

OTHER FACETS

NEWS AND VIEWS ON THE INTERNATIONAL EFFORT TO END CONFLICT DIAMONDS

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KIMBERLEY CERTIFICATION SCHEME AGREED

Launch of January 1, 2003

On Nov 5, following the 12th meeting of the Kimberley Process, ministers and government delegates from 35 countries, plus those represented by the European Union, agreed to launch a certification scheme for rough diamonds on Jan. 1, 2003. The date and the outlines of the agreement were set in March, but an effective simultaneous launch required new regulations in most countries, and new legislation in some. With a few exceptions (Thailand, Malta, Cyprus, Japan, Ukraine), most participants - including all major diamond producing and trading countries - signified their readiness for implementation.

Some issues remained following the meeting, which was held at Interlaken in Switzerland. Despite 18 months of discussion on the subject of production and trade statistics, no arrangements have yet been developed for a system of collation and dissemination. This is expected to be developed in the next few months. And although NGOs welcomed the decision to launch the process, eight organizations attending the meeting said that they remained deeply concerned that there is still no system for regular independent monitoring of all national control systems. "Without this," they said, "the overall system remains open to abuse."

The significance of the agreement in its present form is that non-participating transit countries such as Congo Brazzaville, Gambia, Rwanda and Uganda will be cut off as of Jan. 1, 2003, closing several major avenues for conflict and illicit diamonds. And in due course, all diamond exporters will require an auditable paper trail showing exactly where the diamonds have originated.

During the working meetings before the official agreement, NGOs met with diamond industry representatives to discuss a breakdown in communication that resulted in NGO demonstrations during the October World Diamond Congress in London. It was agreed that there would be joint efforts to communicate the implications of the Kimberley agreement throughout the diamond industry. In its press release, the World Diamond Council referred to the proposed industry system of self-regulation that will support the Kimberley Process. "Members of the international diamond industry and trade will instruct their independent auditors to verify that records of warranties are being created and maintained," the statement said, "in compliance with the Kimberley Process certification scheme. This certification will be subject to government verification."

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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DRC REPORT CONDEMNS PILLAGE OF DIAMONDS, NATURAL RESOURCES

Dozens of Companies Deny Charges

A long-awaited United Nations report on the illegal exploitation of natural resources was released on October 16, sparking a furor of denial from dozens of private sector firms named in it, and from the governments of several countries.

The UN Report documents systemic and massive corruption in the diamond industry of the DRC, and the flagrant collusion of allied governments, notably Zimbabwe. It details the pillage of Congolese diamonds and other natural resources by Rwanda and Uganda. It describes systematic bribery, asset stripping, tax fraud, sanctions busting, embezzlement, extortion, the use of stock options as kickbacks and the diversion of state funds by groups that 'closely resemble criminal organizations'. The report says that in areas controlled by the Congolese government, at least US\$5 billion worth of state mining assets have been transferred to foreign companies, with no benefit for the state since 1999. It estimates that the *Armée Patriotique Rwandaise* has been earning US\$320 million a year from commercial operations in eastern Congo. These practices, the report says, have led to and fueled war, murder and human rights abuse. The report says that as many as 2.5 million more people have died since the beginning of this war than would have died had the war not occurred. Diamonds are at the centre of the story. (*cont'd on page 4*)

EDITORIAL

THE GUTS TO ASK FOR MORE

In the September issue of *Mazal U'bracha*, Chaim Even-Zohar wrote an opinion piece entitled 'Does Anyone Have the Guts to Say Enough is Enough?' His thesis was that the wars in Sierra Leone and Angola are over and peace has broken out in the Democratic Republic of Congo. So why do we need a Kimberley Process certification scheme for rough diamonds? Basically, it will add significantly to transaction costs and there will be considerable delays in the movement of rough. 'Are all these measures really still necessary?' he asks. 'If they are, what are the arguments?'

There are several arguments. 37,500 of them were living in refugee camps in Sierra Leone in November, and more were crossing the border daily, running away from fighting in Liberia. There, warlord President Charles Taylor was defending his bloody regime with weapons smuggled in repeatedly over the last few months, according to a UN Panel of Experts, despite an arms embargo. These weapons – and probably those of his opponents – were bought with hot money derived from the sale of diamonds and timber.

