

Forum: United Nations Development Programme (UNDP)

Issue # 2: Measures to address the overexploitation of natural resources by private companies

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Introduction

The market of natural resources from the 10 countries with the largest natural resource value is of approximately 309.8 trillion dollars by itself, it is part of many economies worldwide, sometimes making up most of the countries' economy. The exploitation of natural resources by private companies increases

production, which leads to a greater employment and revenue for the parties involved, giving a considerable support to the economy. On the other hand, the overexploitation of these resources can have devastating effects on the environment, such as: soil degradation, water and food shortages, damage to ecosystem functions and global warming exacerbation. This issue catches the attention of many environmental groups and citizens, raising the question: “When it comes to private companies exploring natural resources of a nation, do the economic benefits outweigh the environmental impacts?”

Definition of Key Terms

Natural resources: They consist of raw materials which are provided by the Earth such as, metals, oil, coal, sand, etc. They are used for production and economic gain.

Private companies: Private companies are business entities which are privately owned by non-governmental parties or individuals which do not trade their shares publicly within the stock market. In lieu of this, shares are privately held and aren't available to the public.

Sustainable Development: Refers to the economic development which meets the present quota for needs without negatively impacting nor compromising the capacity for future generations to meet their own standards.

Deforestation: The act of cutting down, clearing, and thinning forests by humans, which results in the significant loss of trees, biodiversity and forested areas.

Ecosystem services: Benefits freely gained by humans from both functioning ecosystems and natural environments; this includes but is not limited to, pollination of plants, clean water and climate regulation.

Environmental Degradation: It is the deterioration of the environment through the demolition of ecosystems, extinction of wildlife, and the overexploitation of resources.

Hectares: A metric unit of square measure, equal to 100 acres

General Overview

In the hunt for bloated profits, lucrative private companies overexploit our planet's natural resources. This issue is one which extends its arm of consequences far through various sectors of society, the economy and the environment. In order to achieve sustainable development, whilst also protecting our globe for future generations to come, adequate measures must be implemented.

Overexploitation transpires when natural resources such as oil, coal, metals, stone and sand, are consumed faster than they are replenished. Private companies seeking immediate profits will often engage in this, thus overlooking long-term effects on the environment in the process. According to "Our World in Data", we deforest around ten million hectares of forest every year on a global scale. Equating an area the size of Portugal every year. Around only half of this deforestation is counterbalanced by regrowing forests; overall, approximately five million hectares of forests are lost each year.

As nations and corporations scuffle with the injurious repercussions of the depletion of resources, they must also seek sustainable production methods which reduce environmental harm. However, these efforts will be influenced by

national regulations, which showcase a variability in rigidness and flexibility. Stricter regulations may want to protect biodiversity but limit immediate economic prosperity, whereas the more lenient regulations may cause greater environmental destruction in the name of financial gains. A balance is of pivotal importance.

On the stage of the social landscape, the overexploitation of natural resources takes effect on local communities, as well as indigenous populations. These groups often maintain a necessary reliance on these resources for their own practices, needs and even livelihoods. The International Labour Organization states that over 370 million indigenous people worldwide face gravely significant limitations due to resource overexploitation and as a result of it, environmental degradation. This encompasses issues such as displacement and a loss of income.

The economic implications of overexploitation cannot be understated. As the resources become scarcer, turning our society into a wasteland, the prices will, by extension, rise. Therefore, the market will face economic instability and an increase in competition for diminishing supplies. Deforestation, water scarcity, and loss of biodiversity are merely a few of the ways in which overexploitation can manifest. Deforestation in the Amazon for both cattle ranching and soy cultivation, are direct threats to biodiversity, colliding with agriculture across the entire South American continent, causing potential billions of dollars in losses. The World Economic Forum has affirmed that coral reefs furnish ecosystem services which are valued at up to \$9.9 trillion dollars annually. However, UNESCO estimates that the loss of coral reefs due to overfishing could potentially cost up to \$500 billion dollars annually by 2100, thus annihilating tourism in the process.

Major Parties Involved and Their Views

USA

The United States has a history of supporting private sector involvement in resource extraction, emphasizing on economic growth and energy independence these activities can bring to the country, as the natural resources sector composes approximately 10% of the American economy (American petroleum institute). Despite this, in the last few years, the Biden administration has increased the focus on environmental regulations and renewable energy.

