## OTHER FACETS

NEWS AND VIEWS ON THE INTERNATIONAL EFFORT TO END CONFLICT DIAMONDS

Number 27 June 2008

# VENEZUELA SHAMES KIMBERLEY Mocks Vacillating Committees

The Venezuela "problem" began as a test of Kimberley Process resolve to be an effective regulatory system in the fight against conflict diamonds. It has unravelled into an embarrassment and a miserable failure. After three years of diplomatic dithering, posturing, huffing, puffing and confusion, the Kimberley Process has accomplished absolutely nothing in its attempts to make Venezuela conform to the organization's rules and regulations.

Venezuela was a charter member of the Kimberley Process. In May 2003, three Venezuelan ministries – Energy and Mines, Finance and Trade – issued concurrent sets of regulations bringing Venezuelan diamond production into line with KP standards. For about a year, the system worked: Venezuela submitted quarterly rough diamond trade statistics and semi annual production statistics to the Kimberley Process, as required. In 2004 it submitted an annual report, required of all KP participants. In January 2005 the Ministry of Mines and Energy was divided in two, one part dealing solely with petroleum, and a new Ministry of Basic Industry and Mining which handled, *inter alia*, diamonds and Venezuela's KP responsibilities. Shortly after that, the Kimberley Process lost contact with Venezuela.

#### **Losing Radio Contact**

Venezuela submitted no statistical information after the first quarter of 2005, and no annual reports. For two years, through 2005 and 2006, Kimberley Process committees dealing with monitoring, statistics and membership sent emails, letters and diplomatic démarches to Caracas. Venezuelan diplomatic missions in several countries were asked to convey messages of deepening concern to their government. Nothing worked, and although the Kimberley Process had previously expelled the Republic of Congo and Lebanon, and sent urgent remedial missions to problem-prone countries in Africa, it seemed completely nonplussed by Venezuela.

In October 2006, Partnership Africa Canada sent an investigative team to Venezuela, and what it found was a shocking combination of ineptitude, apathy and corruption. PAC issued its report in November 2006 just before the KP Plenary Meeting in Gaborone, Botswana. *The Lost World: Diamond Mining and Smuggling in Venezuela* showed how the Venezuelan government had lost control of, and interest in, its diamond industry. PAC placed production estimates at about 150,000 carats a year, and yet Venezuela had officially exported only 33,000 carats in the four years it had been a member of the Kimberley Process, and none at all in the previous two years.

The PAC team, however, witnessed vibrant diamond mining activities in the region of Icabarú, and surveyed diamond dealerships in Santa Elena de Uairén. Santa Elena, a border town with close access to Brazil and Guyana, was where the bulk of Venezuela's diamonds were leaving the country, the report said. The diamonds were being smuggled into Brazil and then to Guyana, where diamond export figures have skyrocketed in recent years. The PAC report described a Venezuelan mining ministry completely out of touch with the country's actual diamond extraction, and found wide-open illicit buying operations in Ciudad Bolivar. It named Brazilian dealers doing business there and reported their comments about diamonds going to Guyana, the United States and elsewhere. It stated that 100% of Venezuela's diamonds were being smuggled out of the country.

The Kimberley Process was swift to "act". At the Botswana Plenary where the PAC report was released in November 2006, a resolution was passed mandating a review mission to visit Venezuela as soon as possible. Review teams, however, cannot visit Venezuela or any other country unless they are permitted. There is a question about cooperation, not to mention visas, so the Kimberley Process went into fullthrottle diplomatic mode. The European Commission, which chaired the KP through 2007, undertook a series of diplomatic exchanges with the Venezuelan Mission to the EC, at the same time telling PAC that it should never have issued its report publicly. The Chair of the KP, Karel Kovanda, visited the United Nations to report on the success of the KP, but could not get a meeting with the Venezuelan delegation. The KP's Monitoring Working Group sent missives to Caracas. The Statistics Working Group sent missives. The Participation Committee, which deals with membership issues, debated the creation of punitive measures that might stop just short of expulsion, but after a year came up blank. The embassies of several countries in Venezuela made representations to the government, and Venezuelan embassies abroad were asked to intervene. Nothing happened. Venezuela did not respond.

