

OTHER FACETS

NEWS AND VIEWS ON THE INTERNATIONAL EFFORT TO END CONFLICT DIAMONDS

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KIMBERLEY PROCESS AND THE G8

'Better Accountability and Greater Transparency'

On July 23, 2000, the G8 Heads of Government Meeting in Okinawa, Japan, issued a final communiqué which said, *inter alia*, "we have agreed to...implement measures to prevent conflict, including by addressing the issue of illicit trade in diamonds". Several of the NGOs that have participated in Kimberley Process meetings since then were represented at a major civil society gathering, held in Calgary just before the June 2002 G8 Kananaskis meeting. An estimated 1400 people participated, including representatives from **Partnership Africa Canada, Global Witness, the Network Movement for Justice and Development, ActionAid, Oxfam and Amnesty International.**

In a workshop on conflict diamonds, PAC's **Ian Smillie** told an audience of more than 500 that the Kimberley Process agreement could become a model for other discussions about resources and conflict, but that its failure to address the need for regular independent monitoring of all national control systems was a glaring failure. "Any government, any company, any individual," he told the audience, "that argues against regular, independent monitoring, is arguing for a retention of the status quo and for a continuation of theft, smuggling, instability and war in Africa."

In a final plenary session, the conference presented its conclusions to Canadian Foreign Minister, **Bill Graham**, who promised to take the message to the G8 meeting. **Amboka Wameyo** from ActionAid told the Minister that "too often, G8 governments are directly and dramatically part of the problem, fostering policies which work against human security." She spoke specifically of the need for tougher monitoring provisions in the Kimberley Process.

In a lengthy op ed article to following day, one of Canada's most prominent journalists, **Paul Knox**, devised a declaration, published in the *Globe and Mail*, that he thought the G8 leaders should sign. It included the following: "We have been slow to appreciate the trauma caused by conflict over natural resources. Demand for products such as diamonds, timber, minerals and oil, coming principally from the developed world, fuels vicious wars and extensive human suffering. We will instruct our officials to devise more efficient ways of regulating such commerce and curbing abuses. We know our citizens do not wish their own prosperity to be rooted in the deprivation of others. We pledge to work with our corporations to implement codes of conduct with rigorous evaluation mechanisms to ensure that our economic gains are arrived at fairly."

Despite early assurances that the G8 would not, in fact, address such a low level issue, its *G8 Africa Action Plan* did address it specifically, stating, 'We are determined to make conflict prevention and resolution a top priority, and therefore we commit to... working with African governments, civil society and others to address the linkage between armed conflict and the exploitation of natural resources - including by... supporting voluntary control efforts such as the Kimberley Process for diamonds, and... working to ensure better accountability and greater transparency with respect to those involved in the import or export of Africa's natural resources from areas of conflict.'

OTHER FACETS

Other Facets, a periodic newsletter about the international effort to end diamond-related conflict, is a joint publication of Partnership Africa Canada (Ottawa), the International Peace Information Service (Antwerp) and the Network Movement for Justice and Development (Freetown). Views expressed in *Other Facets* are those of the authors and editorial staff alone.

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HARD CURRENCY

NEW REPORT ON CONGOLESE DIAMONDS

The Diamonds and Human Security Project has released a major new report entitled *Hard Currency: The Criminalized Diamond Economy of the Democratic Republic of the Congo and Its Neighbours*. The study was written over a period of 18 months by Christian Dietrich, a researcher with the International Peace Information Service in Antwerp.

In the report, Dietrich strips the politesse from discussions about conflict diamonds. He demonstrates that the restrictive definition used by the UN Security Council and the intergovernmental Kimberley Process only serves to restrict debate and action on one of the most horrific conflicts of the past half century. He defines the conflict in regional terms, showing that the wars in the Congo and Angola have been inextricably linked to each other through criminal networks and a trans-border lust for power, sustained by diamonds and taking the lives of hundreds of thousands of innocent civilians. Decades of turmoil in the Central African Republic also have their roots in the diamond trade, with Bangui serving as a lucrative conduit for diamonds stolen from other countries.

