

OTHER FACETS

NEWS AND VIEWS ON THE INTERNATIONAL EFFORT TO END CONFLICT DIAMONDS

Number 22

December 2006

DIAMOND CONTROLS IN VENEZUELA 100% KP “Non-Compliant”

A Partnership Africa Canada study released in November found that Venezuela, a country that annually produces an estimated 150,000 carats of diamonds, has officially exported none since January 2005. In effect, Venezuela's diamond exports are avoiding Kimberley Process controls, and 100% of annual production is being smuggled out of the country. Although it is a member of the Kimberley Process Certification Scheme for controlling rough diamonds, Venezuela has essentially dropped off the KPCS radar.

The study, entitled *The Lost World: Diamond Mining and Smuggling in Venezuela*, was researched and written by a team of PAC researchers in October 2006. The report shows that recent government efforts to halt illicit mining in Venezuela have led only to violence and death. A combination of high taxes, ineffective currency controls and bureaucratic ineptitude has driven Venezuela's diamond dealers underground. Lax controls allow them to smuggle the country's entire annual diamond production out through Brazil, Guyana, Hong Kong, the United States and Belgium.

The report concluded that Venezuela should be expelled from the KPCS if the Kimberley Process wishes to maintain any semblance of order and integrity. The issue was discussed at the November Kimberley Process plenary meeting in Gaborone, Botswana, and it was decided that a review mission should be sent to Venezuela as a matter of urgency, to review Venezuela's compliance with the KPCS and its standing as a member of the Kimberley Process.

If Venezuela is to remain a member of the KPCS, *The Lost World* says that it must bring its diamond mining, trading and exporting under government control. The report notes the prominent role played by Brazilians, and the route through the Brazilian city of Boa Vista, in the smuggling of diamonds from Venezuela to Guyana. The report recommends that the Kimberley Process assist in dismantling this route by creating and chairing a tripartite commission of enquiry and adjudication to coordinate a process of dialogue on diamond production and control procedures in Venezuela, Brazil and Guyana.

Research for the report was conducted in Caracas, in the remote mining areas and the towns of Bolivar state, and in the Brazilian city of Boa Vista. The report follows three PAC reports in 2005 and 2006 describing problems in the Brazilian and Guyanese diamond industries. *The Lost World* is available at: http://www.pacweb.org/e/images/stories/16_thelostworld_nov2006.pdf.

KIMBERLEY PROCESS 2006: COLLAPSE AVERTED

In October 2006, Partnership Africa Canada produced a gloomy report on the failings of the Kimberley Process over the previous 18 months. *Killing Kimberley? Conflict Diamonds and Paper Tigers* described several very serious problems that faced the Kimberley Process as it began its annual deliberations in Gaborone in November. Partnership Africa Canada was deeply concerned, in fact, that the Kimberley Process was in danger of collapse.

PAC investigations in Brazil during 2005 and 2006 had uncovered massive diamond fraud under KP certification. A PAC study of KPCS implementation in Guyana found voluminous and systematic diamond smuggling. A UN Security Council report stated that Ghana had been certifying conflict diamonds from Côte d'Ivoire. In PAC's view, the KP response to all of this had been weak, slow or non-existent. In addition, several governments had blocked consensus on important recommendations contained in a Three Year Review that could have strengthened the KPCS, and they blocked consensus on decisive action to deal with blatant cases of conflict diamonds and criminality.

As it turned out, much of the pessimism turned out to have been misplaced. The PAC report may have been instrumental in

shaping events, and the advent of the *Blood Diamond* film (see page 4) also helped to provide momentum. The KP meeting took a tough stand on Ghana (see page 3), requiring it to tighten its internal controls within a three month period, during which no diamonds would be exported without expert, external oversight. A follow-up review mission will take place at the end of three months. A review mission will be sent to Venezuela to determine its ability to remain a member of the Kimberley Process. All 43 recommendations in the Three Year Review were accepted, and the issues that had not attracted consensus in an *ad hoc* working group actually found consensus in plenary. It was agreed that “interim measures” for naming and suspending non-compliant participants would be developed. The World Diamond Council asked for effective and credible government oversight of the industry – perhaps a first in the annals of government-industry regulatory discourse. A thorny issue of statistical transparency was resolved, and it was agreed that issues related to the financing of the KPCS would be addressed in the coming months.