#### Angola Steps In

Alberto Fançony, a senior Angolan delegate to the Brussels KP Intersessional Meeting in June 2007, took a detour to Venezuela, where he managed to impress the urgency of the situation on the government, bringing Venezuela's Vice Minister of Mines, Iván Hernandez to the meeting. By then, NGOs were actively calling for Venezuela's expulsion from the KP. It was Venezuela's first appearance at a KP meeting, and the first contact between Venezuela and the KP in more

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### **EDITORIAL**

Venezuela has made a mockery of the Kimberley Process Certification Scheme. Despite two years of silence from Venezuela during 2005 and 2006, the KP did nothing more than send letters and e-mails into the darkness. When PAC spent money and took great risks to find out what was going on in Venezuela, it was criticized by the KP Chair for its tactics – we were told we should not have produced a public report. The growing furor did draw Venezuela out of its shell, but its representative was allowed to attack PAC with impunity at KP meetings, and his promises, now broken many times, were treated with fawning respect.

Other Facets has produced very few editorials in its six years of publication, but the time has come to speak out and to be clear on this issue. The KPCS is a voluntary system. Nobody is forcing Venezuela to be a member. If it wants to assist in the fight against the conflict diamonds that ravaged Africa, that is good. If it wants to be a respected member of the world's diamond producing and trading countries, that too is good. But it must meet KPCS minimum standards.

Clearly, in everything Venezuela has done over the past four years, it has demonstrated the opposite. It does not care about conflict diamonds. It does not care about Africa. It seems not even to care about Venezuelan diamonds. Venezuela has demonstrated by its actions that it does not respect the KPCS and cannot meet its minimum standards for internal controls and exports. The KPCS has demonstrated that diplomacy, praise and procrastination do not work.

The time has come for Venezuela to stop wasting the time of the Kimberley Process, and for the Kimberley Process to stop wasting its own time on Venezuela. KP ineptitude sends a disastrous message to other countries for whom participation is expensive and time-consuming. The Kimberley Process must now expel Venezuela from its ranks. If and when Venezuela wishes to rejoin the community of nations working to end the scourge of conflict diamonds, we can start discussions afresh. Those who prefer to avoid tough action should understand that failure to act now will be a large nail in the coffin of the Kimberley Process.

than two years. Hernandez denounced Partnership Africa Canada, denying all charges. He said that Venezuela would play its role as a member of the Kimberley Process, but that there would be no review mission to substantiate his claim that there had been no diamond production for more than a year. This would be an infringement on Venezuela's sovereignty, he said.

Many in the KP saw this as an opening gambit and believed that Venezuela would eventually yield to the necessary review mission. The Chair of the KP commended Venezuela's renewed commitment. Oddly, the criticism of PAC was allowed to stand, and Venezuela, which had been in a state of complete non-compliance with the Kimberley Process for more than two years, was praised. This might have been understandable diplo-speak had the Kimberley Process not been hammering Ghana during the same period over allegations about conflict diamonds being smuggling

from Côte d'Ivoire. During the first half of 2007, while Venezuela was snubbing the KP and fabricating excuses for non compliance, The KP sent several missions to Ghana. During this period, every one of Ghana's diamond exports was examined by teams of foreign experts searching for conflict diamonds. In the end, none were found, but the KP had, under the circumstances, been tough, and it had acted responsibly.

#### **Double Standards**

Some have argued that Venezuela should be treated differently, because even if diamonds were being smuggled out, these were unlikely to be conflict diamonds. "These may not be conflict diamonds," said Ian Smillie, PAC's Research Coordinator, "but Russian diamonds and Canadian diamonds are not likely to be conflict-related either. This system is only as strong as its weakest link, and if Russia and Canada are expected to meet KP standards, Venezuela must as well. We slammed Ghana when suspicions were aroused, but we have

infinite patience, sending nothing more than polite notes, where Venezuela is concerned."

