

OTHER FACETS

NEWS AND VIEWS ON THE INTERNATIONAL EFFORT TO END CONFLICT DIAMONDS

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LEBANON DROPPED FROM KIMBERLEY PROCESS

Draft Diamond Law Vetoed by President

On April 1, the Chair of the Kimberley Process issued a new list of participating countries. Singapore was added to the list, but Lebanon was dropped because it had failed to enact legislation compliant with agreed Kimberley Process standards. This means that KPCS member countries will no longer be able to engage in any rough diamond trade with Lebanon.

The move came on the heels of a growing political controversy in Lebanon, which saw President **Emile Lahoud** veto a draft law that would have confirmed Lebanese participation in the Kimberley Process. Lahoud is said to have vetoed the bill because several elements in it were unclear. The rejection, however, follows a deal reported in the Russian media in 2003, between the Russian mining giant, **Alrosa**, and a hitherto unknown Beirut company called **Horizon Development**. Horizon, owned by **Bahaeddine Hariri**, son of Lebanese Prime Minister **Rafik Hariri**, reportedly struck a deal to buy \$500 million worth of Russian diamonds. Lebanese press reports say that the 2004 bill may have been vetoed by Lahoud in order to foil the burgeoning Hariri diamond operation. According to *Forbes*, Rafik Al-Hariri is the 108th richest man in the world, worth an estimated \$4.3 billion.

Lebanon currently has an estimated 50 diamond cutting and polishing factories, but much of the industry operates in an underground economy. One dealer told the Lebanon *Daily Star* in March that drug dealers use diamonds in Lebanon to launder money, and that an estimated 80% of the diamonds entering the country do so illegally.

ANGOLAN DIAMOND EXPULSIONS

"Humanitarian Crisis Looming"

In December 2003, the **Government of Angola** began rounding up and expelling illicit diamond diggers from the north-eastern Lunda provinces, Malanje and Kwanza South. The government claims that there has been a huge influx of foreigners since 2002, mostly from the Democratic Republic of the Congo, but also from as far away as Mali, Senegal, Liberia and Sierra Leone. As many as 90,000 of the 290,000 diggers are said to be non-Angolans.

In the latest wave of expulsions, an estimated 40,000 people were pushed across the border into the DRC in the first three weeks of April alone. Miners' huts were destroyed, their equipment seized, and entire families were subjected to invasive body searches which, according to a UN spokesperson, had resulted in several deaths. Others drowned trying to cross the dangerous Tungila River which serves as a border between the two countries. At the end of the month it was reported that some of the Congolese who had been expelled had turned their wrath on Angolan refugees in the DRC, looting and burning down their shelters.

The **UN Office for the Coordination of Humanitarian Affairs** warned of a looming humanitarian crisis. **Jan Egeland**, the UN emergency relief coordinator said that "While a state has a legitimate right to control who lives or works within its borders, returns of migrant workers must be done without jeopardizing people's physical safety and dignity."

GREATER TRANSPARENCY REQUIRED

US Treasury Department Tells Industry

Addressing the Third Annual Meeting of the **World Diamond Council** held in Dubai in March, **William Fox**, Director of the US Treasury Department's Financial Crimes Enforcement Network told industry leaders that the Kimberley process is "a very important step to begin to add transparency in the trade of rough 'conflict' diamonds." Fox, who was accompanied by a team of Treasury Department officials, said, however, that he believed that "efforts to add transparency to other aspects of the diamond trade should be pursued," adding that this was in the industry's own interest. Fox said that the US Patriot Act will require dealers in diamonds and other vulnerable commodities to have a written program that can detect and prevent money laundering and the financing of terrorism.

Fox commended the diamond industry for "taking a proactive approach, working with the NGO community" to address the issue of conflict diamonds, but he quoted **De Beers Chairman Nicky Oppenheimer**, who had addressed the meeting earlier, saying that the amongst the challenges facing the diamond industry "is the vulnerability of the diamond and jewellery industry – as with other commodities – to misuse and abuse by criminals and the perpetrators of terror... In a world where our personal security, that of our families and communities, is under real and present threat, we must take notice and take action."

