

OTHER FACETS

NEWS AND VIEWS ON THE INTERNATIONAL EFFORT TO END CONFLICT DIAMONDS

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KIMBERLEY 'AGREEMENT': HALF MEASURES

Watchdog Lacks Teeth, Say NGOs

The Kimberley Process, which aims to end the trade in conflict diamonds, held what was supposed to be its last meeting in Gaborone, Botswana during the last week of November. The 13th session led to a Ministerial Meeting at which a final agreement was endorsed before submission to the UN General Assembly for consideration when the 56th Session resumes in March 2002. At the meeting, a great deal of progress was made on issues that had bothered delegates at previous sessions. Agreement was reached on the details of export and re-export certificates, on minimum standards for controls in mining and trading countries, on statistics, and on a process for including all countries as participants in the process. The Kimberley Process represents a first in the cooperation it has achieved between governments, industry and NGOs, and in the relative speed with which broad consensus was reached.

The final document, however, watered down the crucial issue of verification and monitoring. Review missions to determine compliance with minimum standards are viewed by NGOs as essential to the credibility and effectiveness of the system. Wording on this point in the Gaborone agreement, however, was vague, and made review missions voluntary. In addition, disputes will be resolved by consensus, which in effect means that any participating country will have a veto. No provision was made for an on-going secretariat, and the scheme will be an 'international understanding' rather than a legally binding agreement between states. NGOs present at the meeting were positive about its achievements and about the skillful Chairmanship of South African Diamond Board head, **Abbey Chikane**, but said that the agreement's deficiencies must be addressed before the scheme can be effective. They also urged UN Security Council attention to the matter in order to give the scheme a much stronger basis in international law.

A further meeting of the Kimberley Process will be held in Canada in February or March 2002, ostensibly to deal with procedural details. NGOs insist that the issue of credible and effective monitoring must be addressed. A joint NGO press release said, 'Only then will the full force of law be brought to bear on those individuals and countries that are perpetuating conflict through senseless acts of terrorism funded by diamonds.' (see page 3 for more information)

AL QAEDA: THE DIAMOND CONNECTION

Denials Everywhere

Osama bin Laden's al Qaeda network has been using Sierra Leonean diamonds for several years as an investment and as a way of moving money without detection. And one of the RUF's top advisors, **Ibrahim Bah**, has had a close and long-time connection with al Qaeda. These revelations were the main findings of a lengthy November 2 article in the *Washington Post*, which also linked Bah with several individuals on the FBI wanted list, including suspects sought in connection with the bomb attack on the US Embassy in Tanzania.

Ibrahim Bah is well known in Sierra Leone as one of the RUF's chief operatives. Of Senegalese or Gambian origin, he is said to be a general in the army of Burkina Faso, and also goes by the name Ibrahim Balde. Two UN Security Council Reports name him as an RUF advisor and as one of the key figures in moving Sierra Leonean diamonds out of the region for the RUF. He has also been named as a link to RUF arms imports and UN sanction-busting. The *Post* article took the story one step further, saying that Bah was working for two terrorist operations, not just one. Bah, reported the *Post*, was trained in Libya, as were Liberian President **Charles Taylor**, Burkina Faso President **Blaise Campaore**, and RUF leader **Foday Sankoh**. Bah fought against Israeli forces with the Iran-backed Hezbollah in southern Lebanon, and also fought with the Mujahaddin against Soviet forces in Afghanistan in the 1980s, as did Osama bin Laden. The *Post* article ties the movement of RUF diamonds to a conduit through the Liberian capital of Monrovia and to two Lebanese diamond dealers based in Antwerp.

