

OTHER FACETS

NEWS AND VIEWS ON THE INTERNATIONAL EFFORT TO END CONFLICT DIAMONDS

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KIMBERLEY PROCESS MONITORING

Good System Marred by Holdouts

Monitoring for compliance in the Kimberley Process Certification Scheme (KPCS) was one of the most contentious aspects of reaching the final agreement. Since the agreement came into effect in January 2003, however, there have been some major achievements, and some notable resistance. At the October 2003 Kimberley meeting in Sun City, it was agreed that participating countries could “invite” peer reviews. These would be over and above any special missions mounted to investigate “significant indications of non-compliance”.

Several countries immediately volunteered for reviews. The first two, conducted early in 2004, were in the **United Arab Emirates** and **Israel**. Since then, many others have been conducted: **Mauritius, South Africa, Lesotho, Zimbabwe, Botswana, India, Sri Lanka, Canada, the EC, Switzerland** and the **Democratic Republic of the Congo**. More are lined up for 2005. In addition, there have been two review “missions” – a term used to describe reviews sparked by significant indications of non-compliance. The first, to the **Central African Republic** in 2003, had a positive outcome, with a revamping of that country’s internal controls. The second, to the **Republic of Congo** (Brazzaville) in June 2004, resulted in that country’s expulsion from the KPCS.

The review procedure is a simple one. The Chair of the KPCS Working Group on Monitoring (currently the European

Commission), nominates representatives of three governments to the team, plus one each from industry and civil society. Using a generic template based on the KPCS agreement, a review visit is then undertaken. Visits may range from two or three to several days, depending on the complexity of the country’s diamond industry and the issues.

A major weakness in the system, say NGOs, is the absence of much information sharing. Even if they are completely positive, the review reports are not made public, which belies one of the most basic KPCS tenets about greater transparency and confidence. In addition, several countries have refused to invite review visits. Others say they are supportive of the idea “in principle”, but have refused to propose dates for a visit.

Review Holdouts*

China, Bulgaria, Croatia, Japan, Namibia, Republic of Korea, Thailand, Venezuela

* These countries have so far not volunteered for a review visit, or have not given a date when such a visit might take place. Australia has proposed “late 2006”, four years after KPCS start-up.

FIGHTING IN CONGO

Return to War?

Fighting in eastern DRC escalated in December with major clashes between government forces and rebel factions that are supposed to be part of the transitional government. The fighting in North Kivu began when the government sent troops to ensure that Rwanda did not follow through on threats to invade. The UN, which has 11,000 peacekeepers in the area, accused Rwandan forces of carrying out several raids in recent weeks, a charge denied by Rwandan President **Paul Kagame**. The December fighting focused on the town of Kanyabayonga, whose 30,000 people fled as their homes were destroyed in fighting between government troops and forces loyal to the Rwanda-backed RCD.

Meanwhile, a December 9 report issued by the American NGO **International Rescue Committee**, says that a thousand people are dying every day in the DRC, mostly from preventable and treatable diseases. Detailed reports from IRC have documented the deaths of 3.8 million people more than what might normally

be expected in a developing country like the Congo. “Put that in perspective,” Says IRC doctor **Richard Brennan**. “We know 250,000 died in Bosnia; we know 12,000 died in Kosovo. And that was on everyone’s TV screen. Congo is the deadliest war anywhere in the world since the end of World War II and no one knows anything about it. No politician is saying, ‘This is outrageous.’” The IRC report can be found at www.theirc.org.

RUSSIA TAKES KP CHAIR

Succeeds Canada

On January 1, the Russian Federation took over the Chair of the Kimberley Process from Canada, which had served as Chair during 2004. **Vyacheslav Shtyrov**, President of the Republic of Sakha (Yakutia), will serve as the Chairperson, taking over from Canada’s **Tim Martin**. During 2005, Botswana will serve as Deputy Chair, taking over the lead position in 2006. The leadership of various KP working groups remains unchanged. The EC chairs a working group on monitoring and Canada chairs a working group on statistics.

