



Department of Justice, Peace and Human Development Office of International Justice and Peace

Background on Extractive Industries February 2012

The international community has an urgent duty to find institutional means of regulating the exploitation of non-renewable resources, involving poor countries in the process, in order to plan together for the future.

--Pope Benedict XVI, *Caritas in Veritate*, No. 49, 2009

What is the Issue?

The extraction of natural resources, such as oil, gas, copper, coal, lumber, and diamonds, is a central feature of modern economies, one that creates new opportunities and imposes new burdens. Poorly-governed regions, indigenous lands, conflict-ridden areas, and untouched environments have been opened up for mining and exploitation. Extractive industries can bring progress, but when exploited, they can also bring social conflict, feed corruption, displace people from their homes and lands, pollute rivers and seas, destroy people's health, and cause irreversible biodiversity loss. In the Delta region of Nigeria and the BP oil spill in the Gulf, we saw how poorly assessed risks can cause human suffering, damage to the environment, and investment losses.

The important potential contributions of mining, oil, and other extractive industries to human development and the common good depend on employing practices that respect human life and dignity and the environment. Too often, people end up suffering not only from the effects of badly managed extractive operations but also the conflicts created by the struggle over control of the wealth generated. In eastern Democratic Republic of the Congo (DRC), for example, militias and government forces struggle to gain control over lucrative mines that can finance the purchase of arms to wage civil war. Civilians are caught in the crossfire. Sexual violence perpetrated against women is a way to terrorize and destabilize communities, making them more vulnerable in the struggle for dominance in these mineral rich regions. (See DRC backgrounder for more information.)

Why should Catholics care?

The Church's social teaching calls on Catholics to uphold the life and dignity of every human person, to be in solidarity with our brothers and sisters worldwide, and to care for God's creation. Since the extraction of oil, gas, minerals, and timber affects the poor most acutely, the Church has been addressing issues related to extractive industries around the world. Catholic agencies and affected people have been engaged in advocacy with their own governments, international financial institutions, and extractives companies, urging them to become more transparent, to reduce the negative impacts of resource extraction on people and the environment, and to increase benefits for the poor most especially.

In the U.S. bishops' first statement on environmental matters, *Renewing the Earth* (1991), they draw attention to the ethical dimensions of the ecological crisis, exploring the link between ecology and poverty and the implications for human life and dignity. Bishops of every part of the world have expressed concern regarding extractive industries. Indeed, Pope Benedict XVI, expanding on the issue of the environment in *Caritas in Veritate*, stated:

Let us hope that the international community and individual governments will succeed in countering harmful ways of treating the environment. It is likewise incumbent upon the competent authorities to make every effort to ensure that the economic and social costs of using up shared environmental resources are recognized with transparency and fully borne by those who incur them, not by other peoples or future generations: the protection of the environment, of resources and of the climate obliges all international leaders to act jointly and to show a readiness to work in good faith, respecting the law and promoting solidarity with the weakest regions of the planet (No. 50).

What should we do?

To protect the lives and dignity of poor people and to assure that potential benefits of natural resource extraction are realized, all parties involved in the extractive industry sector - producers and consumers - need to adjust their practices and work together.

USCCB and CRS urge the U.S. government to:

- Support the ability of governments to manage extractive revenues in ways that reduce corruption and promote human development in areas such as education and health;
- Provide development assistance so that governments and civil society in poor countries can promote human rights, democracy, and transparent, responsive government; and
- Put in place social and environmental standards that ensure respect for communities, workers, human rights, and the environment, and that promote availability of information on extractive projects.

We urge extractive industry companies to:

- Fully respect human rights and the environment;
- Collaboratively engage with communities where extractive projects are implemented to assure that information is freely available and local communities are involved in decisions that affect them; and
- Continue to examine their policies and practices in determining the source of these minerals for transparency so that in sourcing minerals and precious stones, they safeguard human rights, human dignity, and the environment.

We invite U.S. Catholics to:

- Respond to action alerts and other invitations for engagement to help support policies promoting resource use that contributes to human development, promote human rights, and reduce conflict.
- Be thoughtful consumers by
 - Reducing, reusing and recycling to lessen the need for extraction of natural resources (explore ways to reduce use of gasoline and donate or recycle old phones, computers, and computer games, etc.);
 - Writing to companies and asking them to: a) produce “conflict free” and environmentally friendly goods; and b) fully implement the new laws on transparency in payments to governments and sourcing of conflict minerals; and
 - Purchasing diamonds, jewelry, electronics, and other articles that are certified “conflict free” and made with “clean” materials that were mined with respect for the environment and human rights.

Actions on Extractive Industries

During 2010, USCCB and CRS succeeded in urging members of Congress to pass two important provisions into law that now:

- Require companies listed in the U.S. stock exchange to *publish what they pay* to governments in countries where they extract oil, gas and minerals (a vital tool for reducing corruption and helping people hold their governments accountable for how revenues are used); and
- Require companies to report on their sources of gold, tin, tungsten, and tantalum (coltan) so as to *assure that the minerals they use do not benefit human rights violators*.

In 2011, the Securities and Exchange Commission (SEC) published proposed rules for implementing these provisions. USCCB and CRS have advocated for effective rules to ensure that people in the DRC and other developing countries benefit. These rules have been the subject of an extensive comment period, public hearings and concerted industry lobbying to weaken the rules. We need to remain engaged by supporting effective systems of regulation, and by communicating to Congress the need to continue funding regulatory agencies, such as the SEC and the Commodity Futures Trading Commission, with resources that will be adequate to permit them to implement and enforce these prudential regulatory standards.

For further information, visit www.usccb.org/about/international-justice-and-peace/ or contact *Richard Coll.*, Office of International Justice and Peace, USCCB, 202-541-3153 (phone); 202-541-3339 (fax); rcoll@usccb.org or *Rees Warne*, Catholic Relief Services, 410-951-7274; rwarne@crs.org.