

# OTHER FACETS

NEWS AND VIEWS ON THE INTERNATIONAL EFFORT TO END CONFLICT DIAMONDS

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## ZIMBABWE DIAMOND RUSH TURNS POISONOUS

### Accusations Lead to Nationalization Plan

A diamond rush in the remote region of Marange in eastern Zimbabwe became the subject of a series of angry exchanges between the government and its critics beginning late in 2006. In October, thousands of local area residents and outsiders, including children and teachers, flocked to the area in search of diamonds. Not long after that, stories began to appear in the international media about Zimbabwean diamonds from Marange being smuggled into South Africa, and about ruthless efforts by the government to crack down on the problem.

The **World Diamond Council** asked the Kimberley Process to act, and called on the governments of Zimbabwe, the DRC and South Africa “to ensure that illicit diamonds cannot be exported under the Kimberley Process Certification Scheme.” In November, the government of Zimbabwe launched a campaign codenamed “Chikorokoza Chapera” clamping down on illicit gold and diamond mining, and in mid January, Zimbabwe’s Home Affairs Minister said that 24,890 people had been arrested. The **Zimbabwean Miners Federation** says the clampdown has affected the livelihoods of close to 2.5 million people, although senior police officials said that politicians involved in the illicit operations had not been touched.

The charges of smuggling were dismissed by Zimbabwe’s Minister of Mines, **Amos Midzi**, who said “We are aware that somebody – a sworn enemy of the people of Zimbabwe – is setting an agenda to give the heavily biased European Union reason to extend its illegal sanctions on our government when it sits for a review in February.” That did not stop the government from arresting a top government official, **William Nhara** for allegedly attempting to bribe a police officer following the arrest of a Lebanese woman charged with diamond smuggling. The arrests came at the same time as news reports of three secret auctions of diamonds, allegedly organized in February by the **Mines and Minerals Marketing Company of Zimbabwe** and the **Ministry of Mines and Minerals**. The Zimbabwe *Sunday Mirror* reported on March 5 that as much as 50 kg of diamonds had been sold without proper process to buyers from Belgium, South Africa and India.

Behind the scenes, the Government of Zimbabwe has supplied the Kimberley Process with a detailed report on the diamond rush, and it has invited the KP to send a review team to update the findings of the last review, conducted in September 2004.

In February, the government revoked the Marange diamond concession license of **African Consolidated Resources** (ACR), awarding it instead to the state-owned **Zimbabwe Mining Development Corporation**. ACR, a company formed in 2005 to work explicitly in Zimbabwe’s minerals sector, has threatened a court challenge. Then, On Feb 20, President **Robert Mugabe** announced that the entire diamond industry in Zimbabwe would be nationalized. “Only government will mine diamonds,” Mugabe said. Diamonds will fall into a “special category,” he added, accusing exploration companies of selling the gems they find illegally. It was unclear how the announcement would affect **Rio Tinto**, the world’s third largest mining company, which has two diamond mines in Zimbabwe.

### DIAMOND SMUGGLING IN VENEZUELA Four Month Failure to Communicate

Venezuela, a country that annually produces an estimated 150,000 carats of diamonds, has officially exported only 207 carats since the first quarter of 2005. Although it is a member of the Kimberley Process Certification Scheme for controlling rough diamonds, it has essentially dropped off the KPCS radar. In essence, 100% of the country’s diamonds are being smuggled out of the country, without reference to the KPCS or other government controls. This was the main funding of a 2006 report by Partnership Africa Canada, *The Lost World: Diamond Mining and Smuggling in Venezuela*.

The report was discussed at the November 2006 Kimberley Process plenary meeting in Gaborone, and demands that Venezuela be expelled from the KPCS were deferred after a plan was made to send a review team to the

country, before Christmas, if possible. Despite repeated efforts to make contact with officials in Venezuela, however, by the Chair of the Kimberley Process and others, no agreement had been reached by the beginning of March on sending a team. In fact no response whatsoever had been received from Venezuela, four months after the Botswana meeting.

