Self-determination of peoples and sovereignty over natural wealth and resources

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In no case may a people be deprived of its means of subsistence.¹

I. Introduction

This chapter addresses the interrelationship between resource sovereignty, self-determination and the right to development, as defined in the Declaration on the Right to Development. After discussing the genesis of sovereignty over natural resources as a principle of international law, reference will be made to the development-related articles in the Charter of the United Nations and the evolution of the principles of self-determination and resource sovereignty in the United Nations, devoting particular attention to the General Assembly resolution 1803 (XVII) of 14 December 1962 entitled “Permanent sovereignty over natural resources” (hereafter “Declaration on Permanent Sovereignty over Natural Resources”) and the United Nations Declaration on the Rights of Indigenous Peoples, adopted by the General Assembly in 2007 and annexed to its resolution 61/295. The chapter concludes with an assessment of the pertinence of self-determination and resource sovereignty to the right to development and discusses their continued relevance in an interdependent world.

II. Genesis of sovereignty over natural resources as a principle of international law

In the post-1945 period, permanent sovereignty over natural resources emerged as a new principle of international law. Although its birth was far from easy, its status in international law has now been clearly affirmed in a variety of international legal instruments, as well as by the International Court of Justice in its Judgment of 19 December 2005 in the Case concerning armed activities on the territory of the Congo.²

The principle has its roots in two main concerns of the United Nations, namely, economic development of developing countries and self-determination of colonized peoples. Since the early 1950s, newly independent States supported through this principle an effort to secure, for those peoples still living under colonial rule, the benefits arising from the exploitation of natural resources. They also sought to provide these developing countries with a legal shield against infringements of their economic sovereignty as a result of property rights or contractual rights claimed by other States (often the former colonial Powers) or

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foreign companies. Thus, the principle reflects the tension between classical principles, such as *pacta sunt servanda* (agreements have to be observed) and respect for acquired rights, on the one hand, and modern international law principles, such as self-determination, the duty to cooperate for development and the right to development, on the other.

The principle of sovereignty over natural resources embodies the right of States and peoples to dispose freely of their natural resources. Over the years, the debate on resource sovereignty has both broadened and deepened. It broadened by extending its scope to include natural wealth and marine resources. It deepened by increasing the number of resource-related rights, including those relating to foreign investment, and subsequently—and obviously more hesitantly—by identifying duties emanating from the principle. These duties include respect for the right to development of all peoples, including indigenous peoples. In this way, and under the influence of the right to self-determination and the right to development, the emphasis of the principle of sovereignty over natural resources gradually shifted from a primarily rights-based principle to one based on duties as well, and with specific content.

III. Building on the Charter of the United Nations

Although the principle of sovereignty over natural resources may well be said to have its roots in traditional principles of international law, such as sovereignty and territorial jurisdiction, its provenance lies clearly in the Charter of the United Nations. The Charter does not refer to it explicitly but contains several general references to notions inherent to the principle of sovereignty over natural resources and specific provisions concerning non-self-governing territories. General references to principles such as the equality of States and non-intervention as well as self-determination of peoples can be found throughout the Charter. For example, the second paragraph of the Preamble reaffirms “faith ... in the equal rights ... of nations large and small”, while the fourth paragraph refers to the promotion of “social progress and better standards of life in larger freedom”. Furthermore, Article 1, paragraph 2, of the Charter includes among the purposes of the United Nations “[t]o develop friendly relations among nations based on respect for the principle of equal rights and self-determination of peoples” and Article 2, paragraph 1, recalls that the “Organization is based on the principle of the sovereign equality of all its Members”. In addition, Article 55 states, inter alia, that the United Nations shall promote “economic and social progress and development” as well as respect for human rights and fundamental freedoms “[w]ith a view to the creation of conditions of stability and well-being ... based on respect for the principle of equal rights and self-determination of peoples”. Hence, Article 55 is the first article in the Charter which makes explicit reference to the objective of development. It is not the only one.