By November 2007, pressure was mounting for Venezuela to allow a KP review team to visit. African delegations to the Plenary Meeting in Brussels pressured Vice Minister Hernandez to make the invitation, telling him that the KP could help Venezuela in managing its systems, and in repairing them if necessary. Hernandez again denounced PAC, but at last agreed to a review. EC Chair Kovanda again praised Venezuela and the meeting's communiqué stated that, "Venezuela ratified its continued commitment to the Kimberley Process and extended an invitation to the Kimberley Process Chair to lead a visit during the first quarter of 2008."

A review team was assembled, including Brazil, Angola, the EC, India and Namibia, with representatives from industry and NGOs. Repeated efforts to make contact with Venezuela to set a date before the end of March, however, failed. Contact was resumed on March 28 via the Venezuelan embassy in Angola, which sent a letter apologizing for the delay. Venezuela now stated that the review should take place between April 15 and the June 17 KP Intersessional Meeting. The KP set a start date for May 6 and team members began to make plans. The Chair of the KP, now India, and other committees spent much of April trying, in vain, to regain contact with Venezuela. May 6 came and went, however, without any further communication from Venezuela.

The Kimberley Process and all of its working groups, paralyzed by two years of Venezuelan appearances and disappearances, pledges, promises and inaction, meets in New Delhi between June 17 and 19, 2008. Venezuela is on the agenda, but there is currently no sense of direction. Minister Hernandez may well appear again, and if the past is any indication of KP resolve, he can probably throw a promise or two onto the table and keep the KP at bay for another year or more.

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#### Meanwhile On the Border

Meanwhile, in the border town of Santa Elena, diamond smuggling to Brazil and Guyana continues. A PAC visit to the area in May 2008 confirmed reports published earlier in Newsweek and the Los Angeles Times. Diamond Mining continues, despite government denials. A Kimberley Process review team visited Guyana in 2007 but failed to visit border areas where PAC had reported on smuggling (Triple Jeopardy – Triplicate Forms and Triple Borders: Controlling Diamond Exports from Guyana, April 2006). And it failed to act on Guyanese press reports in 2007 about widespread corruption in the country's export control system. PAC called for Venezuela's expulsion from the Kimberley Process in 2006 in order to draw attention to the issue, but through 2007 it stepped back, believing that positive engagement with Venezuela was better than outright expulsion. Since May 2008, however, PAC has renewed its call for Venezuela to be removed from the Kimberley Process.

The PAC reports are available at:

http://pacweb.org/e/index.php?option=content&task=view&id=42&Itemid=65

# MERCHANT OF DEATH ARRESTED Caught in Classic Sting Operation

**Viktor Bout**, one of the world's most sinister illicit arms dealers, was arrested at a luxury hotel in Bangkok in March 2008. For years, Bout, 41, ran the largest private fleet of Antonov aircraft, ferrying arms with apparent impunity from Eastern Europe to the Congo, Angola, Liberia and other conflict zones in Africa. His operations, which included a number of flyby-night airlines registered in several countries with lax controls, ranged as well to Afghanistan and the Middle East, where he was said to have dealings with **Hizbollah**, among others.

Bout was the model for Yuri Orlov, played by **Nicholas Cage** in the 2005 Hollywood film, *Lord of War*. In the film, "Orlov" is shown exchanging weapons for rough diamonds in both Sierra Leone and Liberia.

Viktor Bout retreated to Russia in 2002 when the Government of Belgium and Interpol issued an international arrest warrant for him. Protected from extradition by the Russian constitution, Bout lived a lavish lifestyle, giving occasional interviews on Russian television. Greed was Bout's undoing. He was lured to Thailand by an offer to sell missiles to FARC, the Colombian narco-terrorist rebel movement. The arrest was a classic sting operation, set up by the United States Drug Enforcement Agency. The DEA was said to be acting independently of the CIA, which had been unable or unwilling to put an end to Bout's operations, allegedly because Bout had provided services to the US government in Iraq.