OTHER FACETS

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CONGO: DIAMOND INDUSTRY ANNUAL REVIEW *The DRC in 2004*

In April, **Partnership Africa Canada** and the Kinshasa-based NGO **CENADEP** co-published the first *Annual Review of the Diamond Industry* on the Democratic Republic of the Congo. The report, available in English and French, covers recent events in the country's diamond industry. It describes the size and geography of the industry, the major players, including the industrial and artisanal sectors, and it details a remarkable turnaround in an industry plagued by mismanagement and corruption for more than thirty years.

The report also describes the challenges ahead: labour and environmental issues, continued diamond smuggling in and out of the country, and a fragile peace agreement held together, in part, by a large UN peacekeeping force. The report also describes the challenges ahead for the government in making sure the DRC is compliant with Kimberley Process standards, no mean feat in a country with an estimated 700,000 artisanal diamond miners, most of them still unregistered and unregulated.

Hard copies of the report can be obtained from Partnership Africa Canada in Ottawa, or CENADEP in Kinshasa (1150, Tabora Av., Tel. +243 98311827). It is also available on line at www.pacweb.org.

CHARLES TAYLOR INTERVIEW

Just Wants to Help Orphans

In an hour-long interview on Nigerian television broadcast in April, the exiled former Liberian President, **Charles Taylor**, acknowledged that "Some terrible things happened in Sierra Leone, but I was not responsible." Sitting on a throne-like chair, Taylor said he was writing a book, and said that he wanted to return to Liberia to establish a foundation for orphans, war wounded and gifted children.

On the day Taylor's interview was aired, the UN said that it could not begin to repatriate the 300,000 Liberian refugees dispersed across West Africa (more than 10 per cent of the entire population) until October when the rainy season ends. Roads are impassable and much of the interior of the country remains unsafe after a decade and a half of civil war.

Taylor is unlikely to be doing work with orphans and gifted children any time soon. His indictment as a war criminal remains outstanding. Despite a worldwide **Interpol** arrest warrant, however, Nigeria continues to provide the former warlord with a safe haven. Liberia's transitional leader, **Gyude Bryant**, said in April that he wants Taylor to remain in Nigeria until his administration hands power to an elected government in 2005. "This transitional government will not request that Taylor be removed from Nigeria. His presence there is part of the peace process," Bryant said.

In May, however, the presidents of Guinea and Côte d'Ivoire begged to differ, each of them calling for Taylor's extradition from Nigeria to face trial before Sierra Leone's UN-backed Special Court.

SIERRA LEONE – THE FORCE IS WITH YOU UNAMSIL To Remain Until June 2005

The UN Security Council has decided that the UN peacekeeping force in Sierra Leone, UNAMSIL, will be extended beyond the end of 2004 until June 2005. At its height, UNAMSIL had 17,000 troops in the country, although this has been reduced in recent months to 11,000. Citing issues of "fragile" security in the country, the Security Council voted to maintain a small peacekeeping force of 3,250 troops and 141 military observers after January 1, 2005.

GLOBAL WITNESS REPORT SLAMS US RETAILERS

A study released in March by the British NGO, **Global Witness**, charged "a large proportion" of the diamond industry with failing to take the conflict diamond issue seriously. According to *Broken Vows: Exposing the "Loupe" Holes in the Diamond Industry's Efforts to Prevent the Trade in Conflict Diamonds*, Global Witness asked 30 US diamond retailers, including some of the largest jewellery outlets in the world, for their policies on conflict diamonds and the chain of warranties recommended by the **World Diamond Council** (WDC). Only five responded and only one, **Tiffany & Co.**, actually spelled out its policies in detail. Posing as buyers, Global Witness investigators also visited 33 jewellery stores and found that in all but four cases, sales personnel were largely ignorant of their company's policy and the system of warranties. The report says that the credibility and effectiveness of the Kimberley Process depends on the diamond industry "being held accountable for commitments made to stop the trade in conflict diamonds."