Specific provisions on non-self-governing territories in Article 73 include the obligation as “a sacred trust” of States with responsibilities for the administration of non-self-governing territories to ensure “their political, economic, social, and educational advancement, their just treatment, and their protection against abuses” as well as “to develop self-government” for these peoples. Also, the Charter defines in Article 76 (b) as a basic objective of the trusteeship system “to promote the political, economic, social, and educational advancement of the inhabitants of the trust territories, and their progressive development towards self-government or independence”. It may well be said that both these general references and specific provisions in the Charter lay the foundations for the principle of permanent sovereignty over natural resources as formulated in subsequent United Nations resolutions on self-determination, economic development of developing countries and the right to development. Thus, development as an objective and self-determination as a principle were already included in the Charter. Only in subsequent decades and along very different trajectories were both these concepts upgraded into fully fledged rights.

IV. Evolution of the principles of self-determination and sovereignty over natural resources

The principles of self-determination and sovereignty over natural resources have evolved along parallel lines and notably through normative resolutions originating from a variety of United Nations organs, including resolutions of the General Assembly, the Economic and Social Council, the former Commission on Human Rights and the United Nations Conference on Trade and Development (UNCTAD). From the perspective of the right to development two specific phases in their evolution are of particular relevance:

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3 See N.J. Schrijver, Sovereignty over Natural Resources: Balancing Rights and Duties (Cambridge, United Kingdom, Cambridge University Press, 1997), chap. 10.
firstly, in the 1950s, the debate on economic as well as political decolonization and, secondly, the controversy over developing countries’ economic progress by means of the exercise of their sovereign rights over natural resources.

A. Economic as well as political decolonization

The 1950s were characterized by two related struggles. The first was that of colonial peoples for self-determination, including the right to political self-determination and the right to dispose freely of their natural resources. The second was the struggle of newly independent countries and other developing States, especially in Latin America, for economic independence. In its resolution 523 (VI) on integrated economic development and commercial agreements the General Assembly considered that “the underdeveloped countries have the right to determine freely the use of their natural resources and that they must utilize such resources in order to be in a better position to further the realization of their plans of development in accordance with their national interests, and to further the expansion of the world economy”. It also expressly considered that “commercial agreements shall not contain economic or political conditions violating the sovereign rights of the underdeveloped countries, including the right to determine their own plans for economic development”. Assembly resolution 626 (VII), adopted upon the initiative of Uruguay, recognized the right of each country “freely to use and exploit” its natural resources.4

B. Economic development of developing States

Building upon the work for the two International Covenants, the General Assembly, in resolution 1314 (XIII), set up a nine-member Commission on Permanent Sovereignty over Natural Resources “to conduct a full survey of the status of this basic constituent of the right to self-determination, with recommendations, where necessary, for its strengthening”. The work of the Commission resulted in the adoption of the landmark Declaration on Permanent Sovereignty over Natural Resources in General Assembly resolution 1803 (XVII), reviewed in the next section.

V. Declaration on Permanent Sovereignty over Natural Resources

The Declaration comprises eight paragraphs, laying down the basic principles for the exercise of permanent sovereignty over natural resources with a view to promoting development. Paragraph 1 attributes the right to permanent sovereignty to both peoples and nations. It also asserts that this right “must be exercised in the interest of their national development and of the well-being of the people of the State concerned”. Paragraph 2 determines that the “exploitation, development and disposition” of such natural resources, “as well as the import of the foreign capital required for these purposes, should be in conformity with the rules and conditions which the peoples and nations freely consider to be necessary or desirable with regard to the authorization, restriction or prohibition of such activities”.