The Gaborone meeting did not solve all problems, but it devised timely and reasonable measures to deal with the most difficult ones. The test of KP effectiveness will be in the successful implementation of the measures agreed, but the KP and its certification system demonstrated that they are flexible and responsive enough to deal with crisis.

Suddenly This Winter Diamonds, Diamonds Everywhere: A Guide

With the end of the worst diamond wars in Africa, the media and many of the campaigning NGOs lost interest in the diamond issue two or three years ago. The Kimberley Process and the Kimberley Process Certification Scheme are difficult to follow, and engagement requires the investment of time, money and attention. Conflict diamonds' "CNN moment" seemed to have passed until Warner Brothers announced late in 2005 that cameras would soon roll on a film called *Blood Diamond*. The film would be set in Sierra Leone, where the horrific diamond-fuelled war lasted for ten years. Starring Leonardo DiCaprio, *Blood Diamond* was bound to be a winner (see page 4). Suddenly, documentary producers, talk-show hosts and NGOs nobody had ever heard of were cranking up the heat on "blood diamonds".

Many of the newcomers appeared to have little or no interest in Sierra Leone, beyond how it can advance their particular cause, and few acknowledge the efforts since 2000 to contain and halt the conflict diamond phenomenon. A few, but not many, take an interest in the current diamond challenge: the poverty and human security issues faced by Africa's one million-plus artisanal diamond diggers. What follows is a "guide" to some of the current material on offer.

Stop Blood Diamonds: <http://www.stopblooddiamonds.org/>

This web site says "the sad fact remains that people are still dying and suffering in certain African countries [as a result of blood diamonds]. Realizing this, we at **Stop Blood Diamonds** want to do our part in the campaign against this inhumane practice. We believe that information is power and that is what we want to impart to the world. Our target audience includes both consumers and members of the diamond industry." The website gives no clue as to who is behind **Stop Blood Diamonds** and they do not answer e-mails. Jewellers can register if they would like to "stop blood diamonds".

A Diamond's Journey: www.msnbc.msn.com/id/15842546/2

By photojournalist Kadir Van Lohuizen. The MSNBC-hosted website is based on a series of photographs dealing with some of the more unflattering diamond facets, from mines to jewellers. The photos are drawn from an exhibit sponsored by the Dutch NGO, NIZA, that has traveled in Europe, North America and Africa. The photos are also available in a book, *Diamond matters*.

Survival International:

www.survival-international.org/news.php?id=2112

Survival International has targeted De Beers as the villain in having several hundred Basarwa people removed from their ancestral homelands in Botswana. The real culprit, however, appears to be the Government of Botswana, its motivation having little to do with diamonds. According to Survival International, "the Kalahari Bushmen have renewed their desperate appeal to Leonardo DiCaprio as diamond companies begin exploration on their land." Another new diamond site, www.boycottdebeers.org, appears to have Survival International roots, although like "Stop Blood Diamonds" and "Realdiamondfacts", it prefers to obscure its origins. In

December, after a four year court case, Botswana's high court ruled that the removal of the Basarwa had been unconstitutional and that they could return to their ancestral lands.

"There Are No Clean Diamonds":

www.miningwatch.ca/index.php?/congo_rd/No_Clean_Diamonds

This is a lengthy essay by Mining Watch Canada, an NGO that wants "to ensure that the DiCaprio film and its response strengthen the ability of Canadian Aboriginal communities and indigenous communities elsewhere in the world to protect their interests." The essay includes everything (negative) you ever wanted to know about Canadian diamonds, but has little to say about Africa or Sierra Leone.