Industry officials were critical of the report for focusing on polished diamonds, which although covered by WDC guidelines, are not part of the Kimberley Process mandate. Speaking at the Annual Meeting of the WDC in Dubai, however, WDC Executive Director **Matthew Runci** said that the organization would now consider an annual reporting system for all WDC members, "patterned on the system currently in place for governments." The report is available at www.globalwitness.org.

Kimberley Update

On May 1, ten new Member States joined the **European Union**. Four, the **Czech Republic, Hungary, Poland** and **Slovenia** were KP participants in their own right. Trade in rough diamonds between these countries is now subject to the import and export regime of the European Union, with import and export authorities present in **Belgium** and the **United Kingdom** alone at the present time. With the earlier addition of **Singapore** to the list of participants and the removal of **Lebanon**, total KPCS membership is now 44, including the EC and **Taiwan**.

A series of peer review visits, agreed at the October 2003 Kimberley Process Meeting, began with the **United Arab Emirates** being the first country to volunteer. A review visit to Dubai was undertaken in March 2004. A second review visit was made to **Israel** in May and several others are slated for the months ahead. A review mission to examine issues of KPCS compliance visited the **Republic of Congo** (Brazzaville) in June.

BUSHMEN AND DIAMONDS

Can You Dig it?

The connection between a British supermodel and a few dozen San people living in a remote part of Botswana's Central Kalahari Game Reserve, might seem distant. But when the elegant, Somalia-born **Iman** ceased to be the **De Beers** pinup girl at the end of April, it may well have been a result of the forced relocation of the remote pastoralists and a relentless two-year NGO campaign aimed at the supermodel.

Between 1997 and early 2003, around 1200 San were removed from their homes, and another 80 or 90 were removed after that. The government relocations were ostensibly aimed at clearing the game park of all hunters, and at providing the San with better living conditions. **Survival International**, a British NGO, has charged, however, that the evictions were aimed at clearing the land to facilitate diamond exploration by **BHP Billiton**, **De Beers** and others, something the mining firms have denied.

Over the past two years, **Survival** successfully internationalized the issue, and a recent publication by a professor at the **University of Botswana** has linked the story to a critique of Botswana's positive reputation for democracy and good governance. This reputation is undeserved, writes Prof. **Kenneth Good** in a monograph recently published by Sweden's **Nordic Africa Institute**. In *Bushmen and Diamonds: (Un)Civil Society in Botswana*, Good challenges the assumption that the country's political and socio-economic system is exemplary, framing his argument around the San "as a marginalized minority denied citizen's rights and losing out against the material interests accompanying the exploration and exploitation of diamonds."

Meanwhile, in an interview with the British *Radio Times* in April, Iman said of the relocations, "it was clear that the Bushmen were being destroyed - you take people from their element and you end up with AIDS, drugs and alcohol in the guise of advancement." The Director of **Survival**, **Stephen Corry**, said in May that the organization was "thrilled about this new development."

BOOKS

Douglas Farah, *Blood From Stones: The Secret Financial Network of Terror*, Broadway Books, New York, 2004, US\$24.95, Can\$35.95

In November 2001, Douglas Farah wrote a story in the *Washington Post* about al Qaeda operatives buying conflict diamonds in West Africa. Two key suspects in the 1998 bombing of the US embassies in Nairobi and Dar es Salaam were known to have travelled to Liberia, and with the assistance of then President **Charles Taylor**, had made their way to Sierra Leone where they purchased diamonds, either as an investment, or more likely as a means of laundering and hiding cash. When the story broke, denials rang out across the world: from the diamond industry at large, from Charles Taylor, from rebel leaders in Sierra Leone, and most notably in due course, from the **CIA** and the **FBI**.