EDITORIAL STOP THE BAFFLEGAB ON STATISTICS

Two years after startup, the KPCS is still unable to reconcile diamond trade data because some countries – most notably the **United States** and **Canada** – have been either unwilling or unable to make changes to their opaque data-gathering systems. As a means of tracking and reconciling the trade in rough diamonds, the KPCS requires all participants to collect and submit semi annual diamond production data (in the case of producing countries) and quarterly trade data. Anomalies in trade and production data were key to the discovery and exposure of conflict diamonds in 2000 and 2001, and they were central in the decision to suspend the **Republic of Congo** from the KPCS in June 2004.

It was agreed that participants could rely on “existing national processes and methodologies” for data gathering, but it has subsequently become clear that for a system-wide data base to make sense, there must be consistency in the methodology used. A majority of participants use the data recorded on Kimberley Process certificates – seemingly a logical and simple matter. Canada and the United States, however, do not. In the case of Canada, its 2003 KP-related legislation will have to be changed, a process that has apparently now begun. In the case of the United States, US Customs requires a “country of origin” to be recorded on all imports. This means that mixed diamonds imported from the EC, for example (which produces no diamonds), must have a named country of origin, even though the actual origin of the diamonds is impossible to determine. Importers therefore record “best guesses” as the country of origin – often naming **South Africa**. This means that South Africa’s exports of rough diamonds to the US are recorded by South Africa as much lower than what the US shows as imports. And while the EC shows significant exports of rough diamonds to the US, US imports from the EC are much lower.

The KP Working Group on Statistics, an intersessional KP meeting in Brussels in June 2004, and the KP plenary in October 2004 all recognized the importance of a consistent data base if KP statistics are to have any meaning, and if they are to be an effective tool in ending and preventing conflict diamonds. It is essential that all countries, especially the United States as a major diamond consumer, and Canada as a major diamond producer, adopt the data on KP certificates as the basis for their data submissions. Several countries, including **Belarus, Central African Republic, Guyana, Laos, Sri Lanka** and **Venezuela**, did not even bother to respond to a Working Group questionnaire.

The proposed change does not mean that national authorities have to change their data-gathering systems. It does mean that they should collect *additional* data for KP purposes. This should not be hugely burdensome. In the case of the United States, fewer than 1,600 certificates were issued in 2003, and fewer than 2,200 imports of rough diamonds were received. Certificate counts are already being registered, so the change would mean the recording of fewer than 12,000 additional numbers in a year. In the case of Canada, the combined total of import and export certificates in 2003 was less than 400. It is time for these countries to stop stalling and join with the rest of the Kimberley Process in making the system work.

WEAK CONTROLS AND “POVERTY DIAMONDS”

NGO Studies Released At Kimberley Meeting

Diamond controls in many countries are seriously flawed. But controls alone will probably never work unless diamond digging in some African countries pays more than a dollar a day. These are messages contained in two reports prepared jointly by **Global Witness** and **Partnership Africa Canada**, NGOs closely involved in the creation of the Kimberley Process diamond certification system.

The reports were issued to coincide with the October Kimberley Process plenary meeting held in Gatineau (Quebec). *The Key to Kimberley: Internal Diamond Controls* examines the implementation of new control systems in **Belgium, Britain, the United States, Canada, Angola, Ghana** and the **Democratic Republic of the Congo**. The report praises the Belgian system as “detailed and rigorous” but is critical of US, British and Canadian regulations because of weak or non-existent government audits of companies dealing with diamonds. The report is much more critical of controls in the Congo and Angola, however. Governmental controls at the point of export in these countries are good, the report says, but there are almost no controls one or two transactions back into the system. The report recommends much tougher oversight if illicit diamonds are to be excluded from the legitimate diamond trade.