Canada

The Canadian government tries to achieve a balance between the economic benefits from resource extraction, and environmental protection. Natural resources account for approximately 14% of Canada's GDP (Canadian Government). The government is aware of the impact on GDP, and the overall importance of the activities towards the economy, which leads to somewhat flexible laws directed towards environmental protection, making the government face significant public pressure to address this issue. The Canadian Environmental assessment agency is the one responsible for overseeing the impacts caused by extraction of natural resources, while provincial governments are the ones responsible for regulating the activity.

Australia

Australia's government supports resource extraction due to its economic benefits, particularly for exports. Natural resources account for more than 15% of Australia's GDP (Australian Conservation Foundation), and even though it employs a smaller percentage of the workforce, it significantly impacts regional economies and overall exports. However due to a growing concern on environmental sustainability and climate change, the government is trying to

balance economic interests with sustainability with the creation of new policies.

Brazil

Brazil's last government under president Bolsonaro prioritized economic development, often at the expense of environmental protection. A considerable flexibilization of environmental protection laws led to increased deforestation and resource exploitation, particularly in the Amazon Rainforest. Though the new government aims to increase environmental protection by implementing more environmental laws, Brazil is still one of the countries that is most affected by the overexploitation of resources and the environmental impacts it brings. Making efforts to protect biodiversity and indigenous lands challenging.

Russia

The Russian government is known for heavily supporting the extraction of natural resources as a major economic driver. Only oil and gas account for approximately a quarter of the country's GDP (Oxford's Institute for Energy Studies). Environmental regulations exist within the country, but their enforcement is considered heavily weak, with economic priorities being the main focus. Environmental protection within the country is overseen by the Ministry of natural resources and environment, but corruption and the lack of enforcement affects the effectiveness of the organization.

Norway

Norway has some of the world's strictest rules directed towards the exploitation of natural resources by private companies, emphasizing strict environmental standards and sustainable practices. Private companies operating in Norway

must comply with the rigorous environmental and safety standards that are imposed by the government. While Norway benefits economically from the gas and oil industry the country has the goal of transitioning towards a greener economy, divesting from companies that do not meet environmental standards. The country also uses its position to influence global policies on sustainable resource management.

Germany

The approach the German government takes on how private companies explore natural resources within the country, is heavily influenced by their commitment to environmental protection and the transition towards clean energy. The government has strict environmental regulations that private companies must follow in order to operate. Emission standards are heavily enforced by the country with comprehensive laws on waste management. Germany advocates for global environmental standards and climate action, playing an active role in international negotiations.

Timeline of Events

Date	Description of event
October 5th, 1948	The international union for conservation of nature (IUCN) is established
January 28th, 1969	An offshore oil platform in Santa Barbara, USA, suffers a blowout, spilling millions of gallons of crude oil into the Santa Barbara channel and generating public outrage.
June 5th - 16th, 1972	The Stockholm conference occurs, being the first major international conference on environmental issues.

October, 1973	The organization of Arab petroleum exporting countries proclaims an oil embargo, leading to a severe energy crisis in the west.
December 2nd - 3rd, 1984	A gas leak at a pesticide plant in Bhopal, India results in thousands of deaths and long-term health impacts for many residents
June 3rd - 14th, 1992	The earth summit is held in Rio de Janeiro, Brazil. To address global environmental issues.
December 11th, 1997	The Kyoto protocol is adopted, committing industrialized countries to reduce emissions.
August 26th - September 4th, 2002	The earth summit occurs in Johannesburg, South Africa, ten years after the 1992 summit.
April 20th, 2010	An offshore drilling rig explodes in the gulf of Mexico, causing one of the largest environmental disasters in history.
November 30th - december 12th, 2015	The Paris agreement is negotiated by 195 countries in the COP21 conference in France, with the goal of addressing climate change.
November 6th - 18th, 2022	The COP27 conference occurs in Egypt, in this conference there is a major callout to companies and businesses of their responsibility and investment towards sustainable practices.
2019 - 2021	A big increase in deforestation in the amazon rainforest causes a global outrage coming from different world leaders.

UN involvement, Relevant Resolutions, Treaties and Events

UN Environment Programme (UNEP): Established in 1972, the UNEP is the principal global environmental authority. The UN Environment Programme sets the global environmental agenda, oversees environmental protection, all whilst promoting sustainable development and organizing international environmental efforts. The UNEP seeks simultaneously to inspire, educate and empower nations to improve its people's quality of life, without endangering future generations. They collaborate with governments, NGOs and other stakeholders.

