

OTHER FACETS

NEWS AND VIEWS ON THE INTERNATIONAL EFFORT TO END CONFLICT DIAMONDS

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LIBERIA NOT YET READY FOR DIAMONDS

A UN expert panel reporting to the Security Council on Liberia's efforts to get its diamond industry under control has discovered a secret deal made by the transitional government, committing all of the country's diamonds to an unknown company for ten years. The panel reported in March that the transitional government had "signed a secret agreement with the **West Africa Mining Corporation (WAMCO)**, a company financed by the privately-owned **London International Bank Limited**," in an atmosphere of secrecy. A Liberian official was quoted as saying the government chose WAMCO – "a company of unknown provenance" according to the panel report, because it was the only one that had made an offer, adding that the deal was only a statement of intent.

The panel concluded that "Liberia is not yet in a position to make a successful application for participation in the Kimberley Process." The UN sanctions on will come up for review again in June. The Panel's report is available at <http://www.un.org/Docs/sc/committees/Liberia3/Liberia3SelEng.htm>.

In related news, an ad hoc Kimberley Process review team visited Liberia in February to determine whether the country is ready to join the **Kimberley Process Certification Scheme** for rough diamonds. The answer was negative. Although the interim government is anxious to have UN sanctions on diamonds and timber removed, the KP team found that neither the interim government nor the UN peacekeeping mission, **UNMIL**, yet have full control over many of the country's alluvial diamond areas. The team, which was led by **South Africa**, included representatives of the **United States, Russia** and **Canada**, as well as a representative of the **World Diamond Council. Partnership Africa Canada** represented civil society.

A **World Bank** mission also visited Liberia in February and told the country's transitional government that it had to do more to halt corruption. Team leader **Shengman Zhang** said that the Bank and other donors wanted "more progress and stronger action on the part of the government... in institution building, governance and anti-corruption." In January the country's Chief of Police, **Chris Massaquoi**, was suspended for diverting a generator intended for police headquarters to his personal use.

UN TROOPS AMBUSHED IN CONGO

Bangladeshi Soldiers Killed

Fighting in Ituri, a lawless part of the Democratic Republic of the Congo that is rich in diamonds and gold, resulted in the killing of nine Bangladeshi UN Peacekeepers at the end of February. It was the deadliest attack yet on the UN's largest peacekeeping force. The peacekeepers were ambushed near the town of Kafe where they were patrolling a camp for displaced people who had fled their homes to escape fighting by Hema and Lendu militia forces.

In response, UN forces mounted a house-to-house search which led to a clash with forces of the **Front des nationalistes et integrationiste (FNI)**. During the operation, more than 50 FNI militia were killed and the FNI headquarters was demolished.

In related moves later in March, the government of the DRC arrested FNI leader **Floribert Ndjabu Ngabu** and several aides, as well as the leader of the **Union des Patriotes Congolais (UPC)**, **Thomas Lubanga. William Swing**, Special Representative of the UN Secretary General and head of the UN peacekeeping force visited Bunia, the main town in Ituri, and said, "I have come to give a clear message – it's finished – now is the time for peace, and [the militia] have to understand." He warned that those refusing demobilization after March 31 would be disarmed by force. The warning was repeated by MONUC chief of staff **Gen. Jean-Francois Collot d'Escury** at the end of the month. "If you do not surrender your arms by April 1 you will be treated like armed bandits and war criminals," he said, "and we will chase you." By early April, 6,800 militia had been through the disarmament process, but an estimated 15,000 were still roaming around Ituri.

WORLD'S POOREST COUNTRY MAKES DIAMOND HEADWAY

But Report Says Sierra Leone Still Has a Long Way to Go

Sierra Leone, which remains last out of 177 countries on the United Nations Human Development Index, has made significant progress in converting its diamond resources from a target for rebel armies and smugglers into a legitimate industry that can advance the country's development. This is the primary message in the second edition of the *Sierra Leone Diamond Industry Annual Review*, released in February by Partnership Africa Canada in Ottawa, and the Network Movement for Justice and Development in Freetown.