**Douglas Farah**, who co-authored a book about Bout in 2007 (*Merchant of Death*, reviewed in *Other Facets*, October 2007) said he thought Bout had at last become an embarrassment to the United States. "He had shown a willingness to work with those directly opposed to US vital interests," Farah said. "This, in the end, moved at least a portion of the US law enforcement and intelligence community to make him a high priority target, something he had not been for many years."

In May, Federal Prosecutors in New York unsealed an indictment against Bout for allegedly conspiring to sell millions

of dollars worth of weapons to the Colombian FARC, which the U.S. has designated as a foreign terrorist organization. The prosecutors allege that the weapons were to "be used to kill Americans in Colombia."

## ANOTHER WARLORD SET FOR TRIAL Bemba Arrest Sends Important Signal

At the end of May 2008, Belgian police arrested former Congolese warlord Jean-Pierre Bemba shortly after a warrant had been issued by the International Criminal Court in The Hague. Bemba is charged with war crimes and crimes against humanity as leader of a militia, the Movement for the Liberation of Congo, that committed atrocities in the Central African Republic during 2002-2003.

The charges centre on allegations of mass rape, used as a terror tactic in Bemba's support for the then government of the Central African Republic. "There are no excuses for hundreds of rapes," ICC Prosecutor Luis Moreno-Ocampo said. "There are no excuses for the rape of a little girl, with her parents watching. There are no excuses for commanders ordering, authorizing or acquiescing to the commission of rapes and looting by their forces."

Ironically, Bemba has been charged with war crimes in a neighbouring country instead of his own, where he waged a brutal civil war for many years. Much of Bemba's finance came from the illegal exploitation of diamonds, documented in two detailed Partnership Africa Canada reports: *Hard Currency: The Criminalized Diamond Economy of the DRC and its Neighbours* (2002), and *Diamonds in the Central Africa Republic: Trading, Valuing and Laundering* (2003).

Bemba controlled large areas of northeastern DRC during the country's 1998-2002 war. Following the peace agreement ending the war, he became one of the country's four vice presidents in a reunited Congo, but lost to Joseph Kabila in the elections of 2006. Bemba had been living in Belgium since 2007.

The PAC reports are available at <a href="http://pacweb.org/e/index.php?option=content&task=view&id=42&Itemid=65">http://pacweb.org/e/index.php?option=content&task=view&id=42&Itemid=65</a>

## **DRC Mining Contracts Review Published**

The government of the Democratic Republic of Congo published the final report of its Mining Contracts Review in March, recommending that contracts between the government and several large mining companies be renegotiated. The review began in 2007 under the aegis of a ministerial commission which investigated more than 60 contracts signed during the confusion of the civil war. The objective was to determine which contracts should be cancelled or renegotiated.

A coalition of more than 30 Congolese and international NGOs has expressed concern about whether or not the government will act on the recommendations of the commission, and has asked for full transparency and accountability in future negotiations. The report of the commission can be found at <a href="http://www.miningcongo.cd/">http://www.miningcongo.cd/</a>. Related information and reaction can be found at <a href="http://www.miningwatch.ca/index.php?/224/publicn\_of\_drc\_review">http://www.miningwatch.ca/index.php?/224/publicn\_of\_drc\_review</a>.

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## MEDIAWATCH

Dutch timber trader **Guus Kouwenhoven** was acquitted of selling weapons to former Liberian President **Charles Taylor** by a Dutch appeals Court in March. Kouwenhoven had been convicted in 2006 of trading weapons for Liberian logging rights in contravention of a UN embargo. The judges said that Kouwenhoven, president of the Oriental Trading Corporation between 2000 and 2003, had been acquitted because of "lack of reliable evidence on which to base a conviction."

In March, the Village Voice picked up on a series of articles in The Australian which cast doubt on many of the details contained in Ishmael Beah's celebrated book, Long Time Gone, about his life as a boy soldier in Sierra Leone (reviewed in Other Facets, February 2008). Detailed scrutiny of dates, places and events suggest that much of the book may have been imagined. The article quotes US book editor Janice Haravda as saying, "It seems to me that Beah's book has gotten much less scrutiny than it deserved... People think if you question the book, you're questioning whether child soldiering is a tragedy. They are separate issues."

