Environmental Committee

Topic B:

Regulating Resource Exploitation by Multinational Corporations

I. Introduction

MNCs, also known as **multinational corporations,** are companies that operate globally. These companies often extract natural resources, such as precious minerals, oil, gas, and even timber, thereby enriching themselves even further. The extraction of these types of resources is essential for the economic growth not only of the companies, but also of the countries; however, when they aren't properly controlled, they can cause serious damage, both at the social and environmental levels.

Many developing countries, such as the Democratic Republic of Congo (DRC), rich in minerals such as cobalt and copper, or India, rich in coal and iron ore, depend on these corporations for their economy and jobs, investments and technologies. However, weak laws and corruption allow these types of companies to take over and harm without facing proper consequences. According to the United Nations Environment Program, known as the UNEP, the extraction of resources is responsible for more than **50% of greenhouse gas emissions** and more than **70%** of **biodiversity loss** (International Resource Panel).

These corporations, as previously mentioned, cause irreversible damage, such as oil spills, biodiversity loss, deforestation, and water pollution, all of which affect the health and the overall population of the country. For example, in Nigeria, UNEP reported that oil contamination of the

Niger Delta, a portion of the Niger River in the country, has lasted for decades, and the overall pollution levels are over **900 times higher** than the normal levels (United Nations).

Previously mentioned, these MNCs at in developing countries, which are desperate for money and external funds, resulting in these companies having more economic power than the country they actually work in, resulting in them often manipulating governments to increase profits. This raises big concerns regarding transparency and laws, as highlighted by the United Nations through many different sustainable development goals such as the SDG 12, SDG 13 and the SDG 15.

II. Definition of Key Terms

a. **Multinational Corporations:** Company that works in more than one country

b. **Resource Exploitation:** Extraction of natural resources, such as but not limited to oil, minerals, and gas, for profit.

c. **Corporate Social Responsibility:** A self-regulating business model that helps companies be socially accountable to themselves and the public, taking responsibility for their impact on society and the environment.

d. **Environmental Impact Assessment: a** systematic process used to evaluate potential impacts such as social, economic and human health, regarding a proposed project before it actually begins.

e. **Illegal Resource Extraction:** Activities involving logging, drilling and mining without government or authority approval or done in protected areas.

f. **Land Grabbing:** large-scale acquisition of land from local people, typically without fair compensation

g. **Supply Chain Transparency:** companies gathering reliable data on how their products are produced and sourced

III. Background Information

After the 1960s, many developing countries were desperate for funds and investments from global companies to strengthen their economies, and here is where the MNCs took advantage.

As of 2022, **69** out of the **100** largest economic entities are **companies,** not countries, meaning that some of the world's biggest private owners are richer than entire states, making them powerful and sometimes able to pressure governments into giving them cheap land, tax exemptions, and weak enforcement of regulations, showing a **strong imbalance** between institutions and companies.

The UNEP also highlights the fact that the extraction of natural resources produces over 50% of emissions and 70% of biodiversity loss, and this happens due to the heavy use of machinery and unethical guidelines of MNCs.

Below are some examples of what MNCs have caused in countries

- Over **13 million oil barrels** have been spilt since 1958 in the **Nigerian Niger Delta.**
- More than **100 billion tons of waste** every year is caused by global mining
- **50% of tropical loss** linked to commercial industries
- **40%** of **global mining** happens on indigenous territories

All of these problems could have been less tragic if they hadn't happened in developing countries, which heavily depend on MNCs and their extraction of resources to maintain their country alive, even at the cost of destroying the ecosystem.

IV. Relevant UN Treaties

1. **1972 - Stockholm Conference on the Human Environment:** They aimed to bring global attention to the damage caused to the ecosystem by industrialisation. Resulted in the creation of the first international principles for protecting the environment, creation of UNEP

2. **1990 - Growth of Globalisation:** They aimed to open global markets and increase international trade. It led to an increase in MNCs operating in developing countries.

3. **2000 - Corporate Responsibility Framework:** They aimed to encourage MNCs to follow ethical practices to respect human rights and the environment. Resulted in the creation of the world's largest voluntary corporate sustainability program.

4. **2000 - Rise of Accountability Movements:** They aimed to expose and show the true environmental damage as well as human rights abuses done by MNCs. Peacekeeping groups such as Greenpeace pressured the UN and governments to implement stricter rules in their behaviour.