Paragraphs 3 and 4 contain rules for the treatment of foreign investors. Paragraph 3 determines that when authorization is granted, the imported capital and the earnings on it shall be governed by national legislation and international law. It also lays down the principle that the “profits derived must be shared in the proportions freely agreed upon” with due care for the State’s sovereignty over its natural resources. Paragraph 4 deals with the hotly debated issue of nationalization, expropriation or requisition. Its text provides that public utility, security or national interest can serve as the grounds for such taking of property, subject to payment of “appropriate” compensation. With regard to the settlement of disputes on compensation, the paragraph recognizes the “exhaustion of local remedies” rule, but provides for international adjudication and arbitration upon agreement by the

4 See also J.N. Hyde, “Permanent sovereignty over natural wealth and resources”, American Journal of International Law, vol. 50 (1956), pp. 854-867.
“Calvo doctrine”, advocated by the developing countries, with the international minimum standard supported by the industrialized countries.\(^5\)

Moreover, paragraph 5 of the Declaration reaffirms the importance of the sovereign equality of States for the exercise of the principle of sovereignty over natural resources. Paragraph 6 stipulates that international development cooperation must be aimed at furthering the “independent national development” of developing countries and must “be based upon respect for their sovereignty over their natural wealth and resources”. Further, paragraph 7 determines that violation of the principle of permanent sovereignty over natural resources “is contrary to the spirit and principles of the Charter of the United Nations and hinders the development of international cooperation and the maintenance of peace”. Similarly, the last principle in the Declaration, enshrined in paragraph 8, stipulates that foreign investment agreements shall be observed in good faith and that States and international organizations shall respect the principle of permanent sovereignty over natural resources “in accordance with the Charter and the principles set forth in the present resolution”.

The Declaration on Permanent Sovereignty over Natural Resources was adopted by 87 votes in favour to 2 against (France and South Africa), with 12 abstentions. It is now widely considered as embodying a proper balance between the interests of capital-exporting and capital-importing countries and between permanent sovereignty of developing States and the international legal duties of States. Many political leaders and authors view it as an instrument for development and as the economic equivalent of the Declaration on the Granting of Independence to All Colonial Countries and Territories in Accordance with the Charter of the United Nations.\(^6\)

VI. The United Nations Declaration on the Rights of Indigenous Peoples

Following protracted negotiations over many years, the General Assembly adopted at last the United Nations Declaration on Indigenous Peoples in 2007. This 46-article Declaration deals in a comprehensive way with the identity, the position and the rights of indigenous peoples. It addresses their rights to self-determination, non-discrimination, life and integrity, cultural identity and heritage, an educational system and health services, as well as the rights to their lands and resources. It also provides for consultation and participation in decision-making in resource management. At several places, the Declaration explicitly uses the term “self-determination”, especially in article 3. However, the Declaration endorses only a limited form of self-government, which is circumscribed within the framework of the State rather than a full political independence. Article 4 specifies that the autonomy or self-government of indigenous peoples relates to “their internal and local affairs” and the final provision in article 46 (1) stipulates that “[n]othing in this Declaration may be ... construed as authorizing or encouraging any action which would dismember or impair, totally or in part, the territorial integrity or political unity of sovereign and independent States”.

Unfortunately, the Declaration does not contain a definition of indigenous peoples. Equally striking is that the Declaration refers merely once to the concept of “sustainable development”, which by the time of the adoption of the Declaration in 2007 featured highly on all natural resource-related agendas. Nevertheless, in many respects the Declaration is quite a far-reaching and ambitious document relating to the right to development of indigenous peoples.

In various provisions, the Declaration touches upon the economic rights of indigenous peoples and their entitlement to their lands, territories and resources. For example, article 26 provides that “[i]ndigenous peoples have the right to the lands, territories and resources which they have traditionally owned, occupied or otherwise used or acquired” and imposes an obligation upon States to “give legal recognition and protection to these lands, territories and resources. Such recognition shall be conducted with due respect to the customs, traditions and land tenure systems of the indigenous peoples concerned”. The previous article 25 determines that indigenous peoples should be able to uphold their responsibilities to future generations in this regard. In a formulation reminiscent of the above-quoted phrase in common article 1 of the two International Covenants on Human Rights, it is provided in article 10 that indigenous peoples deprived of their means of subsistence are entitled to just and fair redress. Article 10 stipulates that “[i]ndigenous peoples shall not be forcibly removed from their lands or territories. No relocation shall