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EDITORIAL**AL QAEDA AND THE QUALITY OF TERROR**

It is time to put the al Qaeda diamond story into perspective. In November 2001, not long after the terrorist attacks in the United States, *The Washington Post* reported that 'the terrorist network led by Osama bin Laden has reaped millions of dollars in the past three years from the illicit sale of diamonds mined by rebels in Sierra Leone, according to US and European intelligence officials.' This set off a media flurry and a series of very loud alarm bells in the diamond industry. Gradually, however, as time passed, it seemed that the story might be discounted. De Beers Director of Public and Corporate Affairs, Rory More O'Ferrall wrote to the *National Geographic* in July 2002 about its 'Wholly unsubstantiated assertion that "the diamond trade out of Sierra Leone has pumped millions into Osama bin Laden's al Qaeda network in recent years".' The *National Geographic* responded, saying 'we stand by the accuracy of the statement.' This is understandable. Former US Ambassador to Sierra Leone, Joe Melrose, told a US Senate Committee in February about evidence that al Qaeda and the Islamic militant group Hezbollah were buying diamonds from Sierra Leone's RUF rebels. And Peter Hain, Britain's Minister for European Affairs told reporters that Victor Bout 'undoubtedly did supply al Qaeda and the Taliban with arms.' An infamous gun runner and sanctions buster, Victor Bout has been named in several of the UN Expert Panel reports on Sierra Leone, Liberia and Angola as a weapons supplier to the RUF and UNITA rebels, as well as to Liberia's warlord president, Charles Taylor.

Why does an al Qaeda connection seem to matter so much? It matters because if it can be substantiated, it is thought that the American government is more likely to insist on tougher regulation of the diamond industry than is currently the case. But if diamonds are only being used by African terrorists, it would seem to be another matter. If this view is correct, it would be as shortsighted as it is repugnant.

Even if the story were completely untrue, it makes no sense to promote a weak Kimberley agreement and an improperly regulated diamond industry. Because sooner or later – if they have not done so already – al Qaeda and its ilk will discover the usefulness of diamonds as an alternative to cash. There is an important moral issue as well. The quality of terror is not strained. It is the same for the child who loses a parent in Angola as it is for the child who loses a parent in New York. The idea that one kind of terrorist is more deserving of attention than another is, in this case, more than a little offensive.

The issue is not whether more should be done about diamonds if an al Qaeda connection can be substantiated. The Kimberley Process has prepared a system for rough diamond regulation. But it has no provision for regular independent inspection of national control mechanisms. The issue now is whether that will be allowed to continue, making diamonds available to thieves, money launderers and terrorists – of all kinds – or whether governments and the diamond industry will strengthen the agreement to stop *all* terrorists, now and in the future, who might benefit from diamonds.

CONGOLESE NGOs FORM NEW NETWORK

A new network has been created by Congolese NGOs to respond to the continuing pillage of the Democratic Republic of the Congo's natural resources. At a workshop in Kinshasa held from August 5-7, organized by the *Centre National d'Appui au Développement et à la Participation Populaire* (CENADEP) (Kinshasa) and Partnership Africa Canada, some 40 representatives from NGOs across Congo met to discuss a number of studies dealing with the pillage of Congo's natural resources. NGO leaders from the eastern and north-eastern regions of Congo, occupied by Rwandan and Ugandan forces and their Congolese allies, described in detail the systematic extraction of coltan, gold and timber and the flourishing trade in diamonds, the benefits of which go clearly to the military and political elites in Kigali and Kampala. Chris Dietrich, author of *Hard Currency*, briefed participants on the huge illicit trade in Congo's diamonds and briefings were also given on the Kimberley Process and the international campaign to eliminate conflict diamonds. The focal point for the Congolese NGO network is CENADEP: cenadep@yahoo.fr.