Now Farah tells the full story, not just about how al Qaeda and other *sub rosa* organizations launder money using diamonds, other gems and gold, but of why so many intelligence agency spin doctors were so eager to deny the story. In a chapter entitled "The CIA Drops the Ball", Farah tells of his interviews with the agency and its almost pathological denial that there could have been any truth to the story. "The CIA had twice ignored compelling information that would have shed light on the diamond trade between

Liberia's Taylor and those close to al Qaeda. Nothing their agents could have known would have stopped 9/11, but they were terrified of new intelligence failures being exposed," Farah writes. What you have to understand, one of his informants told him, is that "their first, and sometimes only reaction to new revelations, revelations that make it appear they didn't know what was going on, is to cover their collective ass." And, Farah demonstrates, there was definitely something there to know.

Given current debates about who knew what in connection with al Qaeda, and when, this makes for an interesting read about intelligence and intelligence failures. According to **Vance Serchuk**, a researcher at the Washington-based **American Enterprise Institute**, a right-wing think tank, the neglect of possible terrorist involvement in the diamond trade is just one of many ways in which the US ignores Africa. "Let's face it, he said in a recent interview, "If [Farah's] right, it's another huge intel screwup." For those who denied the story in order to protect the diamond industry, it is also a dismal tale of hearts too soon made glad (or heads in the sand). And for those who are genuinely concerned about how terrorists move money, it is an important and cautionary tale.

— I.S.

Daniel Bergner, *In the Land of Magic Soldiers: A Story of White and Black in West Africa*, Farrar, Straus and Giroux, New York, 2003, US\$22.00

The linked warfare which has ravaged Liberia, Sierra Leone, Guinea and Côte d'Ivoire, has attracted a remarkable amount of Western tabloid journalism, and for good reason. Beginning with **Charles Taylor's** insurgency in Liberia in 1989, warfare in the region has often looked like nothing more than savage delirium. So-called "rebel" commandos sported names like "Leather Boot" or "Kill Man No Blood," and committed unspeakable atrocities. Their sartorial taste – inventive rags and bandanas – added to the grotesquely surreal picture. Some reporters have shown a vulgar fascination for these external manifestations, often allowing their fascination to get in the way of serious analysis.

David Bergner's *In the Land of Magic Soldiers* is one of the worst examples of this. It is a strange, meandering and ultimately foolish book which begins with meditations on "magical trees," the adventures of a white American missionary family in northern Sierra Leone (a depressing and pointless tale), and stories of boy killers and amputees. It ends by celebrating the life of a white South African mercenary who does humanitarian work on the side. Bergner gives vent to his own dark thoughts, finally declaring that the whole awful mess made him proud to be white!

In a review of this book for the *New York Times*, **Adam Hochschild**, author of *King Leopold's Ghost* – a brilliant study of European-led

exploitation and genocide in the Congo – noted that Bergner avoids inquiring into the causes of the war and what was driving it. “What is of value in this book,” Hochschild said, “is less what it has to say about Sierra Leone than about the human condition.” Which is obviously an over-generous way of saying that the book is entirely useless as a study of the war that nearly destroyed Sierra Leone. –L.G.

Teun Voeten, *How De Body: One Man's Terrifying Journey through an African War*, St. Martin's Press, New York, 2002, US\$46.95

Teun Voeten's *How De Body*, first published in Dutch (the author is a Dutch photo-journalist), is a far better and more readable book, an admirable attempt to understand the true causes of Sierra

Leone's brutal decade of demented warfare. The book is an account of life in Sierra Leone during the bloodstained 1997-8 rule of **Johnny Paul Koroma's** Armed Forces Ruling Council. Voeten spent most of this time deep inside Sierra Leone, and provides a credible and valuable account of how ordinary people coped with the after-effects of the coup, Nigeria's assaults on the junta, the tortured lives of ex-child combatants, the good work of some Italian priests, and the courageous, if sometimes foolhardy role of journalist Eddie Smith, who reported for the BBC and who (like more than a dozen others) was ultimately killed before the war ended.