There are 29 arguments in favour of the Kimberley Process contained in the October Report of the Expert Panel on the DRC. They include the Ahmad Diamond Corporation, Asa Diam, COSLEG, Oryx Natural Resources, Sierra Gem Diamonds, Triple A Diamonds and 23 other companies which the Panel recommended for Security Council financial restrictions because of behaviour related to sanctions busting, trading in conflict goods and illicit behaviour. And there were other arguments given in that report: massive corruption in the diamond industry of the DRC, and the flagrant collusion of allied governments, notably Zimbabwe. The pillage of diamonds and other natural resources by Rwanda and Uganda. Bribery, asset stripping, tax fraud, sanctions busting, embezzlement, extortion, the use of stock options as kickbacks and the diversion of state funds conducted by groups that closely resemble criminal organizations. Some other arguments: murder, human rights abuse, destruction, children robbed of an education, families robbed of their homes and their future. The International Rescue Committee says that 2.5 million more people have died since the beginning of the war than would have died had the war not occurred. Diamonds and other resources have been used for the benefit of the few, at a very, very great cost to the many. Enough of *this*, surely, is enough.

Chaim Even-Zohar says 'There is no argument that we must do everything to get rid of conflict diamonds – but what do you do when the referent conflicts are over?' The conflicts are *not* over, and they will never be permanently extinguished until the opportunity presented by diamonds, and by a diamond industry infected by so much corruption, has been conclusively ended. The Kimberley Process is a beginning. But despite the writing on the wall, planning for the Kimberley Process has done absolutely nothing to stem the behaviour described in the UN's DRC report. It continues unabated at this very moment. And the Kimberley Process has only established 'minimum' standards; there is so far no acceptance of regular independent monitoring of the national systems that are being developed. Without that, the behaviour described in the DRC report will continue, and the Security Council will be forced to continue doing the work of the Kimberley Process. Does anybody have the guts to say that *this* is not enough?

'Diamond Relief Fund' for Poor Producers

In October, the diamond industry launched a 'diamond relief fund' aimed at reducing poverty in the poorest diamond producing countries. Botswana was the first beneficiary of the fund, which an official of the Belgian Diamond High Council said would provide close to €250,000 or about US\$244,000 for social, medical and educational programs in the country. Botswana, with a GDP per capita of more than \$7000, has long been extolled by the diamond industry as an example of a country that boasts an impressive social infrastructure, courtesy of diamonds. When Partnership Africa Canada cast doubt on the scale of benefits derived from diamonds by Botswana's poorest in a report published earlier this year (*Diamonds: Forever or For Good? The Economic Impact of Diamonds in Southern Africa*, by Ralph Hazleton), the organization was criticized for unfair negativity by De Beers Chairman Nicky Oppenheimer and others close to Botswana.

'If Botswana is doing so well,' Hazleton commented, 'why didn't they make a donation to relieve the much greater suffering in Angola or Sierra Leone?' At the end of September, there were 37,500 refugees in camps in Sierra Leone and UNHCR did not have enough money to cope with the growing emergency because of inadequate funding from donor governments. And thousands of Sierra Leoneans who have lived in camps for the displaced for years are still waiting for assistance to go home because donor funding remains unavailable for transportation and resettlement.

Speaking at the Antwerp meeting where the 'diamond relief fund' was announced, former US Vice President Al Gore said 'This is a new beginning for your industry. I predict this is the end of a two-and-a-half-year period of negative publicity on conflict diamonds.'