Diamonds, which fuelled the country's decade-long war, had virtually disappeared from the list of official Sierra Leone exports by 1999. But official diamond exports – and consequently revenue to the government – nearly doubled in 2004, from \$US 76 million to \$US 126 million. Hardly anyone, including government officials, yet attributes this change to internal curbs on illicit diamond mining and smuggling, both of which continue to thrive. Officials instead give much of the credit to the Kimberley Process. Nevertheless, to its credit, the report says, the Sierra Leone government has applied KP standards in many areas with appropriate diligence.

The report also discusses the plight of artisanal alluvial diamond miners, who work in unhealthy conditions and a "casino economy", earning as little as a dollar a day. It documents the problem of child miners and the environmental damage caused by rapacious mining practices. And it describes the governance problems of a country emerging from a ten-year war, and the difficulties in attracting reputable foreign investors with long-range vision. The report is available at <http://www.pacweb.org/>.

TERRORIST FINANCING & DIAMONDS

US Congress hears Testimony

On February 16, **Juan Carlos Zarate**, an Assistant Secretary in the **US Treasury Department**, testified before a Congressional subcommittee, on terrorist financing and financial crimes. Zarate said that “the illicit diamond trade provides an instructive illustration of how terrorists could abuse the precious commodities industry to fund their efforts.” He said that various stages in the diamond pipeline from mining to retailing “can be abused by corrupt regimes and criminal organizations to place, layer and integrate illicit diamonds.” Although the Kimberley Process has made “notable progress in counteracting the trade in conflict diamonds,” Zarate said, “the procedures were not designed specifically to combat diamond laundering or other financial crimes associated with diamonds.”

NGOs, however, have long argued that a tighter Kimberley system with regular, detailed monitoring could turn up illicit diamonds just as well as conflict diamonds. Dirty diamonds hidden in the legitimate system are not labelled by traffickers according to their motivation, and because all producing, trading and polishing countries are now members of the Kimberley system, monitors have access to each one of them.

In a *Diamond Intelligence Briefs* editorial, long-time industry watcher **Chaim Even-Zohar** said that there was nothing new in Zarate’s statements, “and no new evidence about the use of diamonds for terrorist financing was either presented to the Senate committee, nor, in general, has recently come up.” The testimony was a signal, he said, “of the apparent determination by the US government to more closely regulate and monitor the diamond industry.”

NEW MORTALITY STUDY IN DRC

3.8 Million Dead: Worst Conflict Since World War II

The **International Rescue Committee**, an American NGO, reports that 3.8 million more people have died in the Democratic Republic of the Congo since 1998 than would otherwise have been the case, had there been no war. For every violent death, there are 62 non-violent deaths from disease, starvation and other traumas. This makes the conflict in the DRC the most deadly since World War II.

“DR Congo remains by far the deadliest crisis in the world, but year after year the conflict festers and the international community fails to take effective action,” says the IRC’s **Dr. Richard Brennan**, one of the study’s authors. “In a matter of six years, the world lost a population equivalent to the entire country of Ireland or the city of Los Angeles. How many innocent Congolese have to perish before the world starts paying attention?”

This is the fourth mortality study conducted by the IRC in the Congo. The study, a joint effort by the IRC and Australia’s **Burnet Institute**, is among the most comprehensive ever conducted in a conflict zone, covering 19,500 households. Mortality data was collected for the period between January 2003 and April 2004.

“The international response to the humanitarian crisis in Congo has been grossly inadequate in proportion to need,” says Brennan. “Our findings show that improving and maintaining security and increasing simple, proven and cost-effective interventions such as basic medical care, immunizations and clean water would save hundreds of thousands of lives in Congo. There’s no shortage of evidence. It’s sustained compassion and political will that’s lacking.”

In a related story, an outbreak of pneumonic plague in February killed at least 61 people at a diamond mine near Zobia in a remote area of north-eastern DRC, 300 kilometres north of Kisangani. An estimated 7,000 miners abandoned the infected area, and were said to be taking refuge in the world’s second largest tropical rainforest, cut off from the outside world.