A second report, *Rich Man, Poor Man – Development Diamonds and Poverty Diamonds* reports on months of research by Partnership Africa Canada and Global Witness in the diamond fields of **Sierra Leone, Angola** and the **Congo**. There, alluvial diamonds represent the primary source of income for more than one million freelance diggers and their families. On average, however, the report says that they earn only a dollar a day. Working conditions are unhealthy and dangerous; cheating, theft and smuggling are rampant. Until Africa’s diamond diggers earn a fair wage, the report says, diamonds will always be a destabilizing factor in these countries. The report says that controls alone are not enough, and calls on the diamond industry and the world’s development organizations, including the **World Bank** and the **United Nations**, to find ways to generate better prices at source for a commodity which represents one of the most concentrated forms of wealth on the earth. The reports are available at www.pacweb.org.

INTERNATIONAL PROSECUTORS SPEAK OUT

“End Culture of Impunity”

The Prosecutors of four international criminal courts have called for an end to what they call “the culture of impunity” for indicted war criminals. And they call for appropriate resources, cooperation and assistance in order to enforce the principle of accountability and the rule of law. In a joint statement issued in November, the Prosecutors of the International Criminal Court, the tribunals for former Yugoslavia and Rwanda, and the Special Court in Sierra Leone said that while they had made great progress, there are still major problems, including the fact that

many of those indicted for war crimes, including **Radovan Karadzic, Ratko Mladic** and **Charles Taylor**, have continued to evade justice. "The resolve of the international community will... be measured by its willingness to deliver indictees for trial," the statement said. "To permit individuals accused of the gravest crimes to evade justice would reinforce the culture of impunity that fuels conflict and atrocities."

In a related story, Liberia's transitional government finally froze the assets of former President Charles Taylor and some of his associates in October. The decision was made a full seven months after sanctions were ordered by the UN Security Council. Among those whose assets were frozen was **Edwin Snowe**, a former Taylor supporter and now managing director of the state-run **Liberian Petroleum and Refining Corporation**.

SIERRA LEONE TRUTH AND RECONCILIATION COMMISSION

Final Report Commends Kimberley

After 18 months of hearings and deliberations, Sierra Leone's Truth and Reconciliation commission issued its final report in October 2004. The TRC was one of the few ideas that survived the 1999 Lomé Peace Agreement between the **Government of Sierra Leone** and the **Revolutionary United Front**. Established by an Act of Parliament in February 2000, its mandate was to create an impartial historical record of violations and abuses of human rights related to the armed conflict in Sierra Leone, to address impunity, to respond to the needs of the victims, to promote healing and reconciliation and to prevent a repetition of the violations and abuses suffered. The TRC was also to investigate and report on the causes of human rights violations, and on the context in which they occurred. The TRC heard over 7000 testimonies, and held meetings throughout the country. The Report devotes several pages to diamonds, calling on the government for greater transparency in the collection and use of diamond taxes, for a greater percentage of the taxes to be returned to the communities where diamonds are mined, and for an end to smuggling. It also calls for an end to child labour in the diamond fields and for the education of miners on the value of diamonds.

The Commission commends the work of the Kimberley Process, and calls on all participants "to invite independent monitoring by outside bodies". The Commission also calls on the Kimberley Process "to exclude all countries that are not fully complying with the requirements of the certification scheme, including those that fail to establish internal control mechanisms."

OTHER FACETS

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Supporters include: the Canadian International Development Agency, the British Department for International Development, the Canadian Catholic Organization for Development and Peace, the International Development Research Centre, Foreign Affairs Canada, Development Cooperation Ireland, the Canadian Autoworkers Social Justice Fund, World Vision Canada and others. For more information: Partnership Africa Canada, 323 Chapel St., Ottawa, Ontario, K1N 7Z2, Canada; info@pacweb.org www.pacweb.org ISSN: 1496-7480

REPORTS

Anti-Smuggling in Sierra Leone

The government of Sierra Leone should tighten airport security to combat smuggling; it should establish a strategic oversight function for diamond sector regulation and enforcement; it should establish a low-cost and strategically targeted system to "check the checkers"; and it should improve data collection, coordination, analysis and decision making in the diamond sector. Those are the main recommendations from diamond security specialist **Jeffrey Corkill** in a report on anti-smuggling measures arranged by **Management Systems International** for **USAID's** Diamond Policy and Management Project in October 2004.