UN Liberia Panel Reports

The United Nations Panel of Experts working on Liberia reported to the Security Council in October that the on-going conflict in that country has continued to spread, with refugees spilling over the borders into Sierra Leone and Guinea. The report documents continued violations of a UN arms embargo, including shipments to Liberia over the summer of 200 tons of illegal weapons. The arms were mainly old Yugoslavian stock supplied by a Bulgarian arms dealer using false Nigerian end-user certificates. Funding for the weapons was derived from diamonds, timber and Liberia's flag-of-convenience shipping registry. The report concludes that existing sanctions on diamonds and weapons 'have had a negligible impact on the humanitarian situation' in Liberia, because diamonds are 'confined to a traditionally small sector of the economy that has been more affected by insecurity in Lofa than by sanctions.' The report states that lifting the arms embargo without adequate security sector reform would leave the civilian population even more at the mercy of unconstitutional forces, armed militia and Liberia's abusive security apparatus. The report (S/2002/1183) is available at:

<http://www.un.org/Docs/sc/reports/2002/sgrep02.htm>

KIMBERLEY PROCESS MONITORING REPORT

'Sunlight is the best disinfectant'

The Diamonds and Human Security Project released a major report on the weaknesses of the Kimberley Process monitoring arrangements in October. Entitled *The Kimberley Process: The Case for Proper Monitoring*, the report says that the 'Kimberley Process' certification system for rough diamonds will not halt the trade in so-called 'conflict' or 'blood diamonds' unless it develops procedures for regular independent monitoring of all national control systems.

While conflict diamonds represent a small proportion of the diamond trade, illicit diamonds represent as much as 20 per cent of the annual world total, the report states. This level of illegality has created the space for conflict diamonds, and regardless of how current conflicts unfold, it will continue to present a threat to peace and stability in Africa.

The report reviews the monitoring provisions of the Kimberley Process as agreed at its March 2002 Ottawa meeting. It compares these with the monitoring provisions in other international agreements on land mines, chemical weapons and money laundering. It argues that much stronger measures will be required in the Kimberley Process if the agreement is to be credible and effective. The Report concludes that if stricter measures are not adopted, the Kimberley Process will create a false sense of security, allowing conflict diamonds to continue entering the system, ultimately placing the entire diamond industry at risk. The Diamonds and Human Security Project is a joint effort of Partnership Africa Canada (Ottawa), the International Peace Information Service (Antwerp) and the Network Movement for Justice and Development (Freetown). The report is available at: www.partnershipafricacanada.org.

NEW DIAMOND REPORT ON SIERRA LEONE Lebanese Censured

For ten years, a bloody civil war nearly destroyed the small West African nation of Sierra Leone. Today, a peace agreement prevails, but there are more UN peacekeepers in Sierra Leone than any other country in the world. Diamonds motivated the Revolutionary United Front (RUF) rebels, and diamonds paid for their weapons and their brutality.

War and Peace in Sierra Leone, a new report from the Diamonds and Human Security Project, analyzes the historical role of diamonds in Sierra Leone, and more particularly, since United Nations intervention in 2000. It evaluates efforts made by the Sierra Leone government to ensure greater transparency and probity, and examines the effect of a pilot diamond certification scheme.

The report also examines a much-discussed but rarely studied phenomenon: the role of Sierra Leone's large Lebanese community, which dominates the diamond industry and presents major obstacles to meaningful reform. Various factions in Middle Eastern conflicts, including Hezbollah and Amal (founded by a Sierra Leonean-born Lebanese), have raised substantial funding from the Lebanese community in Sierra Leone through the diamond trade. The report argues that although evidence of links between this diaspora community and the al Qaeda terrorist network is so far anecdotal, allegations are supported by generations of dubious activities by some Lebanese diamond dealers, and their contacts with Middle Eastern terrorists posted on the US most-wanted list in recent years. The report is available at www.partnershipafricacanada.org.

BOOKS

Greg Campbell, *Blood Diamonds*, Westview Press, 2002, 251 pages, US\$26.00

Here it is: the first book devoted exclusively to 'conflict' or *Blood Diamonds*. This is an emotive book by a freelance journalist who spent time with the cut-rate diamond smugglers who haunt cheap hotels and bars around Freetown's Lumley Beach, with RUF 'generals' and child soldiers in the slums they called 'headquarters', and with their victims in squalid camps for displaced persons. The book deals mainly with Sierra Leone and the route diamonds have taken from the killing fields of Kono District on their way to Antwerp and New York. Except for its insatiable hunger for good gemstones, the industry is mostly left out of the story. Campbell does exhibit a particular disdain for De Beers, however and its 'lame excuse of hiding behind their definition of conflict diamonds', describing a world of 'ruthlessness, espionage and secrecy' in the way control is exercised and the value of diamonds is protected. Interestingly, however, at the end of the book the author suggests that it would be 'a welcome investment if the country [Sierra Leone] continued to stabilize enough for De Beers to play a role once again'.