World Diamond Council: www.diamondfacts.org/

The World Diamond Council, created in 2000 by a wide cross-section of diamond and jewellery companies to participate in the creation and monitoring of the Kimberley Process, created this new website about diamonds in 2006 in anticipation of bad news from Hollywood.

Realdiamondfacts: www.realdiamondfacts.org/

Realdiamondfacts, a parody of the WDC website, appeared soon after the original. It ridicules industry efforts at self control, and of the Kimberley Process it says, "Participating countries belonging to the Kimberley Process claim that rough diamonds originating within their borders are not directly used to finance rebel militias. There is little to no oversight for these 'recognized' governments, and often little incentive for governments to claim otherwise." Realdiamondfacts apparently disdains some 'recognized' governments, but doesn't say which ones.

Diamonds for Africa Fund: www.diamondsforafricafund.org/

Creator of the Realdiamondfacts website, the Diamonds for Africa Fund (DFA), based in Austin Texas, was recently co-founded by a California-based jewellery company, Brilliant Earth. (<http://www.brilliantearth.com/>) "Brilliant Earth dedicates 5% of its profits to DFA to directly benefit local African communities. Through our work with DFA, we hope to launch a national effort to rectify past injustices of the diamond trade." They will do this by selling only Canadian diamonds and giving charity to Africa. Another way of looking at this approach: Canada gets the diamond mines and Africa gets the shaft.

Diamond Empowerment Fund:

www.blackprwire.com/display-news.asp?id=2821

In December, Russell Simmons, co-founder of the hip-hop label Def Jam, and co-owner of the Simmons Jewelry Co, announced the establishment of the **Diamond Empowerment Fund**, which aims to raise money for development of people and communities in Africa where diamonds are a natural resource. The Diamond Empowerment Fund will support educational and skill development schools, colleges and other institutions in South Africa and Botswana to enhance the economic development and empowerment of African people. The company has also launched the "Green Initiative" to raise funds for the Diamond Empowerment Fund. There is no mention in press releases of African countries recovering from diamond-fuelled wars.

Blood Diamond Action: www.blooddiamondaction.org/

This new website, created jointly by Global Witness and Amnesty International USA advertises both of these organizations as well as the *Blood Diamond* film. Links are made to GW, AIUSA as well as Warner Brothers, the *Blood Diamond* film site, and a cut from the soundtrack.

Global Witness: www.globalwitness.org/

Global Witness, one of the leaders in the conflict diamond campaign and part of the Kimberley Process architectural team, has a detailed website with all of its research and publications on diamonds dating back to December 1998.

Amnesty International USA: www.amnestyusa.org/

AIUSA's "blood diamond" web pages are badly out of date and in some cases they constitute misleading information (e.g. "The Revolutionary United Front terrorizes Sierra Leone's local population and controls the diamond rich areas," says an animation showing hands being hacked off. In fact the RUF disintegrated in 2000 and ceased to exist after that.) AIUSA notes current problems with the Kimberley Process: "Massive Kimberley Process-related fraud has also been uncovered in Brazil and Venezuela." They make no link to the Partnership Africa Canada website where the reports on Brazil and Venezuela are available. But readers are invited to "Visit AIUSA's joint site with Global Witness, Blood Diamond Action" which takes you back to ads for the movie.

Partnership Africa Canada: www.pacweb.org

Partnership Africa Canada has updated its own website to provide concise backgrounds to the history of conflict diamonds, the effectiveness of the Kimberley Process, the role of the diamond industry and the impact of *Blood Diamond* and other films on the subject.