UN Biodiversity Conference (COP 15): Held in Montreal, Canada, COP 15 the 2022 United Nations Biodiversity Conference of the Parties to the UN Convention on Biological Diversity was a conference which yielded an international agreement to protect 30% of both the land and oceans by 2030.

International Resource Panel (IRP): Originally established in 2007 by UNEP, the IRP is dedicated to improving the ways in which we manage our resources. It is a scientific panel consisting of experts which aim to help nations to consume natural resources in a sustainable fashion, whilst also not compromising human necessities and economic growth.

Evaluation of Previous Attempts to Resolve the Issue

Convention on biological diversity

The Convention on Biological Diversity (CBD) occurred in 1992, with its main objectives being: Conserve biological diversity and promote sustainable use of its components. It encourages countries to develop strategies for sustainable development and regulate the use of natural resources, influencing private companies to adopt sustainable practices. Many countries seemed invested in the idea, with 191 having submitted at least one strategy or action they planned

to implement. Despite this, there is still a big loss of biodiversity every year, decreasing at an alarming rate. There is a difficulty of implementing CBD commitments in all countries as many find challenges such as funding, capacity and government. Lastly, the commitments lacked strong enforcement mechanisms that would ensure countries were still committed and active on the agreements set at the convention.

Extractive Industries Transparency Initiative (EITI)

The Extractive Industries Transparency initiative was launched in 2003, by individuals from different backgrounds. Its main objective is to promote and support improvements in governance and transparency in resource-rich countries through the full publication and audit of company payments and government revenues from oil, gas, and mining. The EITI has managed to improve transparency in the extractive sector of the participating countries and also enhanced accountability on them by making information publicly accessible, providing citizens with a way to hold their governments and companies accountable for their actions. However, the effectiveness of the initiative varies from country to country, as depending on the government, the information shared is not as transparent or deep, imposing difficulties when tracking the activities within these countries.

Possible Solutions

Implementation of Stricter Environmental Regulations: Governments could implement regulations which allows greater control over the exploitation of natural resources. This could be employed under the form of limiting the rate of extraction, ensuring that private companies follow these environmental standards, whilst imposing a penalty for any non - compliance. The threat of a

possible punishment under the form of effective regulation can help prevent the overexploitation of resources and push companies towards sustainable growth.

Corporate Social Responsibility (CSR): Private companies should be motivated into fusing environmental protections and considerations within their businesses. This initiative could encourage a reduction in their national and global footprint, as well as supporting conservation projects through funding and partnerships. Moreover, actively interacting with local communities and those affected by the over exploitation of resources, further pushes private companies' CSR and by extent, decreases its environmental harm. Additionally, pure transparency and honesty when reporting on their impact and sustainability, whether it's positive or negative, will aid in holding companies accountable.

Public Awareness and Education: Clientele and revenues are of the utmost importance to for-profit private companies. Raising public awareness about the long-lasting effects of the overexploitation of resources, as well as the importance of sustainability, can result in pushing consumers towards more environmentally friendly companies. Although Educational programs such as this one can simultaneously improve private companies' ideologies towards our environment, as well as empowering individuals to make the right decisions.

Creation of Protected Areas: The establishment of protected areas such as marine reserves, national parks and conservation zones, can all aid in both preserving frail and delicate ecosystems, as well as its biodiversity. These areas would restrict any sort of industrial activity, thus allowing for ecosystems to conserve and recover their ecological resources. This could be implemented and funded through joint-partnerships from governments and international organizations. Creating these zones would also allow for private companies to maintain their margin profits, whilst the ecosystem is preserved, in a balance between the both.

Sustainable development goal (SDG)

The 15th sustainable development goal set by the United Nations “Life on land” has as its objective: “Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss” (2012, United Nations Department of Economic and Social Affairs), this deeply connects with the issue as it approaches the topic of the use and extraction of natural resources, in which the SDG aims to be done in a sustainable manner Encouraging a discussion on the issue to address and analyze the way private companies extract natural resources and make use of them.

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Appendix

I. Links

- *Overexploitation of Natural Resources: Causes, Impacts, and Solutions – Growthbest*, blog.growthbest.com/overexploitation-of-natural-resources-causes-impacts-and-solutions/
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