

What roles may private business entities play that have an impact on security, for good or ill, in states going through intrastate conflict or trying to build peace after conflict?`

Amir Khalil`

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` Amir Khalil, Assistant Professor at the Faculty of Law and Public Administration, Birzeit University.

1. Introduction

With the end of the Cold War, the landscape of security has been changed profoundly and many security issues have been added to the global security agenda. The concept of security has expanded to encompass various areas such as, civil wars, ethnic conflicts, terrorism, human and drugs trafficking, environmental problems and energy problems.¹

The intrastate conflict, which means the conflict occurs within the sovereign state,² is considered as a predominant form of armed conflict,³ and has become the focus of considerable attention for security issues.⁴ The intrastate conflict such as civil wars of the last decades has weakened the state's ability to provide a basic social services and development.

The paper reviews the role of private business entities (PBE), other than private security or military companies⁵ that may have a potential impact on security. Inevitably, the PBE have become a part of any context that they operate. Their activities may have an impact on the societies where they operate the business. These impacts have a potential to both exacerbate and ameliorate the conflict.⁶ The paper recalls that, the PBE role in conflict is often overlooked, but they should never be underestimated. The role of the PBE "can be crucial, for good and for ill".⁷ Thus, the paper primarily examines the positive role of PBE post-intrastate conflict, and then illustrates the complicity of the PBE in the Intra-state conflict.

¹ L. Sim Yee and Y. Onishi, "The New Security and Nongovernmental Organization", *JAIRO*, Vol. 20, No. 3, 2002, 28.

² S. Acikalin, "Intra-state Conflicts as Security Threats in a Globalized World with Case Study of Cyprus", *Humanity and Social Sciences Journal*, 2011, Vol. 6, No. 1, p. 23.

³ A. Gerson, "Peace Building: The Private Sector's Role", *The American Journal of International Law*, Vol. 90, No. 1, p. 102.

⁴ 90% of world conflicts take place within states. According to the World Bank, 90 out of 100 conflicts that occurred between 1989 and 1996 were intrastate conflicts. See, J. Nelson, "The Business of Peace: The private sector as a partner in conflict prevention and resolution", The Prince of Wales Business Leaders Forum, International Alert, Council on Economic Priorities, 2000, p. 31.

⁵ For more information about the role of Private Security and Military Companies, See, C. Holmqvist, "Private Security Companies: The Case for Regulation", SIPRI Policy Paper No. 9, 2000, pp. 1-60.

⁶ M. Peschka, "The Role of the Private Sector In Fragile and Conflict-Affected States", World Development Report, 2011, 1.

⁷ Secretary-General, Kofi Annan's remarked at an open debate of the Security Council on the role of business in conflict prevention, peacekeeping and post-conflict peace-building in New York, 10 April 2004. See, K. Ballentine, "Enabling Economies of Peace: Public Policy for Conflict-Sensitive Business", The UN Global Compact, 2000, 4.

٢. The Positive Role of the Private Business Entities Post-Intrastate Conflict

Realising the gravity of intrastate conflict problems which inevitably have deep effects on a country and its people^{١٠} lead to stress the main role that the PBE play to overcome the consequences of intrastate wars, which will not be achieved unless the vicious cycle of poverty and economic injury are solved. The engagement of PBE in overcoming the scourge of intrastate wars could be via economic recovery that could be implemented through opening investment opportunities, providing employment and enduring economic security.^{١١}

In recent years, the PBE have become much more powerful in international fora. The PBE have a greatest impact regarding to conflict prevention and transformation, as well as in the post-conflict reconstruction.^{١٢} Therefore, by their commitment to principles of corporate social responsibility^{١٣} and the business philanthropy,^{١٤} the PBE may increase their pressure to influence policies and practices of many governments, and they may involve in humanitarian matters in different ways.^{١٥}

The United Nations and the World Bank have realised the role of the PBE in the post-conflict and their impact on maintain the economic peace building. These supranational institutions sought to bridge a close engagement with the private sectors to create economic opportunities that can sustain the region after the conflict.^{١٦} The investment in post-conflict reconstruction is important for the society which depends on business investment that brings economic prosperity and

^{١٠} Office of Woman in Development, US Agency for International Development, "Intrastate Conflict and Gender", Bulletin No. ٩, ٢٠٠٠, ١.

^{١١} A. Gerson, *op.cit*, p. ١٠٢-١٠٣.

^{١٢} J. Maresca, "Business investment, humanitarian problems and conflict", in A. Balies and I. Frommel (eds.), *Business and Security: Public-Private Sector Relationships in a New Security Environment*, Oxford University Press, SPIPRI, ٢٠٠٤, p. ١٢٢.

^{١٣} M. Prandi, "Corporate social responsibility in contexts of conflict and post-conflict: From risk management to creation value", in M. Prandi and J. M. Lozano (eds.), *CSR in conflict and post-conflict environments: from risk management to value creation*, Barcelona: Escuela de Cultura de Paz (Universidad Autónoma de Barcelona) - Instituto de Innovación Social (ESADE), ٢٠١١, p. ٣٥.