COTE D'IVOIRE AND GHANA

KP Takes Tough Stand on Conflict Diamonds

A United Nations Expert Panel report released in October, stated that an estimated \$9 – 23 million dollars worth of conflict diamonds have been exported from Côte d'Ivoire's rebel-held diamond fields over the past year. Ivorian diamonds are under UN embargo, and are the only official source of conflict diamonds at present. The UN report stated that a significant proportion of the diamonds was being laundered through Ghana, where KPCS controls were said to be completely inadequate.

The UN report was an embarrassment for the Kimberley Process, which had sent its own review team to Ghana in December 2005. That team's report remained incomplete at the time of the November 2006 Kimberley meeting in Botswana. The UN report was an embarrassment as well for Ghana, which at first denied the charges. The UN report said that Ivorian diamond dealers had relocated to Accra, and that former purchasers of Ivorian diamonds in Antwerp and Israel were now buying from these suppliers via Accra. A criminal investigation in this connection is currently under way in Belgium.

The Kimberley Process took a number of steps to deal with the issue, led by Botswana, which chaired the KP through 2006.

Prior to the November KP plenary meeting, a high-level KP delegation was sent by the President of Botswana to raise the problem with President Kufor of Ghana. At the KP meeting itself, Ghana agreed to revamp and tighten all of its internal diamond controls. While this is being undertaken, no diamonds will be shipped without inspection by an independent diamond expert, to be supplied by the World Diamond Council. Ghanaian diamonds are visibly different from Ivorian, and expert oversight will help to guarantee that all shipments are clean. Ghana will provide a geological data base of its diamond resource, which will enable reviewers to compare exports with the country's actual mining potential. And in February 2007, a KP review mission will visit Ghana to determine whether the country's new internal controls are adequate to prevent non-Ghanaian diamonds from entering the system.

Conflict Diamonds: What Percentage?

A war of numbers has erupted recently over the percentage of diamonds that are and were "conflict diamonds". To reach figures, you need numerators and denominators. And for the numbers to be consistent with one another over time, both numerator and denominator must have a consistent definition. The definition for the numerator used here is the "official" UN definition, excluding police, army and gang violence in countries at peace, and also excluding the larger and less distinct category of illicit diamonds.

The Kimberley Process and the diamond industry have used a figure of 4% since the KP began negotiations. This was based on an estimate in 1999 of \$150 million from Angola, \$70 million from Sierra Leone, and \$35 million from the Democratic Republic of the Congo. Assuming these estimates were correct (and there is no reason to doubt them), this represented a percentage of rough production value that year (\$6.8 billion) of 3.7%.

Earlier, however, according to UN figures, in 1996 and 1997, Angola's rebel movement UNITA alone had exported as much as \$700 million annually (although during some of this period there was an official ceasefire). This was at a time when UNITA controlled much more of Angola's diamond mining areas than they did by 1999. This would have represented 10% of world production. Even if it was half of this number, it would have brought the global total to \$400 million, or about 7%. If the larger UN figure was accurate, the total would have been closer, with Sierra Leone and DRC thrown in, to \$800 million, representing 12-14% of rough production value at the time. At its worst, therefore, and using consistent definitions and figures, conflict diamonds represented between 7% and 14% of total world diamond production during the mid 1990s.

Currently, the UN estimate of conflict diamonds emerging from Côte d'Ivoire in a year – the only country with "official" conflict diamonds – is something between \$9 and \$23 million. As a percentage of rough production value (estimated in 2005 at \$12.67 billion), this represents something between 0.1% and 0.2%.

BLOOD DIAMOND WHAT THE REVIEWERS SAY

Blood Diamond, the Warner Brothers film long dreaded by the diamond industry, was finally released on December 8, heralded by waves of media attention, some of it driven by the diamond industry itself in an effort to show that it is at last safe to go back into the jewellery store again. Our hometown newspaper, *The Ottawa Citizen*, gives the film three stars and says “*Blood Diamond* is a public relations nightmare for the people at De Beers, but considering how hard this movie pushes the political agenda about the evils of the precious gem industry... it almost adds allure through exposure.”