A spokesman for Belgium's **Diamond High Council** said they were surprised by the news. 'This is completely new. We are very, very surprised,' said **Youri Steverlynck**. One who was not very surprised was **Harjit Sandhu**, an Interpol appointee on the UN Expert Panels dealing with Sierra Leone in 2000 and Liberia in 2001. 'Wherever diamonds are, be it Angola, be it in Sierra Leone or any place, definitely they will try to use that channel. That is common sense,' he told reporters. (cont'd page 4)

Media Watch

The *Washington Post*'s **Douglas Farah** reported in October that **Ibrahim Bah** was a central figure in channeling RUF diamonds from Sierra Leone to **al Qaeda** (*see story, pg. 1*). On December 3, the *New Republic* reported that Liberian officials and Ibrahim Bah intended to harm Farah, and that Farah had been evacuated from his Abidjan home with his wife and 2 year-old son. 'This followed a smear campaign by a website,' stated the *New Republic*, 'operated by the Liberian government, that accused Farah of a variety of crimes against Liberia and posted a photograph of him. So add threatening an American reporter's life to a list of [President **Charles**] **Taylor's** crimes that includes helping finance Al Qaeda and starting a horrifying civil war in neighboring Sierra Leone.'

The Bangkok *Nation* reported on December 1 that the **Government of Thailand** has set up a working committee under the Board of Investment to devise measures to stop the illegal diamond trade. Thailand is one of the world's top five diamond cutting centres, earning revenues from the export of diamonds of over Bt20 billion annually, said BoI secretary-general **Chakramon Phasukavanich**. Unless we participate in the drafting of the plan to stem the trade of conflict diamonds, Thailand might see its rights to purchase rough diamonds for its jewellery industry cut. The consequence would be the relocation of the industry to other countries, leading to massive unemployment, he said.

Life Imitates Art Department: On Oct. 24, the popular, long-running NBC drama, *Law and Order*, presented a story about conflict diamonds that might well have been written by NGO campaigners. The story opens with a diamond robbery on a New York City street. Not long afterwards, a man who claims to be a Captain in the Sierra Leone Army is arrested and charged with the robbery and the murder of one of the diamantaires (who has also had a hand chopped off). It turns out that the Captain has been sent by one Colonel Koidu, to retrieve diamonds taken illegally from Sierra Leone by rebels eight years earlier, and stashed away by a 'Swiss Diamond cartel' which controls two thirds of the world's diamond market. The cartel, 'Gerard Ltd.', has stopped buying conflict diamonds, but these ones have been held against the right opportunity for recycling. It also turns out that the head of the cartel, normally banned from the US because of 'price fixing', is in the US anyway, and conveniently available for the trial of the Sierra Leonean Captain. In fact it is Henri Gerard who seems to be on trial. He explains that in the past 'My family made mistakes, yes; we weren't very careful about verifying the source of these diamonds, yes... but my company has led the boycott against these blood diamonds, severed relations with nations, shut down offices, worked with the UN, all in an effort to stop these killings... Do you think we are the only ones? The whole world looks the other way: wood from the Amazon, rubber from Malaysia...' Gerard says he is just trying to stop diamonds 'going the way of the fur industry'. In the end, it is revealed that the robbery was a setup by a sightholder afraid of losing his sight. 'They force you to buy like beggars,' says the sightholder, 'You have to buy or risk not being invited back.'

THREE UN PANELS REPORT

Illicit Diamond Trade Continues Unabated

Three United Nations Security Council Expert Panels presented their reports in October and November, following six months of follow-up investigation on earlier reports. The Angolan Monitoring Mechanism reported on the effectiveness of arms and diamond sanctions. The Liberia Panel reported on Security Council weapons and travel sanctions imposed in May and on the Liberian government's sources of revenue - both licit and illicit. And the Democratic Republic of Congo (DRC) Panel reported on the illegal exploitation of natural resources, including diamonds.

