

Canadian Network on Corporate Accountability
Government Roundtables on Extractive Industries and Corporate Social Responsibility
Briefing Note, June 2006

Issue

Canadian extractive companies, including mining, oil and gas, have been implicated in well-documented cases of human rights violations and environmental disasters abroad. These violations by Canadian companies include toxic dumping, the destruction of protected areas, forcible displacement of indigenous peoples, and threats and intimidation of local communities.

This is not a case of a few bad apples: Canadian extractive companies have been implicated in human rights abuses and environmental disasters in more than thirty countries.

The voluntary approach to corporate accountability championed by the Canadian Government is fundamentally flawed. Canadian extractive companies that fail to uphold international human rights and environmental standards abroad must be held accountable in Canada.

Background

The Canadian Government agreed, in November 2005, to hold a series of multi-stakeholder roundtables on extractive industries and corporate social responsibility (CSR). This agreement came in response to a groundbreaking report by the Parliamentary Standing Committee on Foreign Affairs and International Trade (SCFAIT) on mining in developing countries and CSR. The report, tabled in June 2005, recommended that the Government adopt policy and legal changes to hold Canadian companies accountable for their activities abroad.

The Roundtables

The roundtables are to identify ways for Canadian extractive companies operating in developing countries to meet or exceed international CSR standards and best practices.

The Government will call on expert witnesses from a variety of sectors including industry, civil society, Aboriginal peoples, academia as well as the general public to speak to five pre-determined themes. These themes include:

- Corporate social responsibility standards and best practices,
- Positive and negative incentives,
- Verification/assurance and dispute resolution,
- Host country governance and capacity-building, and
- Support for industry implementation of standards and best practices.

The roundtables will take place in Vancouver, Toronto, Calgary and Montreal between June and November 2006.

Canadian government involvement

The Government offers both political assistance (e.g. embassies and trade commissioners) and financial support (e.g. the Export Development Canada's project support and political risk insurance, Canadian Pension Plan, tax breaks) to Canadian extractive companies that operate abroad. Yet the Government has no regulatory mechanisms to ensure that these companies

observe international human rights and environmental standards – standards that have been adopted by Canada. The Government expects companies to comply with these standards when operating abroad, but has no monitoring, verification or enforcement mechanisms to guarantee compliance. Instead, the Government continues to rely heavily on the willingness and capacity of host governments to hold Canadian companies accountable for their actions.

Problems with voluntary approach

Industry codes of conduct and other voluntary initiatives are problematic for several reasons. First, they only apply to those who chose to sign-on. To promote broad endorsement, voluntary initiatives usually reflect the lowest common denominator among participants. Most voluntary codes lack independent monitoring and verification systems, complaints tools and enforcement mechanisms. Moreover, the voluntary approach excludes binding mechanisms to hold companies accountable when there is evidence of environmental and/or human rights violations associated with their overseas activities.

Voluntary mechanisms may have some benefits, such as establishing standard-setting tools for companies or industry groups. However, they are not a substitute for state regulation. Voluntary codes of conduct cannot replace the legitimate function of international human rights law and environmental standards.

Recommendations

The Government must:

- Require Canadian companies operating internationally to meet clearly defined corporate accountability, international human rights and environmental standards, as a precondition for both financial and political assistance.
- Develop legislation to hold Canadian companies and their directors accountable in Canada when found complicit in human rights abuses and environmental destruction abroad.
- Develop robust Canadian-based monitoring, verification and compliance mechanisms to ensure that Canadian companies operating internationally meet clearly defined corporate accountability, international human rights and environmental standards.
- Promote the inclusion of human rights standards in World Bank policies and condition private sector lending on compliance with international human rights.

The Canadian Network on Corporate Accountability (CNCA) is calling for the Canadian government to move beyond corporate social responsibility measures that are strictly voluntary. The Government must regulate practices of Canadian Extractive companies operating overseas. Non-governmental organizations, churches, trade unions and other civil society organizations concerned with the detrimental human rights and environmental impacts of Canadian extractive industries have joined this network. Members include: Amnesty International Canada – English Branch-, CAW-Canada, Canadian Council for International Co-operation, Rights & Democracy, Canadian Labour Congress, Canada-Tibet Committee, Development and Peace, Entraide Missionaire, Friends of the Earth Canada, Halifax Initiative Coalition, KAIROS, Mining Watch Canada, Steelworkers Humanity Fund, and United Church of Canada. For policy positions and other information, visit http://www.halifaxinitiative.org/index.php/Issues_CNCA