The book is not about the diamond industry *per se*. It is about the horror of a ten year war fueled by diamonds. The author describes in graphic detail what the conflict has meant for its victims, and in this book, they are more than statistics. Kabba Jalloh, for example, describes in excruciating detail, the murder of his family by RUF rebels, and then how his hands and forearms were chopped off amidst rebel dancing and laughter. Ismael Dalramy describes a similar event, and his last act before losing his hands -- removing a ring his son had given him and putting it in his pocket. Campbell describes the villains as well -- Foday Sankoh and his lust for power; 'General Babykiller', 'Queen Chop Hands', 'General Mosquito' and other drug-addled killers who did their bidding.

When the *New York Times* reviewed *Blood Diamonds* in October, it said that there were 'no great new disclosures or glaring errors in this sad saga'. In fact, however, there are a several small errors. But these are, in a sense, small details against a vast backdrop of terror and human despair that is almost too difficult to read. And diamonds are always at the epicentre. The author is at his best, and is most authoritative in his depiction of the aimless lives that are now being led by members of the disintegrating RUF, their despairing victims living in badly-funded camps, and the smugglers who still hang out at Paddy's Bar trying to make a quick buck out of Sierra Leone's misfortune.

DRC Report (cont'd from page 1)

The report recommends financial restrictions on 29 companies. Most are African but the list includes four Belgian diamond firms and the Belgian George Forrest mining group, which has a joint venture with the US-based OM Group. The panel recommends travel bans on 54 individuals and a freeze on their personal assets. It also names 85 multinational companies in South Africa, Europe, the US and Canada for violating the Organization for Economic Cooperation and Development (OECD) ethical guidelines on conflict zones.

Oryx Natural Resources stated that the allegations against it were 'completely baseless', and invited the Panel to repeat the allegations in public, outside the protection of the United Nations. Niko Shefer, a former commodities broker, who has been jailed in South Africa for fraud, and who once described himself as honorary consul general of Liberia, said he had not been out of southern Africa since 2000. Asked about the panel's claim that one of his companies had a 50 per cent stake in Thorntree Industries, a joint venture diamond-trading company with the Zimbabwe Defence Forces, Shefer said he never had any equity in Thorntree. Zimbabwean Defence Force Commander General Vitalis Zvinavashe said that the claims against Zimbabwe and against him were 'meaningless'. Rwandan presidential aide Theogene Rudasingwa said that reports about his country were also untrue. 'It has no factual evidence to prove we are plundering Congolese resources,' he told Reuters. First Quantum, a Canadian firm, said that 'all allegations included or implied within the report are categorically refuted.' Ugandan Lt-Gen Salim Saleh, a half brother of Ugandan President Museveni, denied charges against him. 'I have accounts in London and Geneva,' Saleh said. 'I can assure the world that they don't hold more than \$10,000.' Regarding claims that he looted diamonds from the DRC, Saleh said, 'I have never done anything like that. But why should Antwerp be the diamond market of the world when they don't even have a mine? As Africans we should be selling our own diamonds and other resources.'

The UN report endorses the Kimberley Process which will establish an international certification system for rough diamonds by the end of 2002, and recommends that the system should have a permanently staffed secretariat. Although the report calls for a general ongoing Security Council monitoring process in the Great Lakes region, it stops short of recommending regular independent monitoring of all national diamond control mechanisms, a control feature absent from the Kimberley system.

In a press release on the UN report, Partnership Africa Canada and Global Witness called on the Security Council to endorse the Kimberley Process, but to insist in doing so, that it create a regular, independent monitoring mechanism to review all national diamond control systems. Without this, the NGOs said, the Kimberley system would be ineffective, and the Security Council would have to continue monitoring diamond-related conflict itself.