RWANDA-CONGO PEACE AGREEMENT

At the end of July, the Presidents of Rwanda and the Democratic Republic of the Congo signed a peace accord in Pretoria, a first step towards ending a bloody conflict that has killed an estimated two million people. Under the terms of the agreement, the DRC will disarm 10,000 Interahamwe Hutu militia who fled Rwanda after the 1994 genocide. In return, Rwanda will withdraw an estimated 25,000 troops from the Congo by the end of October.

The agreement has been widely welcomed, but not without skepticism. There have been an estimated 22 different parties engaged in the conflict, and several rebel factions were quick to disavow the deal as soon as it was signed. A previous peace agreement, signed in Lusaka in 1999, also called for disarmament and the withdrawal of foreign troops, but it failed. The issues extend well beyond security problems posed by the Interahamwe. Rwanda and the armies of other neighbouring countries have been actively exploiting the mineral wealth of the vast areas of the Congo that they occupy. And there is little confidence that the Kinshasa government can bring stability to the vast eastern region where there is virtually no infrastructure or communications facilities.

KIMBERLEY PROCESS NEEDS TEETH: US CONGRESSMAN

GAO's Grim Outlook 'Dead-On'

US Congressman and longtime conflict diamond campaigner Tony P. Hall has commended the United States General Accounting Office for its hard-hitting report on conflict diamonds. 'Critical Issues Remain in Deterring Conflict Diamond Trade' is the result of an investigation into the trade in conflict diamonds that Hall, Rep. Frank R. Wolf and other Members of Congress initiated in February 2001.

'The countries involved in work through the Kimberley Process deserve credit for their efforts to sever the funding link between diamonds and war,' Hall said, 'as do non-governmental organizations and the industry's World Diamond Council. Their task was formidable, and the consensus they reached in March was strong in many respects. However, the GAO's damning report validates the concerns of Global Witness, Partnership Africa Canada, and their coalition partners.

'It is clear that the Kimberley Process remains a work-in-progress, one with serious design flaws. This initiative is erecting a stop sign that is needed, but its effectiveness will be determined by how vigorously it is enforced... If the past three years' work on conflict diamonds is to make any difference whatsoever,' Hall said, 'it cannot rely solely on an international consensus approach as flawed as the GAO finds this one to be. The only hope for putting real teeth into the Kimberley Process's noble effort is for U.S. law to vindicate the decisions that our consumers make in buying half of the world's diamonds, by helping to assure them they are paying for tokens of love - and not weapons of war, rape and misery.

The GAO report is available at www.gao.gov. More background on Hall's efforts on conflict diamonds is available at www.house.gov/tonyhall.

De Beers Response to Project Report

In March 2002, the Diamonds and Human Security Project published a report by Ralph Hazleton, entitled *Diamonds Forever or For Good? The Economic Impact of Diamonds in Southern Africa*. This led to an exchange of letters between Partnership Africa Canada and from De Beers. De Beers Chairman, Nicky Oppenheimer and Gavin Beevers, De Beers Director of Operations both wrote. The correspondence can be found on the PAC website at www.partnershipafricacanada.org.

MEDIAWATCH

National Geographic received a flood of mail following its March 2002 cover story on diamonds. Although the story was not exclusively about conflict diamonds, letters to the editor in the July edition showed that this had been the eye-catcher, and not just for people like reader **Janet Lovins**, who decided against a diamond ring because she 'cannot support and industry that has caused, even indirectly, such horror and suffering'. There were also letters from the **Jewelers Vigilance Committee** and De Beers' **Rory More O'Ferrall** who suggested that the article might 'alarm consumers unnecessarily' in its mention of a possible al Qaeda connection. **Sean Cohen** of RAND Diamond made a pitch for his company's diamond tracking system, while reader **Sheila Soprovich** called for consumer action: 'Women of developed nations, unite! At 50 percent of the population, we have enormous buying power, and this power can be used to change the diamond industry.'