The Citizen likes Djimon Hounsou, playing the role of a fisherman who finds a big pink diamond in the midst of Sierra Leone’s terrible 1990s war, setting off a chain of events that brings fortune hunter DiCaprio to the country hunting the stone on behalf of an evil cartel. But “for reasons too touchy to guess,” says *The Citizen*, the director, Ed Zwick, “forces his movie outward – away from the emotional centre – so he can feature the two white American leads in key roles.” This diffuses the drama and saps the suspense, says *The Citizen*, but it also “betrays the movie’s message at a fundamental level”.



Leonardo DiCaprio and Djimon Hounsou

The Los Angeles Times calls *Blood Diamond* “an ambitious film that can be viewed as half empty or half full, and praises Leonardo DiCaprio’s performance as “the kind of good-bad guy role Clark Gable used to knock off before breakfast”. Reviewer Kenneth Turan criticizes its “weakness for the Hollywood emotional moment”, but he says that “those weaker moments are overshadowed by the film’s willingness to risk disturbing an audience’s sense of the world and how it

is run. *Blood Diamond* is very much aware that these are problems beyond easy and convenient resolution, and it is hard not to appreciate any film that understands that.”

The New York Times begs to differ – big time. Reviewer Manohla Dargis calls it “an exceptionally foolish thriller... gilded in money and dripping with sanctimony, confused and mindlessly contradictory. The film is a textbook example of how easily commercialism can trump dogooderism, particularly in Hollywood,” Dargis likes the “most excellent Leonardo DiCaprio” but not Jennifer Connelly, whose performance is “woeful”. Dargis is particularly scathing of the film’s use of misery as fodder for entertainment, and the “documentary-like images of children roaming a mound of garbage... the blank-looking men and women sitting in trash-strewn streets, and the periodically brandished arm and leg stumps.” The film “betrays an almost quasi-touristic fascination with images of black Africans, who function primarily as colourful scenery or, as in the gruesome scenes inside rebel training camps, manifestations of pure evil.”

The Globe and Mail is more positive but hands out only two and a half stars, saying “Once again we have a romance/adventure tale set against a backdrop of Third World suffering that rides a fine line between empathy and exploitation.” Like other reviewers, the *Globe’s* Liam Lacey likes DiCaprio, calling this “his most impressive work since he was a teenaged wunderkind.” But Jennifer Connelly’s portrayal of Maddy, the investigative journalist-cum-love interest fails to impress. “Maddy walks about with her blouse half open, snapping anachronistic black and white photographs and posing with full-wattage Hollywood smile next to refugee toddlers.” Lacey concludes that “*Blood Diamond* is unlikely to have much impact on your diamond-buying habits, if you’re someone who is in the habit of buying diamonds.”

Our view? As a movie, *Blood Diamond* is gripping and harrowing, although director Zwick might have resisted the temptation to throw in mountain gorges, elephants and a cheetah, none of which are found in Sierra Leone.

As history it has taken a lot of liberties, merging various dates and events. But it does show the horror of what Sierra Leone went through in all of its gruesome detail. As a comment on Africa, its failure to find more than a few adult Sierra Leoneans who are halfway decent only adds to a long catalogue of stereotypical films about the continent. As a comment on diamonds, it is a belated but useful reminder to the industry and the 70 countries covered by the Kimberley Process Certification Scheme that they must be quicker to deal with problems, tougher on illegal activities, and more diligent in working to ensure that diamonds never again pay for the carnage portrayed so vividly in *Blood Diamond*.



Djimon Hounsou searches for diamonds

OTHER FACETS

Other Facets, a periodic newsletter about the international effort to end diamond-related conflict, is a publication of Partnership Africa Canada. Views expressed in *Other Facets* are those of the authors and editorial staff alone.

Supporters include: Foreign Affairs and International Trade Canada, Irish Aid, the International Development Research Centre, the Canadian Autoworkers Social Justice Fund 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