\(^6\) General Assembly resolution 1514 (XV), adopted by 89 votes in favour to none, with 9 abstentions.
take place without the free, prior and informed consent of the indigenous peoples concerned and after agreement on just and fair compensation and, where possible, with the option of return”. In a similar vein, article 28 adds: “Indigenous peoples have the right to redress, by means that can include restitution or, when that is not possible, just, fair and equitable compensation, for the lands, territories and resources which they have traditionally owned or otherwise occupied or used, and which have been confiscated, taken, occupied, used or damaged without their free, prior and informed consent." While these rights are certainly far-reaching, it should be noted that none of these provisions vests indigenous peoples expressis verbis with permanent sovereignty over their natural wealth and resources or entails exclusive rights for indigenous peoples over the natural resources within their territories. Rather, they vest indigenous peoples with clear-cut rights to consultation in decision-making and to benefit-sharing. This interpretation is confirmed by article 32 of the Declaration, which lays down an obligation for States to consult and cooperate in good faith with the indigenous peoples concerned before engaging in any project affecting their lands and territories and other resources, particularly in connection with the development, utilization or exploitation of mineral, water or other resources. These guarantees go hand in hand with article 2 (3) of the Declaration on the Right to Development, which calls for active, free and meaningful participation in development as well as the fair distribution of the benefits resulting therefrom.

Such interpretation is also confirmed in decisions of some important regional human rights bodies. In the Mayagna (Sumo) Awas Tingni Community v. Nicaragua case, the Inter-American Court of Human Rights interpreted the notion of property to include indigenous peoples’ communal land tenure. However, the Court did not use the concept of the sovereign right to control and exploit natural resources. Instead, in relation to the granting of concessions to third parties, it referred in a general sense to article 21 (2) of the American Convention on Human Rights relating to the right to property protection and to international human rights law. Under international human rights law, the rights of indigenous peoples with regard to their traditional lands and the natural resources are inextricably linked to the right to enjoy their culture and to preserve their identity and natural environment. Such rights take shape in particular through participatory rights rather than through sovereign rights. This finding has been confirmed and elaborated in various later decisions by the Inter-American Commission and Court, including in cases of the Moiwana Community v. Suriname (2005) and the Saramaka People v. Suriname (2007). In the latter judgement, the Inter-American Court of Human Rights concluded that article 21 of the American Convention, interpreted in the light of the rights recognized under common article 1 of the two International Covenants and article 27 of the International Covenant on Civil and Political Rights on the rights of persons belonging to minorities, grants to the members of the Saramaka community the right to enjoy property in accordance with their communal tradition. The Court also concluded that “Article 21 of the Convention should not be interpreted in a way that prevents the State from granting a type of concession for the exploration and extraction of the natural resources within the Saramaka territory”. Rather, the State must observe safeguards and ensure effective participation and reasonable benefits in order to preserve the rights of the Saramaka people. The Court concluded that Suriname had not complied with these safeguards and thus had violated article 21 of the Convention, in conjunction with common article 1 of the International Covenants, to the detriment of the Saramaka people. Therefore, the Court ordered in particular that the “State shall adopt legislative, administrative and other measures necessary to recognize and ensure the right of the Saramaka people to be effectively consulted, in accordance with their traditions and customs, or when necessary, the right to give or withhold their free, informed and prior consent, with regards to development or investment projects that may affect their territory, and to reasonably share the benefits of such the members of the Saramaka people, should these be ultimately be carried out".

In a similar vein, the African Commission on Human and Peoples’ Rights appealed in 2001 to the Government of Nigeria to ensure better protection of the human rights of the Ogoni people, in particular to their environment, health, land and natural resources. The Commission did not link this with the

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8 Inter-American Court of Human Rights, Mayagna (Sumo) Awas Tingni Community v. Nicaragua, judgement of 31 August 2001.