The Congolese peace accords of 2002 fueled hope that the years of slaughter, displacement, sexual violence and desperation would come to an end. The subsequent deployment of international peacekeeping troops coincided with the withdrawal of foreign forces, leading to increased stability and humanitarian access and a dramatic decline in mortality. A new transitional government was established, tasked with reunifying the country. In spite of these advances, however, the DRC remains highly unstable. The IRC report can be found at http://www.theirc.org/pdf/DRC_MortalitySurvey2004_RB_8Dec04.pdf

KOUWENHOVEN ARRESTED IN ROTTERDAM

Key Taylor Supporter

Gus Kouwenhoven, a key supporter of former Liberian warlord-president **Charles Taylor**, was arrested in Rotterdam on March 21 by the **Dutch National Criminal Investigation Department**. Kouwenhoven, 62, had been on a United Nations Travel ban since 2001, but was reported to have travelled with relative ease on false passports in the four ensuing years.

Kouwenhoven first came to international attention when he was named in a UN Security Council Expert Panel Report in December 2000 as one of then President Taylor’s inner circle of advisors and financiers. Kouwenhoven had been in Liberia since the 1980s, where he had invested in the hotel and gambling businesses. According to the UN report, he also owned hangars at Roberstfield International Airport, and was responsible for the logistical aspects of Taylor’s illegal arms imports. This included the transfer of weapons from Liberia to Sierra Leone’s **Revolutionary United Front**, paid for at that time by diamonds mined illegally in Sierra Leone. The arms were transported, in some cases, along logging roads built by Kouwenhoven’s **Oriental Timber Company**.

In a 2003 report, “The Usual Suspects”, **Global Witness** detailed Kouwenhoven’s role in the illegal arms trade, financed at that time by rapacious exploitation of Liberia’s timber resources. Kouwenhoven, who is thought to have lived in Paris in recent months, may be charged with war crimes and human rights abuse. Sanctions busting is punishable under the Law against Economic Crimes and the Law against War Crimes.

Kimberley Corner

A Kimberley Process peer review visit was made to **Sierra Leone** in February 2005, and a peer review visit was undertaken to **Russia** in April, bringing to 15 the number of participating countries that have now had review visits. The others are **United Arab Emirates, Israel, Lesotho, South Africa, Botswana, Zimbabwe, Mauritius, the European Union, Switzerland, Sri Lanka, India, the Democratic Republic of the Congo, and Canada**. In addition, special review missions have taken place in the **Central African Republic** and the **Republic of Congo** (Brazzaville), and an ad hoc review visit was made to **Liberia** in February this year to ascertain that country's readiness to join the Kimberley Process.

Other review visits are planned for 2005, although several countries have not yet signified. Among the declining number of participants that have not volunteered for a review are **China, Bulgaria, Croatia, Japan, Korea, Thailand and Venezuela**. Oddly, **Namibia**, one of the strongest early proponents of the Kimberley Process, has not invited a review mission. And **Australia**, the world's largest producer of industrial diamonds, will not host a review until "late 2006", four years after the KPCS start-up.

ANGOLAN CREDIBILITY PLUMMETS

Oil and Diamond Concerns

Angola, still recovering from more than 40 years of war, has developed a reputation as one of the world's most corrupt countries, featuring near the bottom of **Transparency International's** 2004 Corruption Perceptions Index. The concern about corruption goes well beyond Transparency International, however, and is reportedly the reason that there has still been no donor conference in Angola. Normally after a war, a donor conference is held within a matter of months, but Angola's war ended more than three years ago. The **International Monetary Fund** has expressed regular concerns about government transactions in Angola, repeatedly postponing planned missions. The most recent area of contention has been around the establishment of a "staff-monitored programme" (SMF) with proper oversight by the IMF. Another concern relates to the absence of data about a US\$600 million government windfall due to higher oil prices in 2004. The IMF and donors reportedly believe that the funds have been hidden in a slush fund to help the ruling MPLA pay for elections, scheduled for next year.

Angola's management of its diamond industry has also been slammed, this time by an Angolan journalist and a civil rights campaigner in a report entitled "Lundas – The Stones of Death; Angola's Deadly Diamonds". **Rafael Marques and Rui Falcao de Campos** say that the diamond industry in Angola is plagued by arbitrary detentions, sexual abuse, beatings, murder and other human rights violations, and they called on the **Kimberley Process** to reconsider its objectives. They say that "conflict diamonds" should include those coming from areas "where diamond mining is based on the systematic violation of human rights."

