

# *Caspian Development Forum*

**ACCESS TO RESOURCES AND THE UN'S SUSTAINABLE  
DEVELOPMENT GOALS**

**TALK DELIVERED AT CASPIAN WEEK  
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Your Excellencies, Ladies and Gentlemen,

Welcome to Davos. It is my honour and privilege to speak to you today, and in particular to thank the organisers of Caspian Week for their phenomenal commitment in bringing this ambitious event to such successful fruition.

I also want to thank the organisers for inviting me, as the Honorary President of the Caspian Development Forum, to speak at this distinguished event which is a welcome break from the good-natured pandemonium that characterises the inner sanctum of the World Economic Forum's annual meeting here in

Davos. So for the opportunity to speak to you for a few minutes, and evade my otherwise unrelenting nay horrifying networking obligations inside the Davos conference centre, thank you once again.

The subject which I would like to talk to you about today is a very specific one. The Caspian Sea region is a most distinctive area, in a number of respects. Firstly, it is the so-called cradle of hydrocarbons: one of the most resource-rich areas in the entire world. Its importance in this regard is inevitably likely to increase in view of geopolitical and economic changes we are all experiencing every day.

But there are other ways in which the Caspian Sea region is distinctive. Perhaps the sharpest of these features is in its geographical remoteness. A landlocked body of water, if you will permit me an oxymoron, the Caspian Sea is virtually unique. Access to the balance of the world's oceans by estuarial means is available solely by virtue of the Volga-Don canal, a complex connection of canals, locks, rivers and reservoirs spanning some 101 kilometres in total between the Volga and Don rivers. Hence a vessel wishing to pass from the Caspian Sea must pass up the river Volga, past the Russian city of Volgograd, the scene of a mighty battle between Soviet and Nazi forces in 1942 and 1943 of which historians have taught all of us; enter the canal's

eastern end (and there is a significant size limitation on vessels able to use the canal); and then transit down the river Don, past the western Russian city of Rostov-na-Danu, and into the Sea of Azov which itself empties into the Black Sea. From the Black Sea a vessel may pass through the Bosphorus, bypassing Istanbul, traverse the Sea of Marmara and the Dardanelles, and henceforth emerge into the Mediterranean, from which access to the world's remaining seaways then presents itself.

Now if this regime of connection of waterways sounds complex, it is further compounded by the fact that the Volga-Don canal, a Soviet construction completed in 1952, is closed by reason of ice flows and sub-zero temperatures for perhaps some four months every year. Moreover the canal has a naturally finite capacity; and while other projects for expansion of the canal or development of a parallel canal have often been mooted, the hostile terrain of the region has so far succeeded in preventing these projects from coming to fruition. Hence in winter months, and indeed even outside when the canal is operating to full capacity, multimodal forms of transport may also be necessary to move the region's valuable cargoes and commodities to the open seas.

All this is known, yet it is really only the background to the problem that I wish to describe, which is that of the importance of sustainable development. The

Caspian Sea has five riparian nations, but nevertheless remains an exceptionally remote region in which population densities are well below the norm. Perhaps precisely for this reason, the common humanitarian goals of promoting civilised living, encapsulated firstly in the UN's Millennium Development Goals and now in the UN's Sustainable Development Goals of 2030, are particularly challenging to pursue in this so exceptional of regions. All the riparian states to the Caspian Sea have expressly made commitments towards the Sustainable Development Goals, by virtue of their status as UN Member States. But implementation of those goals in so remote a region presents special challenges.

The Sustainable Development Goals are the collective expression of the will of the United Nations Member States in improving the lives of all people, preserving the environment, and promoting sustainable development. I regard them as a sort of moral common ground between nations even where cultures may differ. I see them as a sort of common humanity. That's why I am so enthusiastic about them. They represent straightforward moral imperatives with which all reasonable people can agree. These include eradication of poverty; preservation of natural habitats; the promotion of education; the right to food; the benefits of health care; the advantages of incorporating all citizens into economic activity. These are the sorts of values that ring a chord in the moral

consciousness of all people. I travel widely across the world in the course of my profession. I have never been to a nation whose moral culture disdains a single one of the Sustainable Development Goals. They are our common humanity.

And every commercial person I ever talk to agrees that these goals are imperative not just as a matter of public policy - that is to say acts of government - but also as an aspect of corporate social responsibility. In other words, private companies, whose principal motive is profit, must also pursue these objectives because their fulfilment coincides with the goals of private enterprise.

Why is this? It may not be obvious, but in fact the logic is simple. The extraction and export of natural resources requires a number of complex investments. The first is an initial investment into exploration and financial modelling of any energy product. This inevitably involves the investment of external expertise. Moreover it has environmental consequences. Natural resources are often located in areas of environmental sensitivity, and this is true at least as much for the Caspian Sea as for anywhere else. Secondly, the acts of extraction and refinement affect communities where they take place. This means that skilled and educated workers are needed in order that the upstream energy projects necessary to initiate trade in commodities can proceed. Commercially

motivated entities cannot therefore ignore either the environment or the people of a region. Otherwise they will never proceed beyond an initial measure of success.