The PAC report shows how recent efforts to halt illicit mining in Venezuela have led only to violence and death. A combination of high taxes, ineffective currency controls and bureaucratic ineptitude has driven Venezuela’s diamond dealers underground. Lax controls allow them to smuggle the country’s entire annual diamond production out through Brazil, Guyana, Hong Kong, the United States and Belgium. The PAC report is available at

[http://www.pacweb.org/e/images/stories/16\\_thelostworld\\_nov2006.pdf](http://www.pacweb.org/e/images/stories/16_thelostworld_nov2006.pdf)

## GLOBAL WITNESS RESEARCHER ARRESTED IN ANGOLA

### Espionage Charges Denied

A Global Witness researcher, Dr. **Sarah Wykes**, was arrested in Angola's oil-rich enclave of Cabinda on Feb. 16, on charges of espionage. Wykes was in Cabinda gathering information for a report on Angola's oil industry. Global Witness issued a statement denying the espionage claims, and demanded her immediate release. The researcher, who arrived in Luanda on February 11 and traveled to Cabinda later the same week, was accused of violating the country's national security.

After three nights in detention, Wykes was released on bail and had her passport returned. Global Witness said it was concerned that the case could take months to be resolved.

Cabinda, which is separated from the rest of Angola by a small strip of Congolese territory, accounts for as much as 65% of the estimated 1.4 million barrels of oil the country produces each day. Its 1975 incorporation into Angola after independence from Portugal triggered a 31-year war with rebels who wanted complete independence. Angola, Africa's second-largest petroleum producer after Nigeria, has been accused of having one of the world's most corrupt oil sectors, with large portions of revenue unaccounted for each year. The **Publish What You Pay (PWYP)** campaign and **Revenue Watch** have reported extensively on the problems of oil revenue in Africa; see: <http://www.publishwhatyoupay.org/english/> and <http://www.revenuewatch.org/>

## "BLOOD DIAMOND" FEARS FADE

### Big Challenges Remain

*Blood Diamond*, the long-awaited Hollywood action film starring **Leonardo DiCaprio**, reached North American screens in December and European cinemas in January. The film garnered mixed reviews but on the whole it was well received. It was nominated for five academy awards, including best actor (DiCaprio) and Best Supporting Actor (**Djimon Hounsou**), although in the end, the awards all went elsewhere.

Industry fears that the film would damage diamond jewelry sales proved unfounded. US pre-Christmas sales were actually up over 2005 – just as the film was hitting its stride at the box office. The film has proven to be a vehicle for wider discussions about conflict in Africa, however. Actors **Djimon Hounsou** and **Jennifer Connelly** have appeared together in a public service announcement for the World Food Program, which was featured as a backdrop in several of the film's scenes. And Hounsou spoke at a special showing of the film at the United Nations in January, on a panel which included **Ian Smillie** of Partnership Africa Canada and **Jimmie Briggs**, author of *Innocents Lost: When Child Soldiers Go to War*.

Since the film's release, *Blood Diamond* director **Ed Zwick** has spoken frequently about the movie, Africa and diamonds. In a January interview with the diamond industry's chief iconoclast, **Martin Rapaport**, he said that he had approached the story as a historian, journalist and storyteller. "What is clear," he said, "is that Sierra Leone is a tragedy, and that there is complicity in that tragedy on the part of the entire diamond industry. I believe that it is the responsibility of the diamond industry to now act in ways that provide some restitution for that tragedy."