The report recommends better profiling and surveillance of known diamond traders, the creation of a priority departure lane for declared diamond dealers, along with a secure departure lounge, and improved cross-agency coordination in airport surveillance. It recommends better collaboration among the various government stakeholders in diamond sector regulation and enforcement, and a system to ensure that checks throughout the system are themselves being audited.

The report is critical of what it calls "poor diamond information management" between the mining areas and Freetown, "which provides significant opportunity to disguise corrupt and illicit activity." While the current methodology for reporting diamond trading transactions is, according to the report, "essentially adequate", significant flaws in the process compromise the system and the data that is collected. The report calls on the government to correct attitudes that mask an "unwillingness by certain officials to use those assets that are available in a more effective manner". It says that while there have been many changes for the better in recent years, significant further improvements will require "sustained and steady pressure" from the international donor community. The report is available at <http://www.peacediamonds.org/>.

Global Witness-Amnesty Survey

In October 2004, **Global Witness** and **Amnesty International** released a report charging that diamond jewellery retailers in Britain and the United States were falling short of their stated plans for self-regulation. The report, *Déjà Vu*, was based on a postal survey of management and visits to 579 stores in 50 cities, during which questions were asked about the source of diamonds and the system of warranties advocated by the **World Diamond Council**. More than half of the companies contacted by mail failed to reply, and more than half of the retail salespeople interviewed were unable to give any details about the source of the diamonds on sale, or about any system of warranties. Although the **Kimberley Process** does not cover polished diamonds, the self-regulation system developed by the World Diamond Council covers both rough and polished gems. The report can be found at www.globalwitness.org/reports/.

BOOKS

Howard W. French, *A Continent for the Taking: The Tragedy and Hope of Africa*, Knopf, New York, 2004, 280 pages, US\$25.00, C\$38.00

This sad but engaging book is not about diamonds. It is about the collapse of wide swathes of Africa under the boots of rampaging warlords, crooked politicians, and the apathy of the West. Howard French, correspondent for the *New York Times*, was there for the 1996 election of Charles Taylor, the downfall of Mobutu, the chaos of Nigeria and the collapse into civil war of the Republic of Congo. Diamonds are a repeating backdrop however – in the financing of Taylor, in the smugglers waiting for boats from Kinshasa to Brazzaville, in the private jets waiting for diamond dealers on the runways of decrepit Congolese runways. French reserves his toughest criticism for the United States government and its disastrous support for the likes of Idi Amin, Mobutu, Banda, Doe and Savimbi. “We supported leaders like these for our own strategic reasons, and for those reasons alone, during the long years of the Cold War. Noble though our rhetoric may often be, democracy, indeed the welfare of Africans, had nothing to do with our choices.”

Russell Banks, *The Darling*, Knopf, New York, 2004, 392 pages, US\$25.95, C\$35.00

In *The Darling*, Russell Banks takes his prestigious writing talents (*The Sweet Hereafter*, *Cloudsplitter*) to Africa, describing an American radical of the Weather Underground who moves to Liberia and marries a cabinet minister in the Tolbert regime of the 1970s. The story line is of interest because the central character, Hannah Musgrave, is so caught up in the Liberian horror story that she becomes involved in springing Charles Taylor from the Plymouth County House of Detention in Massachusetts, helping him on his way to the eventual destruction of her family and Liberia. Diamonds? Banks says that had it not been for the discovery “of a deep and wide vein of diamonds running the length and breadth of the land”, Liberia would have remained a forgotten backwater. The book is an odd blend of fact and something that goes well beyond fiction, and of characters that are both unknowable and universally unlikeable. The *New York Times* said *The Darling* has Chekovian echoes, “not a

perfect book”, but “admirable, compelling”. And given Banks’ other fine work, it could have added “not very satisfying”.