5. **2011 - UN Guiding Principles:** Aimed to clarify how governments and MNCs should prevent harm to both the environment and humans. Resulted in the creation of a global framework that required MNCs to follow strict guidelines to avoid abuses.

6. **2015 - Paris Agreement:** Aimed at reducing greenhouse gas emissions. It resulted in forcing MNCs to reduce emissions, even if it resulted in a decrease in their profit.

7. **2013 - Minamata Convention on Mercury:** Aimed at protecting human health and reducing pollution from the use of mercury. Resulted in the banning/restriction of the use of mercury in practices such as gold mining.

8. **2010-Present - IPCC & UNEP reports:** Aimed at providing data on how pollution and resource extraction are affecting the climate, helping governments understand the scale of the environmental damage.

9. **2018 - Escazú Agreement:** aimed at protecting ecosystems and guaranteeing public access to environmental information. Resulted in becoming the first treaty requiring to involvement of citizens in decisions to make these MNCs accountable and reliable.

V. Major countries/Groups Involved

Countries involved:

- **Nigeria:** Africa's biggest oil producer. Depends on MNCs such as Shell, Eni and Chevron, however, having huge repercussions on the environment.
- **Indonesia:** Rich in palm oil, coal, nickel and timber.
- **Chile:** major exporter of lithium, essential for batteries. MNCs operate heavily in mining activities, consuming a large amount of water from the Atacama Desert.
- **Ghana:** Mercury contamination from gold mining extraction and pollution.
- **Ecuador:** Deforestation from oil drilling in the Amazon.
- **Papua New Guinea:** Pollution of lake/coastal ecosystems from open pit mines.
- **Venezuela:** Deforestation from illegal mining in the Orinoco Region.
- **South Africa:** Pollution of water (toxic waste) from large-scale mining
- **Colombia:** Deforestation from the extraction of coal and gold.
- **Bolivia:** Environmental stress from lithium and silver extraction

- **Uganda:** Oil spills in protected areas
- **Guatemala:** contamination of clean water and dispute over land from mining projects.
- **Tanzania:** pollution of rivers from gold and nickel extraction.

Examples of Groups involved based on Resource Extraction, including their nationality:

- **Oil and gas production**
  - Shell
  - Chevron (USA)
  - Exxonmobil (USA)
  - BP (UK)
  - Eni (Italy)
  - Petrobras (Brazil)
- **Mining**
  - BHP (Australia)
  - Rio Tinto (UK/Australia)
  - Glencore (Switzerland)
  - Barrick Gold (Canada)
  - Freeport (USA)
  - Newmont (USA)
  - Vale (Brazil)
- **Palm oil, Timber and Agriculture**
  - Wilmar International (Singapore)
  - GAR (Singapore)
  - Cargill (USA)
  - JBS (Brazil)
  - Sinar Mas Group (Indonesia)
- **Logging**
  - APP (Indonesia)
  - APRIL group (Indonesia)
  - Eldorado (Brazil)

VI. Possible Solutions

Below you can find possible and broad solutions that could go into much more detail for every country present on the list of delegates:

1. *Strengthening Environmental Laws*
    a. Enforce already existing rules so that every MNC must follow before starting big projects
    b. Require companies to do monthly/yearly inspections regarding the sustainability of projects.

2. *Improving Monitoring and Transparency*
    a. Making data retrieved from satellites and reports open to the public so that they are aware of what is happening
    b. Encouraging all MNCs to publish contracts and projects.

3. *Reducing pollution and/or Restoration of Damaged Areas*
    a. Urging companies to clean up polluted areas after projects are done
    b. Develop laws and guidelines to follow for land rehabilitation and regeneration

4. *Addressing Illegal Practices*
    a. Strengthening cooperation between nations and agencies to stop illegal practices such as mining, logging and oil extraction.
    b. Financing local communities to protect areas that are at risk of being used for these activities.

5. *Increasing International Cooperation*
    a. Creation of new international agreements and partnerships to monitor the extraction and supply of harmful products.
    b. Share information and technology regarding more sustainable practices.

6. *Promoting Responsible Finance:*
    a. Encouraging investors to stop supporting MNCs that contribute to high pollution levels.
    b. Encouraging investors to support sustainable extraction projects.

7. *Encouraging Sustainable Businesses:*
    a. Offering tax benefits to small startups that try to use clean energy and practices.
    b. Promote eco-friendly activities, including oil extraction, agriculture (if possible) and mining.

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