He returned to this theme when he addressed the Rapaport International Diamond Conference in New York in February. "The most that a film can do is present a set of iconic images to the culture, and precipitate thought, debate and conversation that add to a collective consciousness about a problem. Change happens when a rising tide of voices apply themselves, and the aggregate of all those voices and concerns reach a tipping point. So this movie is only one very small part of what I hope is a very large concern." The full text of Zwick's comments can be found at <http://blooddiamond.pacweb.org/thinkingaboutdiamonds/>

## DRC: UN PEACEKEEPING MISSION EXTENDED

### Report Finds Natural Resources Fuelling New Conflicts

In February, the UN Security Council renewed the mandate of MONUC, the UN peacekeeping mission in the DRC, by two months, although it will almost certainly be extended further. The report of a UN Expert Panel submitted to the Security Council in January found continuing problems in the exploitation of natural resources in the Democratic Republic of the Congo. The current situation cannot be viewed solely through the lens of the activities of structured armed groups, the report says. The violence incorporates "a wider and more complex problem involving state actors, criminality, corruption and other illicit armed activity." The report gives examples of the illicit movement of weapons, saying that in the Ituri and Kivu areas there has been a clear correlation between the activities of "illicit armed actors and areas of natural resource exploitation". Gold, cassiterite (tin oxide) and pyrochlor are identified as being at the heart of current security problems.

"The paucity of responsible state behaviour and the ongoing militarization of natural resource exploitation have wider security ramifications," the report says, making the case for selective UN commodity sanctions. It is, however, "illogical and ineffective" for government soldiers "who are paid at best a dollar a day to be given responsibility for the security of an area of natural resource exploitation worth \$800,000 per month to the local economy," the report says, referring to cassiterite production in Walikale. An extensive dossier on alleged corporate malfeasance has been compiled by Global Witness and is available at

[http://www.globalwitness.org/media\\_library\\_detail.php/507/en/complaint\\_against\\_afrimex\\_uk\\_ltd\\_under\\_the\\_specifi](http://www.globalwitness.org/media_library_detail.php/507/en/complaint_against_afrimex_uk_ltd_under_the_specifi)

Meanwhile, insecurity at state-owned MIBA has led to a dramatic drop in diamond production. According to a BBC report, between June and December 2006, MIBA exported 545,000 carats, compared to more than 2.5 million carats during the same period in 2005. The cause was violent conflict involving illicit miners, and the shutdown of a new \$10 million dragline, following the murder last year of South African engineer Mike Baby. More than 6,500 MIBA employees have been affected, with salaries unpaid for months at a stretch. MIBA management had previously been targeted by Amnesty International and other human rights organizations for excessive violence against illicit diggers. The UN Panel Report is available at

<http://daccessdds.un.org/doc/UNDOC/GEN/N06/630/35/PDF/N0663035.pdf?OpenElement>.

## Books

Gary Stewart and John Amman, *Black Man's Grave: Letters from Sierra Leone*, Cold Run Books, Berkeley Springs, 2006, 224 pages, US\$14.95

The handsome jacket on this seductively-titled book sports a red sticker with the words: "Blood Diamonds? Charles Taylor? Read the FULL story." It is a clumsy commercial stunt, aimed at profiting from the release of the film *Blood Diamond*, and it is misleading. The book indeed narrates, in its final chapters, the story of how Sierra Leone's diamonds helped fund its brutal decade-long civil war, but it is only a synthesis of already widely available research. There is nothing new here. What is new in this book – and what makes it enormously readable and of enduring interest – are the letters from Sierra Leonean friends of the two American authors, formerly Peace Corps volunteers, covering the entire war period.

The three Sierra Leonean correspondents are educated and middle class, caught in the midst of a bloody conflict. They report, often in laconic, spare prose, almost diary-like details of a world falling apart, and of them losing all – friends, family members, jobs, homes and property, in the great depredations that befell millions of people during the war. The letter-writers are convincing and articulate witnesses to a barely-noticed carnage – meltdown and sustained terror in the small West African state. The authors (or more appropriately the editors), Gary Stewart and John Amman, who know the country well, are clearly very nostalgic about it, providing an eloquent context for the letters, and making this book a valuable historical document.