The reports all describe continued trade in illicit and conflict diamonds, widening the list of companies and countries involved. The Angola Report estimates that between \$350 and \$420 million worth of illicit diamonds are still leaving Angola every year, one quarter to one third of them sold by UNITA rebels, and the rest simply stolen by smugglers. The Report notes that the primary responsibility for intercepting diamonds mined in defiance of the UN embargo clearly lies with governments, yet a volume of Angolan diamonds equivalent to five per cent of annual world production are reaching markets across the world. 'To date,' the Report states, 'not a single parcel of illicit Angolan gems has been intercepted anywhere... beyond one suspected parcel in Belgium... No diamond dealer has claimed to have witnessed Angolan gems being traded on any diamond bourse. These diamonds seem to vanish into thin air after leaving Angola. How is this even possible, given the magnitude of the trade, which is close to the output of Australia or Namibia? Perhaps more importantly, why is it possible for diamonds to vanish?' Available at:

<http://www.un.org/Docs/sc/committees/Angola/966e.pdf>

The Liberia Panel focused most of its efforts on illegal Liberian arms trafficking, and on the revenues generated by the Taylor regime from timber and the offshore Liberian Shipping and Corporate Registry. It reported that illicit and conflict diamonds were being smuggled through Sierra Leone's official export stream and noted that 'as long as all the diamond fields in Sierra Leone have not been brought under government control, these deficiencies will continue.' The report noted with concern the continued traffic in stolen Sierra Leone diamonds through Gambia, but made no recommendation on the subject. Available at: <http://www.un.org/Docs/sc/committees/Liberia2/1015e.pdf>

The DRC Panel deals with a variety of natural resources that have been targeted for theft: coltan (columbo-tantalite), gold, copper, cobalt, timber and diamonds. The report provides details on the smuggling of diamonds from the DRC into almost every neighbouring country, and of collusion throughout the region. Zambia, Tanzania, Rwanda, Namibia and Zimbabwe are all implicated and, the Report states, 'an estimated one third of the total rough diamond production of the Democratic Republic of the Congo, valued at \$300 million a year, is smuggled to the Central African Republic and the Republic of the Congo.' From there, the Report says, many of the diamonds move on to South Africa and the major trading centres of Antwerp, London and Tel Aviv. Others find their way to Mauritius, Dubai and India. Like the Liberia Report, the DRC Report contains few diamond-related recommendations, although it emphasizes 'the importance of efforts by those involved in the "Kimberley Process" in developing an international regulatory framework.' Available at: <http://www.un.org/Docs/sc/letters/2001/1072e.pdf>

U.S. HOUSE OF REPRESENTATIVES PASSES CONFLICT DIAMOND BILL

The US House of Representatives passed the long-awaited 'Clean Diamond Trade Act' on Nov. 28 by a majority of 408-6. The bill stipulates that rough diamonds entering the United States can only be imported from countries implementing a system of controls required by UN Security Council resolutions or the Kimberley Process, or a system described in the bill which mirrors the Kimberley Process. The bill, originally proposed by Representatives **Tony Hall** and **Frank Wolf**, was amended by the Bush administration because of worries that automatic sanctions might alienate countries working with the US on its anti-terrorism campaign. The amendment gives the President the authority to impose sanctions if he deems it in the national interest. The bill requires the President to report twice yearly on countries which have no system of controls and where no sanction has been imposed. It also provides \$10 million to assist countries that need help in implementing a system of controls. The bill is expected to pass the Senate soon and will then come into effect immediately.

SIERRA LEONE MINISTER ARRESTED

Sierra Leone's Minister of Transport and Communications was arrested early in November for involvement in illegal diamond mining. **Ngor Momoh Pujeh** and his wife were both detained by the Anti Corruption Commission for illicit mining in the Kenema area, and for being in possession of a large quantity of illicit diamonds. The move was seen as a demonstration of the government's intention to deal severely with corruption. Rumours of Pujeh's diamond interests had been widely reported in the Freetown media. *The Democrat* reported in January that Pujeh had been openly mining 'blood diamonds' in Baama Konta in Kenema District, along with other ministers and ruling party stalwarts.

KIMBERLEY PROCESS:

(cont'd from page 1)

The Controversial Wording on External Monitoring

"Where further clarification is required, Participants at Plenary meetings, upon recommendation by the Chair, can identify and decide on additional verification measures to be undertaken. Such measures are to be implemented in accordance with international law. These could include, but need not be limited to, measures such as;

- a) requesting additional information and clarification from Participants;
- b) review missions by other Participants or their representatives.