9 Inter-American Court of Human Rights, Saramaka People v. Suriname (judgement of 28 November 2007), para. 95.

10 Ibid., para. 126.

11 Ibid., para. 158.

12 Ibid., para. 214 (8).

people’s right to permanent sovereignty over natural resources or the people’s right to development as recorded in articles 21 and 22, respectively, of the African Charter. However, eight years later the African Commission in a somewhat similar case directly applied the right to development for the first time. In the Centre for Minority Rights Development (Kenya) and Minority Rights Group International on behalf of Endorois Welfare Council v. Kenya, the African Commission on Human and Peoples’ Rights found a violation of the right to development, recognizing the African Convention’s endorsement of peoples’ rights and noting that:

the right to development is a two-pronged test, that it is both constitutive and instrumental, or useful as both a means and an end. A violation of either the procedural or substantive element constitutes a violation of the right to development. Fulfilling only one of the two prongs will not satisfy the right to development. The African Commission notes the Complainants’ arguments that recognising the right to development requires fulfilling five main criteria: it must be equitable, non-discriminatory, participatory, accountable, and transparent, with equity and choice as important, overarching themes in the right to development.

Of particular significance was indeed participation, which for the African Commission was not simply consultation within the democratic decision-making process in Kenya—itself important—but, in regard to development projects, must include “obtain[ing] [the Endorois’] free, prior, and informed consent, according to their customs and traditions”. It is notable that so far at least one semi-judicial body has applied the right to development as enshrined in article 22 of the African Charter on Human and Peoples’ Rights and subjected it to judicial consideration.

Furthermore, concrete examples of the pertinence of a people-centred approach premised on the right to development abound in the practice of the United Nations. For example, the Special Rapporteur on the right to food, Olivier De Schutter, stressed in his United Nations, both self-determination of peoples and the right to development projects, must include “obtain[ing] [the Endorois’] free, prior, and informed consent, according to their customs and traditions”. It is notable that so far at least one semi-judicial body has applied the right to development as enshrined in article 22 of the African Charter on Human and Peoples’ Rights and subjected it to judicial consideration.

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VII. Final observations and conclusions

Rather soon after the creation of the United Nations, both self-determination of peoples and resource sovereignty came to be viewed as important dimensions of the decolonization process. They also feature prominently in debates on the causes of underdevelopment and the conditions for development. Therefore, both principles were considered to be primary development instruments. For a long

“land grabbing”, which relates to increasing, large-scale acquisitions and leases of land, accelerated after the 2008 global food crisis and was a major concern for the enjoyment of these resource-related rights. There are cases of land being leased at very low prices, sold below market prices, or given away in exchange for promises of employment creation or transfer of technology. In order to correct these failures, the Special Rapporteur has called for leases or purchases to be fully transparent and participatory and the revenues to be used for the benefit of the local population, as provided for by both the Declaration on Permanent Sovereignty over Natural Resources and the Declaration on the Right to Development. Consequently, ensuring participation and fair distribution of revenues demands a positive and responsible exercise of sovereignty by States. Such policies would entail establishing an appropriate institutional framework to ensure benefit to all involved parties, in particular because participation has been identified as key to ensuring long-term sustainability and the success of investments. Conceived in such terms, large-scale investments in farmland have the potential to benefit all parties. When the recipient State is unable or unwilling to discharge human rights obligations, there ought to be a complementary responsibility of the home State of the investor to address this matter and to promote respect for such obligations.

14 Article 21 of the African Charter on Human and Peoples’ Rights reads in part: “1. All peoples shall freely dispose of their wealth and natural resources. This right shall be exercised in the exclusive interest of the people. In no case shall a people be deprived of it. 2. In case of spoliation the dispossessed people shall have the right to the lawful recovery of its property as well as to an adequate compensation.”