One of the letter writers says, "It's with great pleasure to write and inform you that I am still alive, and not dead as you may have been told..." Great pleasure that I am still alive...The letters are a testament to the tragedies as well as the pathos of a war driven by forces barely understood by the majority of Sierra Leone's people, but which changed their lives and their country profoundly. This is an interesting addition to the literature on the Sierra Leone war. – LG

## TUCSON GEM SHOW ARRESTS "Rare Event" – Zoellner

On Feb. 4, two men, one a native of Guinea and the other a naturalized US citizen from Sierra Leone, were arrested in a room at a motel in Tucson Arizona after allegedly selling a seven carat rough diamond for \$15,300 to undercover Immigration and Customs Enforcement agents posing as gem buyers the previous day.

The agents had been tipped off by gem dealers at the Tucson Gem and Jewelry Show, who said that the two men were regulars at the annual event. Kimberley Process officials at the State Department in Washington were alerted and the arrests were made soon afterwards. Federal agents estimated

the value of gems found in their motel room at \$250,000, but a lawyer representing the two men at a court appearance on Feb 8 said they were worth more than \$2 million.

The men were charged under the *Clean Diamond Trade Act*, and if convicted they face a maximum penalty of five years in prison or a \$250,000 fine, or both.

In an op ed article in the *Arizona Daily Star*, Tom Zoellner, author of *The Heartless Stone* (St. Martin's Press, 2006), called the arrest "a rare event", not because illicit diamond transactions are rare, but because someone was actually caught in the act. "The people most wounded by illicit diamond buying," Zoellner said, "are the people of Africa, who lose out on the tax revenue and its accompanying benefits: education, roads and health care. Also losing out are the vast majority of honest players in the diamond trade whose profits are undercut by the smugglers."

But Zoellner also said that the everyday flow of illicit diamonds "helps to conceal and preserve the insidious business of what are called conflict diamonds, or blood diamonds." He referred to the Kimberley Process as a "first cursory measure toward getting a handle on the problem" but added that determined smugglers find this process easy to skirt. Not so easy any more, perhaps, in Tucson.

## CANADA SUPPORTS EITI

In February, the Canadian government announced its official support for the **Extractive Industries Transparency Initiative** (EITI). "Our goals are to reduce poverty, promote democracy and reduce the risk of conflict," said **Josée Verner**, Minister for the **Canadian International Development Agency**. "Initiatives like EITI support these goals and at the same time help to ensure a greater degree of transparency, which allows citizens to demand greater accountability from their governments."

The EITI supports improved governance in resource-rich countries through the full publication and verification of company payments and government revenues from oil, gas and mining. Many countries are rich in these commodities, and studies have shown that when governance is good, they can generate large revenues to foster economic growth and reduce poverty. However when governance is weak, they may instead cause poverty, corruption, and conflict – the so called "resource curse". The EITI aims to defeat this "curse" by improving transparency and accountability.

More than 20 developing countries have committed to EITI principles and criteria since the initiative was launched by Britain in 2003. The EITI has a number of supporting organizations, companies and countries, including **Germany, Norway, Netherlands, France, Australia** and the **United Kingdom**. Canada's support includes a contribution of Can \$750,000 to the EITI multi-donor trust fund, as well as Can \$100,000 in annual funding.

## MEDIAWATCH

In November, officials of 18 African diamond producing countries met in Angola and agreed to create the **African Diamond Producers Association** (ADPA). According to a press release, the new association, the brainchild of Angolan President **Eduardo dos Santos**, aims to “increase cooperation, coordinate policies and strengthen efforts to stop the trade in conflict diamonds.”

*Wretched Excess*: the British department store **Selfridges** offered diamond studded hair straighteners for people with shopping and curly hair problems at Christmas time. The device was made of 18-carat yellow and white gold and was decorated with six Dutch Crown rose cut diamonds. The straighteners were priced at £9,500 and included an Italian leather case. Calls from *Other Facets* to Selfridges failed to reveal how many were sold.