^{١٤} A. Gerson, *op.cit*, p. ١٢٣.

^{١٥} K. Felgenhauer, "Peace Economics: Private Sector Business Involvement In Conflict Prevention", *New School Economic Review*, Vol. ٢, No. ١, ٢٠٠٧, p. ٤٠.

^{١٦} A. Gerson, *op.cit*, p. ١٠٢-١٠٣.

growth of economic activities.¹⁵ Therefore, the UN Millennium Declaration approved the need of "post-conflict peace-building and reconstruction".¹⁶ Additionally, the United Nations has appreciated the role of the private sectors, particularly its expertise and its motivated spirit to create jobs and wealth,¹⁷ and to break out the circle of poverty. In this context, the World Bank president, *James Wolfensohn* once referred to the poverty and inequity as a main principal cause of conflict.¹⁸

It is interesting to note that after the intrastate conflict, the transition of countries from war to more stabilise situation requires a quick influx of capital, trade, direct investment and promotion of businesses that may have a major impact on the stabilisation of any area.¹⁹ To extents that, the PBE have a role in fostering the country's economic position, by the virtue of the fact that many multinational companies have revenues that exceed the gross national product (GNP) of many developing countries. Therefore, these multinational companies can support governments for change and greater accountability.²⁰

In overall terms, the PBE have played positive influence for the peace-making in many regions. In South Africa, the PBE played a role in ending the apartheid regime and avoiding a prospect civil war and descent anarchy. For examples, Consolidated Goldfield²¹ involved in helping and arranging the negotiation which led to the termination of the apartheid regime.²² Also, the National Business Initiative's in South Africa facilitated the peace building process by mobilising 1 billion Rand from multinational companies to create job opportunity, enhance school system and improve the tourism sector.²³

¹⁵ J. Maresca, , *op.cit*, p. 124.

¹⁶ UN Millennium Declaration, General Assembly Resolution No. 55/2, para. 9, 2000.

¹⁷ K. Annan, Message to the Business Humanitarian Forum, Geneva, 1999. Available online at (<http://www.bhforum.ch/pdf/Message%20from%20UN%20Secretary%20General%20Kofi%20Annan.%20Geneva.%20January%2027.%201999.pdf>, accessed on March 30, 2012).

¹⁸ J. Maresca, , *op.cit*, p. 124

¹⁹ A. Gerson, *op.cit*, p.106.

²⁰ *ibid*, p.107.

²¹ Consolidated Gold Field is a junior gold-silver company. For more information, check the website <http://www.consolidatedgold.com/>.

²² R. Zoellick, "Strategic Philanthropy for Business", Keynote Address before the Business-Humanitarian Forum Geneva, Switzerland - January 27, 1999.

²³ N. Killick, VS Srikantha and C. Gündüz, "The Role of Local Business in Peace-building", Berghof Research centre for Constructive Conflict Management, 2000, p. 10.

Moreover, the PBE have also actively involved in the peace agreement in Northern Ireland.⁷⁶ In the early 1990s, the Northern Ireland Confederation of British Industry (CBI) engaged in the peace process to improve the economic stability.⁷⁷ Likewise, the experience of PBE in Mozambique is also instructive. Since the end of the civil war 1992, the PBE played a prominent role in the economic recovery for Mozambique. Mozambique has become a country with a great economic promise. The foreign investment has been expanded and the growth rates have increased.⁷⁸

Further cases where the PBE involved in peace building after conflict is in East Timor where the PBE involved with the World Bank in establishment of the rule of law and protection of the property rights. In addition, in Kosovo many computers and telecommunications industries such as Microsoft and IBM helped the UN High Commissioners for Refugees and introduced modern technology for the registration of refugees.⁷⁹ In addition, the PBE provided a safe haven for employees and their families, as Firestone did during the Liberian civil war.⁸⁰

It is noteworthy to mention that, the PBE may have a role in post intrastate conflict in a way beyond direct investment. To determine how these PBE may engage in post-conflict peace building activities, one needs to analyse the interests and motivations as well as, competencies of these PBE. Generally, the most PBE that work in conflict zones prefer their working environment to be stable and secure. To that extent, the PBE may help in formulation of system wide strategy by expressing ideas of business on conflict prevention and resolution, as well as, other related issues such as corruption and human rights aspects. In Bosnia, the private business entities played a role in combating corruption, for example, McDonald's refused to open a franchise after a request by officials for bribes.⁸¹ In addition, the PBE may have an effective intermediary role to

⁷⁶ M. Prandi, "From armed conflicts to peace-building", in M. Prandi and J. M. Lozano (eds.), *CSR in conflict and post-conflict environments: from risk management to value creation*, Barcelona: Escuela de Cultura de Paz (Universidad Autónoma de Barcelona) - Instituto de Innovación Social (ESADE), 2011, p. 24.