16 Ibid., para. 277.

17 Ibid., para. 291.


19 A/HRC/13/33/Add.2, para. 32.


21 A/HRC/13/33/Add.2, para. 33.
time, the discourse on self-determination of peoples and sovereignty over natural wealth and resources has tended to focus on the formulation of rights of non-self-governing peoples and newly independent States. Developing countries, assembled in the Group of Seventy-Seven (G77), attempted to broaden and strengthen their rights. They sought to “broaden” them by claiming sovereignty over marine resources in substantially extended sea areas and all resource-related activities, including processing, marketing, and distribution of raw materials. Most Western States strongly opposed these extensions. In addition, the G77 sought to “strengthen” resource sovereignty by claiming as many rights as possible, including the right to share in the administration and profits of foreign companies, the right to terminate concession agreements from the past and to determine freely the amount of “possible” compensation in the event of nationalizations, and the right to settle investment disputes solely upon the basis of national law and by national remedies.

At different points in time controversy escalated, especially during the call for a New International Economic Order in the 1970s. However, some of the rough edges were removed and a spirit of compromise and cooperation became possible again, as evidenced by such landmark documents as the Declaration on Permanent Sovereignty over Natural Resources, the Declaration of the United Nations Conference on the Human Environment adopted in Stockholm in 1972, the United Nations Convention on the Law of the Sea of 1982, the Declaration on the Right to Development, the Rio Declaration on Environment and Development of 1992 and the Johannesburg Declaration on Sustainable Development of 2002. Progressively, there emerged a consensus to balance rights and duties in the following six principles, which capture the essence of resource sovereignty:

(a) Natural resources should be employed for national development and the well-being of the people;
(b) The rights of indigenous peoples to their habitat and its natural resources should be protected;
(c) Natural resources should be properly and prudently managed, based upon the principle of sustainable use;
(d) Nationalization and marine resource-related policies should be implemented “in accordance with international law”;
(e) Due care should be paid to the environment without compromising the rights of future generations;
(f) States should cooperate for worldwide sustainable development.

Among the legal instruments cited, the Declaration on the Right to Development stands out as it vests the right to development in both “every human person” and “all peoples”. The Declaration recalls in particular the right of peoples to exercise “sovereignty over their natural wealth and resources”. As discussed above, this resource sovereignty is the economic dimension of the right to self-determination as it evolved in the 1950s. The political dimension of self-determination is also reflected in the Declaration, which stipulates in article 1 (1) that “all peoples are entitled to participate in, contribute to, and enjoy economic, social, cultural and political development”. These clauses, and the contemporary content of the principles of economic and political self-determination and resource sovereignty, show their interrelatedness to the right to development, if not their symbiotic interaction.

One may wonder, however, whether the principles of self-determination of peoples and resource sovereignty of States have not lost much of their relevance in this era of increasing qualifications with respect to State sovereignty as embodied in human rights law, Security Council resolutions on peace and security and international environmental law, and in an age of globalization and multilateral consultation and cooperation. However, they clearly remain relevant if one interprets them dynamically, using the analysis proposed in this chapter for a people-centred normative approach to a responsible exercise of sovereignty over natural resources.

Nearly all peoples, if not all of them, are still very much attached to their self-determination. Furthermore, in a world with a low level of international integration, States are still the prime layer of international administration and have the primary responsibility for realizing the right to development of their citizens. These principles no longer serve merely as the source of each people’s freedom and every State’s freedom to benefit from their natural resources, but also as the source of corresponding responsibilities requiring careful resource management and imposing accountability at the national and international levels in an effort to contain and
resolve, if not prevent, resource-extraction conflicts.\textsuperscript{22} The challenge is how to inject these established principles of self-determination of peoples and sovereignty over natural wealth and resources into the basic tenets of the right to development and in this way best serve the interests of present and future generations of humankind.

\textsuperscript{22} See chapter 5, “Natural resources and armed conflict”, in N.J. Schrijver, Development Without Destruction: The UN and Global Resource Management (Bloomington and Indianapolis, Indiana University Press, 2010).