"Review missions are to be conducted with the consent of the Participant concerned and include no more than three representatives of other Participants.

"Membership and terms of reference of the above-mentioned review missions are to be decided by the Participants."

BOOKS

Diamond: A Journey to the Heart of an Obsession, Matthew Hart, 2001, 276 pp
Penguin Viking in the US and Canada, US\$26.00, C\$37.00; in the UK, Fourth Estate, £15.99

Diamond is an adventure story as well as a primer on the diamond business. The best parts of the adventure relate the author's travels in Brazil, the Canadian north and India's diamond heartland in Surat. The book explains the intricacies of buying and cutting diamonds, as well as the mysteries of the **De Beers** 'sight' system. *Diamond* does not shirk from the legends, however, old and new. We find recounted once again the legends of **Ernest Oppenheimer** and **Barney Barnato** in their struggle to succeed **Cecil Rhodes**; **Harry Winston's** 'Deal Breaker' diamond; and **Edward Wharton-Tigar's** discovery that De Beers had been undervaluing SLST diamonds from Sierra Leone, perhaps for years. Fifty pages is devoted to the search for diamonds in Canada in the late 1980s, and the latter half of the book describes the 'end of the old cartel' and new challenges facing the diamond world.

There is an interesting but too brief chapter on illicit diamonds, in which the author suggests that organized criminals in Russia may steal as much as 40% of the country's production: 'A shadow world of illicit diamonds exists alongside its legal counterpart, and the line between the two is blurred.' A chapter on the 'diamond wars' is populated by **Charmian Gooch** and **Alex Yarsley** of **Global Witness**, Canada's UN Ambassador **Robert Fowler**, **Martin Rapaport**, the **World Diamond Council** and **Partnership Africa Canada**. Hart is clearly skeptical about the Kimberley Process: 'Laws and resolutions already existed to interdict war diamonds, and the trade in them has not been much perturbed.' *Diamond* is an enjoyable read. Never dull, it weaves history, politics, adventure, economics and thievery into the story of a unique business and its unique product.

Barren Lands: An Epic Search for Diamonds in the North American Arctic, Kevin Krajick, 2001, 442 pp, Times Books, Henry Holt and Co., New York, US\$26.00; W.H. Freeman in the UK, £18.99

Barren Lands certainly is an epic story, a kind of geological adventure tale with a bit of history and a wander through the world of penny mining stocks on the side. It is about a 200 year search for diamonds in North America, and their eventual discovery at Lac de Gras, 300 kilometres northeast of Yellowknife in Canada's Northwest Territories. This is chapter five of Matthew Hart's book, expanded to more than 450 pages of exploration, adventure, skullduggery, false expectations, and one incredibly good day at Lac de Gras that will turn into some incredibly good years for **BHP Billiton**, **RTZ** and **De Beers**, once all the mines are open. By the end of this decade, Canada will produce as much as 15% of the world's diamonds, all of them coming out of what author Krajick calls 'the Barrens'.

Others call it the Barrens as well, and in portraying the area as an empty wasteland until chapter 19, Krajick essentially stakes his claim and builds his story on rocks and geologists rather than the people who live in the area. The story of BHP's negotiations with the Aboriginal people, the governments of Canada and the Northwest Territories and a variety of environmental organizations is not only brief, it is told almost exclusively from the point of view of BHP, the first company to start digging. (cont'd page 4)

AL QAEDA: THE DIAMOND CONNECTION

(cont'd from page 1)

Al Qaeda's use of gemstones to earn and move money has been reported elsewhere. A lengthy *Wall Street Journal* investigation reported on November 16 that al Qaeda had deep roots in Tanzania's tanzanite industry. Several bin Laden associates, testifying in connection with the bombing of the US Embassy in Dar es Salaam, detailed the movement of tanzanite through Kenya to Hong Kong. The *Wall Street Journal* found other connections to Dubai, saying Dubai had been identified by US law enforcement officials as a haven for al Qaeda business interests. **Cap Beesley**, President of American Gemological Laboratories in New York agreed. 'Dubai is the kind of place that should throw up a flag that something is definitely askew,' he said. 'When you

see any rechanneling through non-traditional destinations like Dubai, it means someone is finding some financial incentive not to play by the book.' Dubai has become a major trading centre for diamonds in recent years.