⁷⁷ N. Killick, *op.cit*, p. 46, 47.

⁷⁸ A. Gerson, *op.cit*, p. 108. See also, Dianna Games, "Doing business in post-conflict and fragile states: Challenges and Risks", Development Planning Division, Development Bank of Southern Africa, Working Paper Series No. 23, 2011, p. 22.

⁷⁹ *ibid*, p. 112.

⁸⁰ W. Rosenau and others, "Corporation and Counterinsurgency", Occasional Paper, RAND, National Security Research Division, 2009, p. 3.

⁸¹ *ibid*, p. 118.

overcome any divisions and distrust between parties, such as what have been done in the case of Kosovo and East Timor. Moreover, the PBE may have the capacity to influence others and to participate in negotiation or mediation process. They have expertise in planning and coordination, including supporting and training of the local entrepreneurship.⁷⁷ For example, in Sri Lanka, a group of trade association of different trade sectors lunched a public campaign in 2001 to raise public awareness about the costs of war and the need for peace.⁷⁸

In a nutshell, these examples illustrate the role of PBE that may have on intra-state conflict and how the PBE can change the society mentality towards peace by adopting business practices that promote security and human rights. It should be mentioned at this point that, these efforts and initiatives by the PBE would be more effective in post-conflict peace-building if other actors contribute and cooperate with them such as, international community which may engage with effective assistance, and other civil society organisations and NGOs.

7. The Complicity of the Private Business Entities in the Intra-state Conflict

Despite of the fact that, the private business entities in the intrastate conflict may have a role in fostering conflict prevention and generating a respect for human security. As well as, they may have an impact on the course and duration of the conflict. There is a tendency where the PBE may have negative impact on the security issues and contribute to the world problems. These negative effects could be embodied in violating the human rights⁷⁹ and stimulating the continuation of conflicts.⁸⁰ These PBE may become intentional or unintentional parties to the conflict by feeding the war economically and supporting the rebel groups or any kind of military activities.

In the context of weaken state and intrastate conflict, the PBE might be concerned in prolonging the conflict for their own interests, and they can take over the government responsibilities and

⁷⁷ *ibid.* p. 112, 113.

⁷⁸ N. Killick, VS Srikantha, C. Gündüz, *op.cit.*, p. 11.

⁷⁹ Bailes, Alyson J.K. and D. Nord, "Non-state Actors in Conflict: a Challenge for Policy and for Law", in Mulaj Klejda (ed.), *Violent Non-State Actors in World Politics*, New York, Columbia University Press, p. 449.

⁸⁰ J. Maresca, *op.cit.*, p. 122.

exploit the anarchic environment to their own benefit,⁷⁷ especially those involved in the extraction of natural resources such as oil or gas.⁷⁸ Resources companies such as Shell used and hired private security forces that accused of human rights violations in Nigeria.⁷⁹ In addition, the diamond companies financed the civil wars in Angola and Sierra Leone.⁸⁰

The involvement of the PBE in the conflict can be by entering or continuing to operate in countries affected the human rights and the stability of that area. The complicity of the PBE in the conflict could be through direct or indirect involvement. The engagement directly in the conflict could be via signing direct contracts to build roads, landing strips or any other military use.⁸¹ The engagement indirectly refers to "unintended side-effects of routine business operation".⁸²

ξ. Conclusion

New security threats occurred after the end of the Cold War and many issues have been added on the security agenda. In the light of these developments, one may recall that the most destructive issue is the intra-state conflict.⁸³ Having said that, the intra-state conflict is still one of main concern of the international community in particularly the aspects of intra-state conflict as a security threat and role of the private business entities in the intra-state conflict. The private business entities activities have profound impacts, for good and for ill, on the security of the societies that they operate.

⁷⁷ D. Bardouille-Crema, Melissa Powell and Tam Nguyen, "Peace-Building and the Private Sector: business in Conflict Zones", Conflict Prevention and Resolution Forum, Washington, D.C., 2010, 7.

⁷⁸ C. Bruderlein, The role of non-state actors in building human security: The case of armed groups in intra-state wars, centre for humanitarian dialogue, Geneva, 2000, 4.

⁷⁹ N. Ralph and M. Tyler, "Companies as Peacebuilders: Engaging Communities Through Conflict Resolution", International Conflict Resolution Centre, Working Paper No. 196, University of Melbourne, Australia, 2006, p. 7.

⁸⁰ I. Smillie, "Dirty Diamonds: Armed Conflict and the Trade in Rough Diamonds", Fafo Institute for Applied Social Science, Oslo, 2002, 16, 17.

⁸¹ J. Sherman, "Private Sector Actors in Zones of Conflict: Research Challenges and Policy Responses", International Peace Academy, Workshop Paper, New York, 2001, 4.

⁸² *ibid.* p. 4.

⁸³ Acikalin, *op.cit.*, p. 27.

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