In a section on “Attempts at Analysis”, we accompany Voeten on a visit to British anthropologist **Paul Richards**, whose 1996 book, *Fighting for*

the Rainforest: Youth, Resources and War in Sierra Leone, described the war as “a crisis of modernity,” and “a sectarian intellectual response to the perceived corruption of a metropolitan elite.” Voeten rightly finds Richards' thesis “irritating”. Despite the demented rebel brutality, the anthropologist sees only “a new underclass taking up arms in pure desperation”. Voeten rejects this interpretation, citing **Partnership Africa Canada's** 2000 study, *The Heart of the Matter: Sierra Leone, Diamonds and Human Security*. Voeten interviews government officials, journalists, ex-child combatants, aid agency officials and ordinary folks whose lives were badly damaged by the depredations. These add value and complexity to what started as a mere journalistic travelogue. –L.G.

SHORT CUTS

Brazil: In April, as many as 56 diamond prospectors were killed on the remote Roosevelt Indian reservation in Rondonia State, 3400 kilometres northwest of Rio de Janeiro. One of South America's largest diamond operations is found on the 6.7 million acre reservation, populated by **Cinta Larga Indians** who number 1300 in total. Until recently, most have survived by hunting and fishing, but illegal prospectors began encroaching on the reservation in 1999, and two years ago police forcibly evicted 3000 illegal prospectors. Alcoholism, violence, unemployment and sexually transmitted disease had all become serious problems. Since then, the Indians have taken greater responsibility for control of the area, but in March police arrested 14 members of an alleged diamond smuggling ring, with buyers in Belgium and South Africa. Witnesses say that the murders were provoked by a “diamond mafia” that wanted all prospectors out of the area.

Antwerp: A leader of the **Arab European League** (AEL) said in April that attacks on Antwerp's diamond industry, with its 20,000-strong Jewish community, were “nearly unavoidable” if the Jewish community did not denounce Israeli policies and distance itself from the state. According to *Rapaport News*, the

Diamond High Council (HRD) has filed a complaint against the AEL with Belgium's public prosecutor's office. **Peter Meeus**, Managing Director of the HRD accused the AEL of “importing” the conflict between Israelis and Palestinians into Belgium. Security measures in Antwerp's diamond district have been stepped up as a result of recent events and a rise in anti-Semitic violence.

New York: On April 14 the **UN General Assembly** passed a resolution reaffirming its strong support for the Kimberley Process Certification Scheme. The representatives of several countries spoke in favour of the resolution, including Venezuela, Botswana, Angola, Egypt and the United States. Representatives of Canada and South Africa spoke of the need for good monitoring as well as the submission of good and timely statistical data.

Newark, New Jersey: **Yehuda Abraham**, a 76 year old New York diamond dealer, has pleaded guilty to charges relating to the purchase of shoulder-fired missiles powerful enough to bring down commercial airliners. Abraham had been involved in an illegal money transfer operation and said he did not know what the money was being used for.

His contact, **Hemant Lakhani**, a 68-year old London-based “entrepreneur” is said to have been arranging the purchase of weapons for a Somali group planning a “jihad”. Abraham faces a sentence of five years in prison and a fine of \$250,000 when he is sentenced in July. Lakhani faces up to 25 years in prison.

MEDIAWATCH

Several major media outlets, including the **BBC** and **CNN**, carried prominent stories about the **Global Witness** report on US retailers and Kimberley Process compliance (see pg. 2). The **Financial Times** ran a front page story on the subject as well as an editorial... According to the Lagos **Vanguard**, shooting has been completed on a \$200,000 Nigerian film entitled **Blood Diamonds**, which depicts the story of how RUF leader **Foday Sankoh** and ex-Liberian President **Charles Taylor** “allegedly milked Sierra Leone of about \$3 billion, courtesy of stolen diamonds.” **Sam Kargbo**, Executive Producer of the film, says, “Apart from the movie being entertaining, I also know very well that a lot of people will want to have it on their racks or libraries for reference purposes. It is a must-have and necessary in every home.”