The UN report can be found at [http://web.amnesty.org/](http://daccess_ods.un.org/doc/UNDOC/GEN/. An Amnesty International Report, <i>Making a Killing: The Diamond Trade in Government-Controlled DRC</i>, also published in October, can be found at <a href=). Christian Dietrich's report, *Hard Currency: The Criminalized Diamond Economy of the DRC and its Neighbours*, can be found at www.partnershipafricacanada.org.

Campaigns

NGO campaigning on conflict diamonds heated up during the autumn months. **Amnesty International** produced a report entitled *Making a Killing: The Diamond Trade in Government-Controlled DRC*, dealing with human rights abuse and extra-judicial killing in the country's diamond areas. **Partnership Africa Canada** and **NIZA** held a two day workshop on the DRC in Brussels in September. 35 NGOs from Europe, Africa and North America attended, concluding with demands that the Security Council take action on conflict diamonds in the Congo. The British NGO, **ActionAid** produced a paper to coincide with the **World Diamond Congress** in London in October, asking *Is Industry Self-Regulation the Weakest Link?* The paper reported on low levels of conflict diamond awareness at the retail level and called on the industry to produce details of its long-awaited self-regulation scheme. Protesters outside the World Diamond Congress were joined by a **Marilyn Monroe** lookalike in a 'diamonds are a girl's best friend' dress. A brochure featuring an African child with no hands was handed to delegates. The brochure, produced by **ActionAid**, **Global Witness** and **Amnesty International**, and entitled *World Diamond Cop-Out*, called on the industry to publish and implement an industry-wide system of self regulation with credible independent monitoring and penalties to ensure that those who trade in conflict diamonds are punished and expelled from the industry.

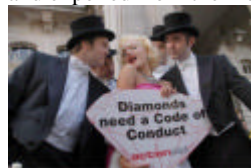


Photo: ActionAid

Mediawatch

In September, the prominent Spanish daily, *el Pais*, ran a lengthy two-part story on the smuggling of conflict diamonds from the Democratic Republic of the Congo to Zimbabwe. The article described a 'state sanctioned criminal network whose accomplices and interests extend from Africa and Europe to the Middle East'. Several top Zimbabwe government officials and military officers were accused of complicity in a scheme to launder diamonds using a company named **Oryx Natural Resources** as a cover. The allegations are that the company made cash payments to senior members of the Zimbabwean government or individuals otherwise close to the President **Robert Mugabe**, that it bought conflict diamonds in the DRC and in some cases smuggled them abroad as having been mined legally in an Oryx concession in the DRC. Oryx has declared the *el Pais* allegations 'completely untrue' and 'grossly defamatory'. The *el Pais* story was later reproduced in the **Harare Daily News**. A year ago the **BBC** was obliged to apologize to Oryx for running a similar story. In October and November, the Washington-based **Center for Public Integrity** produced an eleven chapter investigative study on *The Business of War* as part of work done by the **International Consortium of Investigative Journalists**. The series focused on private military companies (sometimes known as mercenaries), gun running, corruption, the oil industry and 'adventure capitalists'. Two chapters in the series dealt with diamonds: 'Conflict Diamonds are Forever', and 'Drugs, Diamonds and Deadly Cargoes', a look at the complex criminal business dealings in Liberia and elsewhere of **Leonid Minin**. The series can be found at www.public_i.org.

Dying for Diamonds A Girlfriend is Forever

A company in Chicago says that it has developed a process for turning the cremated remains of human beings into diamonds. LifeGem Memorials has spent three years developing the process and claims that its diamonds are as good as those found anywhere. 'Lifegem will let you keep your loved one with you and in your life at all times,' says the company's website. The company offers a 'pre-need' prepayment service which allows customers to have themselves foreverized whenever the 'need' arises. Prices begin at US\$1,995 for a 0.25 carat diamond, or two for \$1,495 each. A 0.75 carat stone costs \$9,995 and the company expects to offer larger options soon. The company also does dogs.