DIAMOND SHAKE-UP IN DRC

Minister Axed

Wracked by civil war, invasion, corruption and weak government for several years, the Democratic Republic of the Congo has had reason to hope in recent months that its diamond resources might finally prove to be an asset for development. The creation by interim President **Joseph Kabila** of the *Centre d’Evaluation d’expertise et de Certification* (CEEC) to manage diamond exports, and the appointment of a new firm of international valuers – **SIDC/WWW**, which is also the official valuator for the government of Canada – were steps in the right direction. The result in 2003, was diamond exports worth \$642 million, a major increase over the previous year and almost double what has been exported officially in almost any year since the 1980s.

But during 2003, there were territorial squabbles between the CEEC, an autonomous organization created by Presidential decree, and the Ministry of Mines. This became more public in June 2004, when the Minister of Mines, **Eugène Diomi Ndongala**, whose ministry was not party to the agreement between the CEEC and SIDC/WWW, suspended the work of the valuator, despite two favourable external reviews.

In a statement, SIDC/WWW said that it was “proud of its record in the DRC and disappointed that the country has not benefited from all of this year’s price increases in rough diamonds on the world markets. This is especially true given the recent expulsion of Congo-Brazzaville from the Kimberley Process, when a much higher average US dollar price should have been achieved for the DRC’s rough diamond exports.” In SIDC/WWW’s absence from the DRC after June, the average price of rough diamond exports stagnated when it should have risen, depriving the country of tens of millions of dollars of foreign exchange and export duty revenues.

In November, following the results of a parliamentary inquiry, six DRC ministers and the heads of ten state-run companies were fired on various charges, including corruption. Among those fired was mines minister Eugène Diomi Ndongala.

MEDIAWATCH

Life Imitates Art Department: Law & Order, one of NBC television’s most popular drama series, has gone back to the well on conflict diamonds. In October 2001, the series featured a story about a New York diamantaire murdered (complete with hand chopped off) by a Sierra Leonean army captain, sent to retrieve blood diamonds from a “Swiss diamond cartel” that was withholding stones from its sightholders. In November 2004 the series ran a new story, which begins with a New York diamantaire being gunned down in the street, after which all of his “rough from Amsterdam” disappears. This time the problem is the Russian mafia, which is smuggling “blood diamonds from West Africa” – because now, as one diamond dealer explains it, “all legit diamonds have to have an ID”. Although the **Kimberley Process** is not mentioned by name, *Law & Order* writers seem to be following its progress. *Footnote*: If you had watched this particular episode of *Law & Order* on NBC’s Detroit affiliate, you would have been treated between scenes to advertisements for “cheap diamond bracelets” available at **J.C. Penny** on the Friday after Thanksgiving during its 5:30 a.m. “doorbuster sale”.

Blood Diamonds, a product of the burgeoning Nigerian film industry – the so-called “Nollywood” – features a number of Sierra Leonean actors, including former Information Minister **Julius Spencer**. The plot is basic: **Charles Taylor**, the former Liberian President now in exile in Nigeria, has dispatched a team of mercenaries to fly into Sierra Leone and carry back diamonds hidden by “the late rebel leader **Foday Sankoh**.” The diamonds are said to be worth “more than \$3 billion,” and have been hidden in the hills, guarded by armed men under the command of one Don Carlos, a local gangster and a former Sankoh aide. The mercenaries fly to Freetown and nonchalantly head for a prominent hotel. On the way, there is a clumsy shoot-out between them and Carlos’ men, although hundreds of bullets later, neither they nor their vehicles are any the worse for wear. Many battles and several *femmes fatale* later, the government finally wins and evil is defeated. Notable for their absence from the story are international arms traders and diamond dealers.