

Notes From Genocide Prevention All Party Parliamentary Group Meeting on Divestment Campaign and Oil Trust Fund Proposal

Chair: John Bercow MP
Speakers: Nick Donovan - Head of Campaigns, Policy and Research at the Aegis Trust
Neville White - CCLA Investment Management Ltd
Rt Hon. Peter Hain MP – Secretary of State for Wales and Northern Ireland

Notes:



John Bercow MP: The situation in Darfur is very serious, a “long standing and vicious” campaign. This meeting will focus on what the British and international response should be.



Nick Donovan (The Aegis Trust): I hope that the recent AU-UN agreement will make much of what I am to propose redundant, however, the track record of Khartoum shows that it is very poor at honouring its promises. I will elaborate on two tactics: targeted divestment and an oil trust fund. Targeted divestment sends a positive signal to the Sudanese government by affecting pension and investment funds which provide up to 60% of government revenue.

The objectives of divestment include compliance with Resolution 1706, humanitarian access and greater accountability. The individual can send a signal to the companies involved in providing revenue to Khartoum by withdrawing funds. The campaign is predicated on an ethical consumer who makes moral choices about how best to spend their money. The oil industry in Sudan is of vital importance to the Government but does not benefit the wider populations. There are already rumours of concern amongst the business elites in Khartoum about the effects of economic sanctions and disinvestment. Targeted disinvestment encourages people living in the UK to consider what their individual links are to the situation in Darfur.

Weaknesses - This tactic does not deal with rebel groups, who should be held to account by the ICC and through targeted sanctions. There is concern that disinvestment could adversely affect the civilian population, however, the approach excludes agriculture, manufacturing, the humanitarian effort and infrastructure. The SPLA must be brought into the political process through a power sharing agreement. It takes six months or longer for a successful engagement campaign with business interests. Divestment could be substituted with funds from other stakeholders. To conclude, targeted divestment affects only the guilty and minimises human cost.

An oil trust fund allows revenue into Sudan, secures the oil supply for recipients of Sudanese oil exports and ensures transparency of Sudanese government spending. Restricting Sudanese oil sales “goes straight for the windpipe of Government.” This approach removes Chinese opposition to further measures in the UN Security Council. Lessons must be learned from the implementation of the oil for food programme in Iraq which stopped

85% of government revenue. A high incidence of smuggling was a failure of UN member states. Kickbacks would have to be minimised. A non-intrusive oil trust fund would see funds flow into a UN account with money going out to bodies that provide basic services in Sudan. There is the danger that these funds could be appropriated by the government.

In response to the threat of renewed civil war it may be necessary to securitise oil in Sudan. This would decouple questions about intervention and state sovereignty and preserve oil wealth for the Sudanese people.

This approach plays into Sudanese propaganda about the West's thirst for oil at all costs. There is always the potential problem of Chinese intractability in the Security Council.



Neville White CCLA Investment Management: The Church of England Investment Advisory Group requires high standards of corporate social responsibility. There is often a tension between the prerogatives of commerce and the needs of people, such as in the example of climate change. However, the business community is taking more interest in wider social imperatives, aiming to be multi-stakeholder operating companies. This demands greater flexibility, listening to all interests from investors to NGOs. Business understands social imperatives and is capable of acting ethically, citing the example of Rolls Royce. This requires clear objectives and time-scales and a holistic investment strategy with investors coming together as a group.

There are barriers to successful engagement, such as language, culture and shareholder accountability. However, there is a growing dialogue amongst companies on non-financial issues. To achieve a particular outcome, objectives must be measurable. Disinvestment must come at the end of a timetabled engagement. Influence and dialogue are most important.



Peter Hain MP: I would like to talk about the political context surrounding Darfur. One issue is reform and strengthening of the UNSC, which still reflects the 1940s global balance of power, to enable it to bring about multilateral action. The UK must not abandon an internationalist perspective and retreat into isolationism. Democracy, human rights and the rule of law are universal values.

Sudan is being ignored because of the shadow cast by the war in Iraq. The Sudanese government's campaign is one of conscious, deliberate and sustained mass murder. Yet the international community must bear some of the responsibility. International institutions are paralysed and international diplomacy has failed. The AU and UN have not stopped the conflict.

The AU force is too weak and its military capability must be increased. There should be a regional outlet for UN action. There should be a public timetable for acceptance of a hybrid force. A no fly zone must be given careful consideration. I support an oil trust fund and the divestment campaign. Public opinion is very important for individuals to make informed consumer choices. In this way we can hit the elite in their pockets whilst sparing the civilian population. Sudan is the "great moral crusade of our time."

Questions:

Lynne Featherstone MP: Are pension funds legally obliged to make money?

Neville White: The fund can transfer your investment to an area with an equal rate of return. Pension funds have to admit if they take into account ethical issues. Engagement is very important

Tom Clark MP: Is it possible to get China to support UNSC resolutions on Darfur?

Nick Donovan: The oil trust fund negates energy security issues. There will be campaigning on the 60th

anniversary of the Rape of Nanking to draw attention to parallels between China-Rwanda and Darfur. Other groups are working on the role of the Chinese arms industry in Darfur. It is important to work alongside China's long-term economic objectives in Africa.

David Drew MP: Disinvestment must not draw attention away from the deployment of a hybrid force, which is the central issue. The international community must draw a line, they may have to fight their way in.

Any campaigns should not affect the CPA. The SPLA should not be targeted, the conflict is very much the responsibility of the north. There is no genuine power sharing.