In January, the **Diamond Trading Company**, operating through the **JWT** advertising agency, announced a campaign called “Raise Your Right Hand Ring for Africa”. The company offered to donate \$10,000 each time an actress wore a diamond right hand ring at the **Golden Globe, Grammy** or **Academy Awards**. Actresses could pick the cause to which they would like their donation made. *Blood Diamond* director **Ed Zwick** said that “offering to make a \$10,000 charitable contribution in order to convince some clueless actress to wear bling at the Oscars” confused responsibility with publicity.

A January police raid on the offices of **Monstre Worldwide**, the Antwerp-based finance, insurance and shipping company, is reported to be part of an investigation into money laundering and fraud that began in 2005. In an operation that involved 40 detectives, a dozen diamond offices were been raided and several arrests made. The investigation continues.

Also in January, **Alex Yearsley** of **Global Witness** squared off with **Cecilia Gardner** of the **World Diamond Council** on BBC’s *Hard Talk*. Viewers were probably confused by the charges and counter charges. In one exchange it was said that today’s significantly reduced number of conflict diamonds had little to do with the Kimberley Process. A moment later, the KP was described as “an amazing achievement”.

Meanwhile **Global Witness** and the industry continued to debate the responsibility that retailers have to know where the diamonds they sell come from. **Global Witness** and **Amnesty International** demanded on January 22 that the industry put in place an independent verification system by Feb 14.

**Sebastian Junger**, whose August 2000 *Vanity Fair* article on conflict diamonds in Sierra Leone took the story to the heart of the industry’s consumer market, writes about “Blood Oil” in the February issue of *Vanity Fair*. Junger, author of *The Perfect Storm*, reports on the danger that poverty, greed, pollution and the mismanagement of Nigeria’s oil resources pose for Western oil-dependent economies.

A one hour version of *Bling’d: Blood, Diamonds, and Hip Hop* showed on VH1 on February 22. The film takes a hard-hitting look at diamonds in Sierra Leone, and how “blinging” in the flashy world of commercial hip-hop played a role in the rebel war that ended in 2002. In *Bling’d* three hip-hop celebrities – **Paul Wall**, **Raekwon** and reggaeton king **Tego Calderon** – visit Sierra Leone, meeting their contemporaries, refugees and former child soldiers. They see how Sierra Leoneans are trying to rise from the ruins of conflict, and they talk about how Americans can play a role in eradicating conflict diamonds by becoming conscious consumers and demanding “clean” diamonds. A feature length version of the film will premiere in April.

## The African “Blood Diamond” Film “Ezra” wins Golden Stallion Award

Amidst all the publicity about the Leonardo DiCaprio film, *Blood Diamond*, it is perhaps understandable that an African movie dealing with the same subjects – conflict diamonds and child soldiers – would go unnoticed in Europe and North America. *Ezra*, however, a second film by Nigerian director **Newton Aduaka**, did not go unnoticed at the **Pan African Film and Television Festival** of Ouagadougou, where it won the prestigious Golden Stallion Award in March.

The film, which premiered at the American **Sundance Festival** in February, is the story of a seven-year-old boy, kidnapped by rebels in Sierra Leone and forced to commit atrocities in his own village as part of his drug-induced socialization into violence. The film begins with Ezra, now 16, struggling to come to grips with reality. Flashbacks portray the full gamut of Sierra Leone’s wartime horror, from drugs and diamond sales to the grisly amputations that became the rebel hallmark.

“I want people to realize,” Aduaka says, “that wars don’t end with ceasefires; that deep psychological problems remain.” Speaking about child soldiers, Aduaka says, “In the West, these kids would get years of psychological counseling. In West Africa they end up scarred and are left to go fight as mercenaries in one conflict after another, just fuelling more wars.”

## OTHER FACETS

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