Political economy is a branch of economic theory which teaches us that political processes are governed by economic principles as much as commercial processes. Where constituents of a geographical or political region feel excluded from the benefits of a commercial process, they will form pressure groups that react to the injustices they perceive. The same is likewise true on an international scale. International civil society is particularly effective in the contemporary era at placing pressure upon governments and businesses alike who they consider fall below the standards of civilised conduct in regulating and exploiting the business of natural resources and commodities. The list of commodities traders that have suffered in the international public eye in consequence of disregard of these principles is significant. But the list of traders who have benefitted from respect for these common standards is equally long, if not longer.

Sustainable development is now accepted as a common premise of all natural resource extraction. There is no credible political or social scenario in which anyone involved in the commodities industry can operate without regard to the

environmental and human consequences of what they do. Moreover the costs to them of doing so in the short term are moderate; yet the benefits in the medium to long term are substantial and outweigh those initial costs. Given the high costs entailed in any initial natural resources investment, the marginal additional costs of commitment to the principles of the UN's Sustainable Development Goals are insignificant. That is why every business I know of personally, that is involved in the extraction of natural resources, in one way or another has developed specific regard for the principles of sustainable development.

The goal of the Caspian Development Forum - the non-governmental organisation that I represent when speaking to you today - is to pull together what I see as common norms amongst businesses and governments into a unified set of principles falling under the auspices of the world's foremost multilateral organisation, namely the United Nations. The UN's Sustainable Development Goals should and must serve as a benchmark for us all in the field of natural resources. People in the region should share in the benefits of economic development. The unique environment of the Caspian Sea region can and should be preserved, no matter how wealthy the region becomes. The advantages of the commodities industry can be used to extend common goals of human civilisation in promoting equity between peoples, education, health

and humanity. This is my vision for the Caspian Sea region, and I already see it being implemented. And it is my vision for the future of the natural resources industry as a whole.

I have never met a person involved in the industry who disagrees with these fundamental tenets. Were there any genuine disagreement, the UN's Sustainable Development Goals would not have been embraced so wholeheartedly across nations as in fact they were. That is why they are the pillar of our common civilisation.

Exploitation of natural resources is and always has been an essential pillar of economic development. Ever since the Industrial Revolution, countries undergoing economic growth have seen surges in demand for natural resources to meet their suddenly exponential energy needs. The challenge for the energy sector is to meet, on an ongoing basis, these sudden spikes in demand, and also to manage the equally sudden troughs consequent upon economic downturns. Predicting these spikes and troughs is a formidable business, and it may well be *ex hypothesi* impossible because nobody can predict the future. But the fact of future uncertainty can be predicted, even if one cannot predict the direction of the volatility. The energy industry, and all its associate businesses, must therefore be accustomed to flexibility. And

governments must, through intelligent regulation of the industry, incentivise energy industry actors to achieve that flexibility.

Yet it is part and parcel of this flexibility that the energy industry acts with prudence towards the environment, local people, infrastructure and the accumulation of sovereign wealth funds for less ample periods of the future when revenues are generous during the present. The turbulence of the energy industry - the fact that we know it will have its peaks and its troughs, even if we do not know when - means that principles for the operation of the industry must be established that take account of this volatility. This is not government interference; it is enlightened self-interest on the part of the market actors, many of whom have state stake-holding ownership anyway. Sustainable development means development over a time period longer than just the immediate term. The concept reflects the fact that the commodities economy is cyclical, often in multiple ways.

The Sustainable Development Goals describe this enlightened self-interest on the part of governments and business alike in the commodities context. That is why they are important. Commitment to the seventeen goals, which overlap in significant part, ensures that businesses' revenues will increase when viewed in the longer term, and ensures that governments' public good objectives are

likewise achieved. The Sustainable Development Goals, properly implemented, mean that government and businesses should work in cooperation and not confrontation. So don't just think "that stuff is for the UN, it has nothing to do with us". The UN is just a framework, in which its member states agree that this sort of cooperation is important. But it takes businesses as well as governments to work together to achieve these goals.

Your Excellencies, Ladies and Gentlemen, thank you very much for listening to my comments.

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Matthew Parish is a former UN peacekeeper in the Balkans and formerly served as Legal Counsel at the International Bank for Reconstruction and Development in Washington, DC. He is the Managing Partner of the Gentium Law Group in Geneva, and formerly served in a senior role in the selection of the next UN Secretary General in 2016. Matthew is a key political supporter of the new Secretary General, Antonio Guterres. [www.gentiumlaw.com](http://www.gentiumlaw.com) [www.matthewparish.com](http://www.matthewparish.com). He is also the Honorary President of the Caspian Development Forum, a Geneva-based NGO. [www.caspiandevforum.org](http://www.caspiandevforum.org).