

Statement of

The Honorable Patrick Leahy

United States Senator

Vermont

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Chairman, Senate Committee on the Judiciary

Subcommittee on Human Rights and the Law Hearing on

"Extracting Natural Resources: Corporate Responsibility

and the Rule of Law"

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I am pleased that the Subcommittee on Human Rights and the Law is addressing the critical issue of human rights abuses related to extractive industries, and the responsibility of corporations involved in these activities. I thank Chairman Durbin for his leadership on this issue and the witnesses for their testimony. I know some have travelled long distances to be here.

The extraction of natural resources - whether oil and gas, minerals, timber, or other valuable resources - has often had devastating consequences for people and the environment, particularly in the world's poorest countries. Public, private and state-owned companies from the United States, United Kingdom, Russia, France, China and elsewhere operate in resource-rich countries, many of which are ruled by corrupt and repressive governments. Instead of using the revenues earned from lucrative concessions to these companies to improve the lives of their people, these foreign leaders bolster their armies to thwart any internal challenge to their grip on power and steal the money for themselves.

Some of these corporations have also made a practice of hiring local soldiers and police to serve as their own private security forces to protect the company's property and assets. Many of these foreign security forces have long histories of corruption and human rights violations. While these are business arrangements for the companies, the impact on local people can be devastating.

I am reminded of Ken Saro-Wiwa, a courageous Ogoni leader in the delta region of Nigeria who spoke out against foreign oil companies that poisoned the water and soil of the already impoverished Ogoni people, and that paid Nigerian soldiers to brutally suppress peaceful demonstrations.

Ken Saro-Wiwa was eventually arrested on trumped up charges and, despite an international campaign to save his life including by myself and other Members of Congress, hanged by Nigeria's former military dictator Sani Abacha. It was a travesty that many of us have not forgotten, and it was directly related to the greed and abuses associated with oil extraction.

There are many other examples, from the forests of Ecuador, where indigenous communities have suffered similar health and environmental harm from the pollution caused by U.S. oil companies, to Angola, where the government skims an estimated \$1 billion from oil revenues annually while the people of that country remain among the world's poorest. In Indonesia and the Democratic Republic of the Congo, mining companies, backed up by local soldiers and police, have destroyed and polluted the environment with impunity.

In February 2000, the United States and the United Kingdom met with extractive companies and human rights organizations to develop the Voluntary Principles on Security and Human Rights. The Voluntary Principles raised the bar for corporate accountability by setting a standard for companies to maintain the security of their operations in a way that does not threaten the human rights of local people. While this was a first step, it is clear that far more needs to be done. Human rights violations are still prevalent and tolerated in many countries where local people have challenged the greed and destructive practices of extractive industries.

We have a responsibility to seek accountability for human rights violations by foreign security forces, but we should also lead by example by insisting on the highest standards of conduct by U.S. companies that engage in extractive industries abroad. Each year, I include funding in the State and Foreign Operations bill for a U.S. contribution to the Extractive Industries Transparency Initiative, which seeks to bring more transparency to extractive businesses and to make it more difficult for corrupt governments to steal with impunity. Natural resources are owned by the people, not by whoever happens to occupy the presidential palace, and it is the people who should benefit when the country's resources are extracted and exploited.

This Subcommittee has already held nine hearings on human rights issues. Two important pieces of legislation considered by this Subcommittee have been signed into law. The Genocide Accountability Act closed a loophole that until now allowed those who commit or incite genocide to seek refuge in our country without fear of prosecution for their actions, and the Child Soldiers Accountability Act that would make it a crime to recruit or use child soldiers. I commend Chairman Durbin for his work and look forward to continuing to work with him and Ranking Member Coburn on these issues.

None of us want American companies to lose investments, but making a profit and respecting human rights and protecting the environment are not mutually exclusive. We and other governments have paid too little attention to the irresponsible, and in some cases criminal, conduct of extractive corporations. This hearing is one way for us to begin to change that.

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