Tunisie	TSX Venture
Adastra Minerals Inc.	Zambie	TSX
America Mineral Fields Inc.	Zambie	TSX
Anvil Mining Ltd	Zambie	TSX
Caledonia Mining Corp.	Zambie	TSX
Crew Gold Corp.	Zambie	TSX
Equinox Minerals Ltd	Zambie	TSX
First Quantum Minerals Ltd	Zambie	TSX
Phelps Dodge Corp.	Zambie	NYSE (USA)
Queenstake Resources	Zambie	TSX
South Atlantic Ventures	Zambie	TSX Venture
SouthernEra Resources Ltd	Zambie	TSX
Tan Range Exploration	Zambie	TSX
Vaaldiam Resources	Zambie	TSX Venture
AngloGold Ashanti Ltd	Zimbabwe	NYSE
Cline Mining	Zimbabwe	TSX Venture
Conquest Resources Ltd	Zimbabwe	TSX Venture
First Quantum Minerals Ltd	Zimbabwe	TSX
First Silver Reserve	Zimbabwe	TSX
Globemin Resources	Zimbabwe	TSX Venture
Golden Cariboo	Zimbabwe	TSX Venture
Inmet Mining	Zimbabwe	TSX
Jaguar Mining	Zimbabwe	TSX Venture
Kinross Gold Corporation	Zimbabwe	TSX
Mandorin Goldfields	Zimbabwe	TSX Venture
Placer Dome Inc.	Zimbabwe	TSX
Skeena Resources	Zimbabwe	TSX Venture
SouthernEra Resources Ltd	Zimbabwe	TSX
St.Andrew Goldfields	Zimbabwe	TSX
Strongbow Resources	Zimbabwe	TSX Venture
Titanium Corporation	Zimbabwe	TSX Venture
Tsodilo Resources	Zimbabwe	TSX Venture