In April, the Namibian diamond company Namdeb discovered more than the diamonds they were searching for on the offshore seabed. They found the remains of what is said to be the oldest shipwreck ever found in sub-Saharan Africa. The wreck included thousands of Portuguese and Spanish gold coins, cannons and navigational instruments. The company speculated that the ship was a Portuguese vessel, perhaps linked to the explorer Bartolomeu Dias, disappeared in 1500 after becoming the first European explorer to round the Cape of Good Hope. Some of the gold coins were later dated to 1525, meaning that the wreck could not have been one of Dias's ships.

A commission of inquiry into riots at **Koidu Holdings**' mine site in Sierra Leone's Kono District last December has cleared the company of all charges and accusations, and the government subsequently lifted its suspension on most of the company's mining operations. In May 2008, the **Campaign for Just Mining**, a Sierra Leonean civil society coalition expressed deep concern over the

decision, demanding that the government explain the reasoning behind its decision, saying that it "could be interpreted as a brazen attempt by the government to deceive the nation."

# TAYLOR'S MISSING MILLIONS

With the war crimes trial of Charles Taylor entering its fourth month in May, Prosecutors continued their search for the former President's missing millions. Chief Prosecutor for the Special Court for Sierra Leone, Stephen Rapp, told journalists that records had been found of two bank accounts in Taylor's name at Citibank in New York, "These accounts were closed and a total of \$375-million was transferred from them over time into other bank accounts in the US and elsewhere," Rapp said in a Reuters interview. The accounts were closed, he said, in December 2003, several months after Taylor stepped down from the presidency.

"The amount of money is truly remarkable," Rapp said. "It seems at least 80% of the revenues of Liberia – from timber, ship money ("Liberian Ship Registry"), customs, other things – ends up in Taylor's own private accounts...Customs receipts would be delivered to him at the end of the day. There are examples of paying nearly \$2-million into the government treasury in the morning and that same afternoon that same exact figure – \$1 999 975 – going into Taylor's account."

Taylor's lawyers dismissed the allegations. The Special Court is paying their bill – estimated at \$100,000 per month – because Taylor has claimed that he is indigent.

## Côte d'Ivoire: Conflict Diamonds Continue

A joint Kimberley Process-UN mission examined the status of diamond production in Côte d'Ivoire between April 21 and 25. The team visited the diamond mining areas of Séguéla, Bobi, Tortiya and Korhogo, and found that extensive diamond mining continues, despite a UN embargo. The number of people mining was estimated at a low of 5,000 and a possible high of 20,000.

The diamonds, which are located in areas dominated by the rebel *Forces Nouvelles*, have been a concern of the Kimberley process for more than two years, as these are the only current examples of conflict diamonds in Africa. The team did not meet with the governments neighbouring countries or their embassies in Abidjan. As a result, there was no opportunity to discuss the problems of diamond smuggling from Côte d'Ivoire through these countries.

# New DDI Publication on Sierra Leone

In May, the Diamond Development Initiative (DDI) released a new publication, *Standards & Guidelines for Sierra Leone's Artisanal Diamond Mining Sector*. This guide aims to provide practical information and guidance to officials, organizations and companies interested in Sierra Leone's artisanal diamond mining sector. The guide is available at <a href="http://www.ddiglobal.org/login/Upload/St">http://www.ddiglobal.org/login/Upload/St</a> andards% 20&% 20Guidelines.pdf.

The DDI aims to bring governments, companies and NGOs together to tackle the problems of Africa's artisanal diamond miners. More than a million artisanal diamond diggers and their families live and work in absolute poverty, outside the formal economy, in countries struggling to recover from the ravages of war. The Diamond Development Initiative plans a mix of field projects, policy dialogue, education and public engagement. DDI International is registered as a nonprofit charitable organization in the United States, with executive offices in Ottawa, Canada.

#### **OTHER FACETS**

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