Oren Sofer, of Beny Sofer & Sons, a New York diamond firm, wrote an angry article for the summer issue of *Canadian Diamonds*. 'The news media is not interested in telling the public that the conflict diamond issue is over,' he said, perhaps unaware that it is not. He also said that the Northwest Territories government certification scheme 'is the only diamond certification process in the world that successfully guarantees the origin of diamonds.' Maybe he missed **Ian Smillie's** *Fire in the Ice* (published in January and available from Partnership Africa Canada) which pointed out that all diamonds currently mined in Canada go to Antwerp for sorting. The ones that return can hardly be 'guaranteed' by anyone under current circumstances, Smillie said.

The Diamonds and Human Security Project published **Ralph Hazleton's** paper *Diamonds Forever or For Good? The Economic Impact of Diamonds in Southern Africa* in March 2002. In it, the author said that while diamonds had contributed enormously to the economy of Botswana, over 60 percent of the population still live on less than \$2 a day, more than Kenya or Senegal. The 24-page paper was reprinted verbatim in Israel's prestigious *Mazal U'Bracha* (May 2002), and received mixed reviews in *The Namibian* (July 18). But it raised a firestorm of protest elsewhere. De Beers Chairman **Nicky Oppenheimer** addressed the American Gem Society, defending the diamond contribution to the development of Southern Africa, and spinmeisters went into overdrive with a July 27 *Spectator* article, selected for recycling in the August edition of *Readers Digest*. Here, De Beers is described in Botswana as an employer of 'almost nauseating rectitude', and the benefits of diamonds to Botswana are generously illustrated in the quality and number of the country's schools and hospitals. The Hazleton study was not mentioned, although the reference to 'anti-global-capitalists, liberal idealists and bearded, sandal wearing Africa experts' might have been aimed his way. The *Spectator's* author quotes another source, an unnamed 'old Africa hand' on the virtues of the Tswana people: 'You meet a lot of Africans, and they're like children... They might come and slit your throat in the night, but to your face they're delightful, full of smiles. The Tswana aren't like that. They're very grave, very sober, very efficient, very law abiding.' All of these quotations were expunged from the *Readers Digest* version, which suggests two things: first *The Spectator* needs a better editor, and second, both Botswana and the diamond industry need less offensive journalists in support of their cause.

EC Prepares for Kimberley

On August 8, the European Commission adopted a proposal for a Council Regulation concerning EC compliance with the provisions of the Kimberley Process, agreed earlier this year. The draft regulations would see each country designate a competent authority, under EC management, to administer the import and export of diamonds in accordance with the worldwide scheme. The regulations also provide for private sector involvement, requiring stringent reporting and auditing procedures. In accordance with the existing Kimberley Agreement, however, there is no provision for external monitoring of the application. It will therefore be difficult to know whether Greece or Germany apply the new regulations as well as Belgium, which has a much bigger stake in the diamond trade. The EC hopes that the new regulations will be approved by the Council before the official launch of the Kimberley Process system in November.

Terrorist Threat Real: Canadian Police Report

Canadian police-intelligence services are concerned that terrorist networks, such as al Qaeda, may have infiltrated the Canadian diamond industry. 'Terrorist organizations such as al-Qaeda network may be using diamonds as a form of currency to avoid the international banking system and controls by governmental authorities' says a report released by Criminal Intelligence Service Canada in August. The report said that 'there is a potential, as observed in other countries, for organized crime to attempt the infiltration of the industry.' Given Canada's reputation as a producer of clean diamonds, 'this country could attract smuggled illicit diamonds to be merged within our regular rough diamond production supply and effectively become sanitized as a bona fide Canadian product for legal sale.' 'We have indications that criminal organizations will try and target our diamond industry,' RCMP Commissioner Giuliano Zaccardelli said in a subsequent interview.

