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Speaking Notes for H.E. Mr. Čekuolis, Permanent Representative of Lithuania to the United Nations and President of the Economic and Social Council

**Natural Resources and Conflict
UN Security Council
25 June 2007**

- I would like to thank the Belgian Government for taking the initiative on this very important issue. The economic and environmental dimensions of conflict are often overlooked, but they should never be underestimated.
- Today's timely debate on the nexus between natural resources and conflicts serves as an important step in advancing a broad understanding of how governments, appropriate multilateral bodies, and businesses can improve the management of natural resources and contribute to peace building efforts and the maintenance of peace and security.
- Through human history, access to natural resources has long been a source of conflict. In the modern world, the state has aimed to mitigate its potential for causing conflict by regulating the access to, and trade of, natural resources. This, however, is a complicated endeavour, and exploitation of natural resources can evolve into a cause of conflict, fuelling and prolonging it in a complex cycle.
- This twin role of natural resources in fueling and motivating conflicts is being increasingly recognized in strategies for conflict prevention, resolution and peacebuilding. At the same time, we recognize, however, that every conflict, be it communal or nation-wide, ethnic or separatist, has its own dynamics and social, political and economic circumstances.
- The mechanisms through which natural resources induce conflicts are often deeply rooted in economic and social structures and call for integrated approaches in addressing peace and development. Natural resources cut across various other sectors and require multidisciplinary responses addressing inequality, including gender inequality, governance, finance, economic policies and international trade. An effective framework for natural resources, conflict prevention, peace-building and development needs to address these and many other dimensions
- Single commodity economies especially, mostly in the developing world, can become over-dependent on revenues from a particular natural resource. In a world of fluctuating prices and currency exchange rates, combined with possible security threats, such a dependency can lead to political, social and economic instability. Certain environments tend to be still more conflict-prone, especially places where the economy performs poorly and where checks and balances are weak, leading to less accountable governments, which may facilitate the spread of corruption and increasing poverty rates. These features have been shown to be contributing factors to conflicts.

- The Security Council, for its part, has already addressed some of the links between natural resources and conflicts. The Council have supported the Kimberley Process which, though a voluntary initiative, has reduced the trade in so-called conflict diamonds. You have set up expert panels to assess the role of political economy in triggering or prolonging conflict. Commodity-focused sanctions, primarily on diamonds and timber, have been used in several cases. And the Council have authorized peacekeeping missions to assist in the monitoring of economic sanctions and arms embargos, and to support efforts to re-establish national authority over natural resources.
- Moreover, in resolution 1625, you have recognized that revenues from illegal exploitation and trafficking of natural resources could escalate or prolong the conflict. And in resolution 1653, you have acknowledged the importance of promoting lawful and transparent utilization of natural resources in the context of conflict prevention and resolution.
- In post-conflict or peace-building contexts, the complex nature of challenges may require innovative approaches to deal with the exploitation of natural resources. Success in developing and diversifying export sectors can do much to achieve the growth that provides better livelihoods and generates rising revenues for state-building. But another important and often neglected dimension is how conflict countries integrate themselves into the global economy, doing so in ways that strengthens the hands of peace-makers, nation-building efforts, and poor communities.
- It is important to understand in conflict and post-conflict situations how the UN system can support timely action that can effectively break the nexus between natural resources and nascent or ongoing conflicts: making natural resources a factor of stability, and a source of development, promoting diversification of the economy, and helping to build a strong and accountable government. Such improved management of natural resources would need to be made into a central element of state building efforts within a peacebuilding or national development strategy.
- In line with Article 65 of the UN Charter, the Security Council and the Economic and Social Council could consider on an *ad hoc* basis the establishment of a format for discussing development-oriented approaches to the use of natural resources. Such forum may be useful for advancing our understanding of the link between natural resources and security.
- ECOSOC's oversight role in matters of development cooperation and humanitarian assistance can also be of particular value in these situations, by promoting better integration between relevant policy and operational dimensions, and advancing the concept of an integrated approach, including with the IMF and World Bank as well.
- Finally, particular concerns about the growing number of conflicts in oil producing regions may warrant a specific focus on the energy sector, with attention to greater transparency and accountability.
- The key operational challenge for us is to transform what we often refer to by the shorthand term, "war economies" fuelled and sustained by natural resources into "peace economies" in which they can provide a source of conflict prevention and human security.