

When is a country too corrupt for Canadians to do business there?

Going into emerging markets can pose some difficult choices. There are some places responsible companies just can't go

Jun 18, 2015 Chris MacDonald

A Canadian UN peacekeeper overseeing the withdrawal of Ethiopian forces from Eritrea in 2001. Companies need to think twice about doing business in human-rights hotspots. (Pedro Ugarte/AFP/Getty)

Does a brutal dictatorship in the Horn of Africa, featuring systematic slavery and more generally an awful record of human rights abuse sound like a place you want to do business? If so, Eritrea is the destination for you.

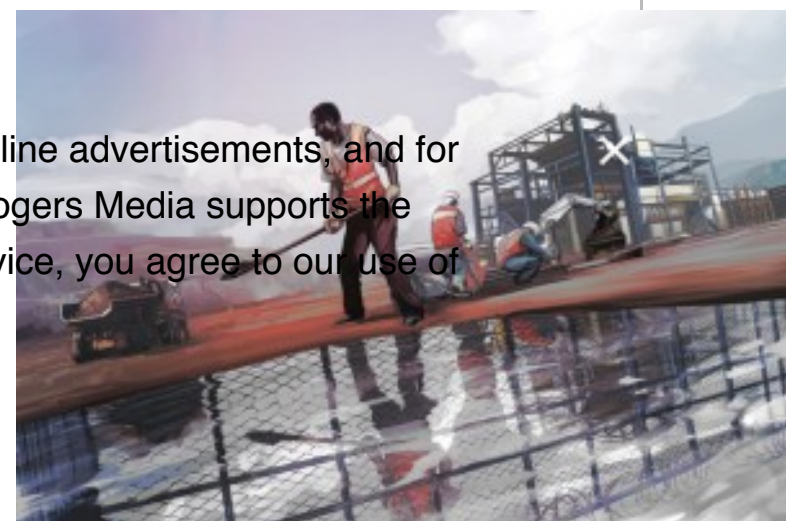
The tiny State of Eritrea was the subject of a recent scathing report by the UN's Office of the High Commissioner for Human Rights. Among the report's findings: "Eritreans are subject to systems of national service and forced labour that effectively abuse, exploit and enslave them for indefinite periods of time." Little wonder that Eritreans currently make up a disproportionate number of the African refugees landing on European shores.

Of particular interest is the fact that Canadian mining company Nevsun Resources Ltd is implicated in these human rights abuses. Nevsun is co-owner of the Bisha copper and gold mine

According to news reports, Nevsun said it regretted the state-controlled subcontractor it had been required to use had employed conscripts."

Doing business in less-developed country is always going to pose a range of challenges, from corrupt officials to bad infrastructure to non-existent environmental regulations and shoddy labour conditions. If you do business in such places,

there are always going to be compromises, and in some cases those compromises—think of long hours and low wages in a Bangladesh garment factory—may be a net benefit to workers, to the local economy, and to shareholders.



The Slaves of Eritrea

And there are things companies can do to act responsibly when doing business in developing countries. They can work with local governments to make sure that existing regulations are adhered to and enforced, throughout the supply chain. They can scrupulously avoid indulging in bribery (which is both illegal everywhere and almost always seriously unethical). They can look for win-win ways to raise labour standards to make workers better off and more productive. Simply by operating with quiet integrity, a company from a developed country may be able to set a good example that helps promote reform.

But in some cases, that won't be enough. In some cases, doing business in a particular country is just going to mean getting your hands very, very dirty. In some cases, becoming complicit in human rights violations will be either inevitable, or simply overwhelmingly tempting. We have to come to grips with the fact that there are some places where a responsible company simply cannot do business.

And that's a tragic fact for the people who live in such countries. People in places like Eritrea desperately need trade, to help pull them up out of poverty. But sometimes—as when important human rights are on the line—helping in *this* way is going to have to stay out of reach.

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