In a related story, in October the US Treasury Department froze the assets of a prominent Saudi businessman accused of channeling millions of dollars to Osama bin Laden. **Yasin al-Qadi** had also invested \$3 million in a California-based diamond mining and exploration company with operations in South Africa, **Global Diamond Resources**. Al-Qadi was reported as saying the story was 'nonsense'. The Tanzanian Mineral Dealers Association has denied any connection between bin Laden and the tanzanite trade. Sierra Leone's RUF leader, **Issa Sesay** also denied any connection with bin Laden in an interview with Radio France International. 'No. No,' he said. 'We would never do business with this type of people, and I have no knowledge with that, and I have no business with them. We have nothing to do with them, you know, as far as I'm concerned with the present peace process in Sierra Leone, and even as far as talking of 1998 or 1999, we have no idea. We have no idea with being in contact with these people you're talking of. We never came across with the [Algerians], we have no business with them, and we never worked with them. We never happened to, and we've never been in contact with these people. We never knew them and we don't know them. We have no dealing with them. We have no business with them at all, as far as I'm concerned.'

Not all al Qaeda stories hold water. An Oct 31 BBC report incorrectly linked a shareholder of Cayman-registered **Oryx Natural Resources** to al Qaeda. The company, which has attracted controversy over its association with Zimbabwe's President **Robert Mugabe**, was forced to shut down its diamond operations for a period of three weeks, and subsequently took legal action against the BBC. The BBC subsequently issued an apology.

BOOKS (cont'd from page 3)

'Conservationists,' the author says, 'some of whom previously could not locate the region on a map, suddenly saw it as the last frontier.' The Dene suddenly rediscovered the Barrens, worrying about caribou, fishing, water pollution and the loss of ancestral artifacts. 'Perhaps most of all, they worried they might be left out of the profits.' Historically, diamonds have not always benefitted local populations, and have - in the cases of some African countries, been more a curse than a blessing. That the author should demean the local population for wanting to protect their land, hitherto ignored by the world, and to make the most out of its resources, leaves a sour taste in an otherwise fascinating and well written adventure story.

The Graves Are Not Yet Full: Race, Tribe and Power in the Heart of Africa, Bill Berkeley, Basic Books, New York, 2001, 309 pages, US \$27.50

Bill Berkeley, an editorial writer at the *New York Times* and a long-time friend of Africa aims in this book to rebut the 'nonsense' advertised by Robert Kaplan and the many others who depict the 'otherness' of Africa, and the continent's myriad crises, as 'senseless' and 'driven by primordial instincts'. Berkeley draws on over a decade of reporting on Africa to powerfully analyse a number of the continent's wars and to sketch convincing portraits of some of the 'evil' people who have helped destroy parts of it. **Charles Taylor** of Liberia, 'whose signature insight was that someone else's will to mass slaughter could be harnessed to his own will to power and loot'; Zaire's **Mobutu**, 'the kleptocrat who was able to exploit well-founded hatred of his rapacious regime by deflecting it onto others'; South Africa's **Buthelezi**, Apartheid's 'loyal native', who put militant Zulu at the service of white tyranny, leading to the killing of 20,000 Zulu; the small-town Rwanda mayor, who organised mass killings of Tutsis. And, to underscore the fact that Africa's crises are never far from the manipulations of major western powers, a portrait of **Chester Crocker** emerges as an American Assistant Secretary of State 'whose shameless apologies for abusive clients provide a case study in America's destructive engagement with Africa during the Cold War.'

This book is an excellent study in the methods of tyranny, the way that corrupt and despotic rulers manipulate ethnicity to maintain their power and capacity to loot, and the violence and destruction that usually results from that process. Berkeley argues that there is nothing 'African' about this: it is a commentary on greed and the abuse of power, a universal problem.

OTHER FACETS

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