Ruprah Nabbed - Again

Sanjivan Ruprah, an arms trafficker involved in Liberia and RUF sanctions busting, was arrested in Italy in August after jumping bail in Belgium where he had been arrested last February on charges of criminal association and holding a false passport. He was also being investigated in Belgium for money laundering. Ruprah, originally a Kenyan national, had links during

the 1990s with Branch Energy and the South African Mercenary organization, Executive Outcomes, doing business in Rwanda, South Africa and the Democratic Republic of the Congo. In 1999 he was appointed by the Liberian government as its 'Global Civil Aviation Agent Worldwide', and for a time he traveled on a Liberian diplomatic passport under the name of Samir M. Nasr, identified as Liberia's Deputy Commissioner for Maritime Affairs. Ruprah has been a close associate of Victor Bout, a Russian involved in gun-running throughout Africa. Peter Hain, Britain's Minister of European Affairs, has said that Bout supplied al Qaeda and the Taliban with weapons. Ruprah was arrested in Crema, near Milan, on charges of possessing a false passport.

Hard Currency (cont'd from p. 1)

The report also deals with the countries with no diamonds of their own that have become active exporters. The Republic of the Congo - through its capital, Brazzaville - has exported hundreds of millions of dollars worth of diamonds over the past two decades. More recently in the DRC, the invading armies of Rwanda, Uganda and Zimbabwe have - under the guise of military necessity - sent diamonds back to their capitals for onward export. Burundi, Tanzania, Namibia and Zambia have also benefitted in one way or another from Angolan and Congolese diamonds. Cease-fires and peace agreements are unlikely to end this widely criminalized trade in diamonds, nor will they end the potential for future conflict unless concerted and comprehensive action is taken at many levels.

Dietrich paints a portrait of corruption and predation, one that extends beyond governments and government officials to the international diamond industry and its unrelenting pursuit of gemstones. Whatever good diamonds may have done elsewhere, they are a curse in Central Africa, one that will not end without stronger commitment and smarter interventions by concerned governments, the United Nations and the private sector. Dietrich makes recommendations that should be taken seriously by all concerned with these issues, and says that the current proposed Kimberley Process regulatory provisions will not work without credible, expert and regular inspection of all national diamond control mechanisms.

Hard Currency is part of a series of Occasional Papers produced by the *Diamonds and Human Security Project*. A summary version is available; both versions are also available in French and on the PAC website at www.partnershipafricacanada.org. Print copies are also available from the PAC office.

BOOKS

Lieutenant-Colonel Tim Spicer OBE, *An Unorthodox Soldier: Peace and War and the Sandline Affair*, Edinburgh, Mainstream Publishing Company, 1999, 235 pages, US\$35.00

For anyone who wants to understand the contemporary Soldier of Fortune, Spicer's book is a must read. *An Unorthodox Soldier* is an autobiography as well as a history of Sandline International, the private military company (PMC) started by Spicer. The book traces the soldiering life of the author, Sandline's incursions in Sierra Leone and Papua New Guinea, and provides a lengthy defense of the modern role of the PMC. PMCs in the author's words are, "corporate bodies specializing in the provision of military skills to legitimate governments: training, planning, intelligence, risk assessment, operational support and technical skills." For Spicer, "Sandline International is just a company ..."

One has to go no further than the book's Acknowledgements to get a taste of its tone: "Those who don't deserve any acknowledgement at all, ever - not just from me but from anyone - are the gutless, the boring and the useless who pontificate and cower, some of whom supposedly represent Britain. I feel sorry for them - they've never been to the edge and looked over. They'd be better off if they did."

The most important aspects of Spicer's book are contained in the last chapter. Spicer correctly writes that there will be many more conflicts and that many will be fought over resources. He also points out the ineffectual efforts of the United Nations to stop these wars. His answer is that the modern PMC has an important role, and that the PMC can do what the United Nations cannot do. His view is pretty well summed up by the following: "The great mistakes governments make in surveying the future is to take the narrow, short-term, parochial view. This is true about their attitudes to growing threats but equally true about their view of PMCs, admittedly a new element in the political/military mix but one which, as Sandline has demonstrated over the last few years, could have a useful and significant part to play in seeking solutions to some of these pressing problems."

Whether one agrees or disagrees with Spicer, *An Unorthodox Soldier* is a useful contribution to the present debate on the role of PMCs.

- R.H.