The report accuses **SODIAM**, the government diamond-buying monopoly, of undervaluing the volume of its

business and of selling diamonds secretly outside of Angola. Through its unfair pricing policies, the report says, SODIAM also "creates a culture where crime may flourish, whether in the form of extortion by the authorities, or the attacking and killing of the diamond sellers, or through the natural development of the trade in capital and diamonds." The report can be found at <http://www.niza.nl/docs/200503141357095990.pdf>; IMF documents on Angola can be found at www.imf.org/external/country/AGO/index.htm; Transparency International: www.transparency.org.

WEST AFRICA'S ROVING WARRIORS

Poverty a Major Motivation

Thousands of young men and boys, many of whom have committed atrocities while fighting in West Africa's brutal civil wars, face re-recruitment into the region's emerging conflicts, **Human Rights Watch** said in a report released in April. International efforts to disarm these fighters must provide them with alternatives to war.

Côte d'Ivoire and Guinea, two countries marked by growing political instability, are the current theaters into which these young fighters are being drawn, according to the 66-page report, *Youth, Poverty and Blood: The Lethal Legacy of West Africa's Regional Warriors*, which explores the forces driving the phenomenon of cross-border mercenary activity in West Africa. Since the 1980s, impunity and impoverishment have fueled a pattern of extreme violence in countries such as Liberia, Sierra Leone and Côte d'Ivoire. Corrupt and repressive government policies, as well as arms dealers flooding the region with weapons, have given rise to further internal conflict.

All of the combatants interviewed by Human Rights Watch fought with groups such as the **National Patriotic Front of Liberia** and Sierra Leone's **Revolutionary United Front**, which committed serious human rights crimes against civilians. Although these armed groups were responsible for killing, raping or maiming tens of thousands of civilians, the perpetrators have largely enjoyed impunity for the atrocities committed. When the youth interviewed were re-recruited into subsequent wars, all were unemployed or living a precarious economic existence, and were motivated by the promise of both financial compensation and the opportunity to loot.

International efforts to disarm and reintegrate former fighters into their home communities have so far had limited success, Human Rights Watch said. The young fighters interviewed for the report described how the shortcomings of the demobilization programs have greatly contributed to their decision to take up arms in subsequent conflicts. The HRW report is available at <http://hrw.org/reports/2005/westafrika0405>.

THE PRICE OF DIAMONDS

In consequence of the discovery of a very rich diamond mine in the province of Bahia (Brazil), the supply of diamonds has been so greatly increased during the last year that the price has fallen 50 per cent, and is likely to fall still lower, so that the ladies will be enabled to indulge their taste for this kind of luxury with less damage to their husbands' purses than formerly. (Article appearing in *The Packet, By-Town, Canada West*, Jan. 17, 1846; reprinted by the *Ottawa Citizen*.)

MEDIAWATCH

Canadian Diamonds, "Canada's Diamond Industry Quarterly", ran a cover story in its Winter 2005 issue on how diamond mining firms deal with indigenous rights. The story compared the lengthy negotiations with Native People that mining giants **BHP Billiton** and **De Beers** have undertaken in Canada's north, with the eviction of 243 San people from their ancestral lands in the Central Kalahari Game Reserve of Botswana. **Stephen Corry**, Executive Director of the British NGO **Survival International** is quoted as saying, "I am more convinced now than ever that diamonds are behind the relocations." Since the eviction, the *Canadian Diamonds* article says, most of the reserve – some 52,000 square kilometres – has been allocated to companies for exploration. "The vast majority of concessions are to BHP through its subsidiary company, Kalahari Diamonds; most of the rest are De Beers."

De Beers has been the lightning rod in the Survival International campaign, although a lawsuit now before the Botswana courts on behalf of the San does not mention De Beers.

The *Canadian Diamonds* article, written by freelance journalist **Laurie Sarkadi**, details the extensive negotiations between Canadian First Nations people and BHP and De Beers, listing the huge financial and economic packages that have been agreed. "So the question you have to ask is: 'Why two different sets of rules in Canada and Botswana?'" says **David Peerla**, mining coordinator for the **Nishnawbe Aski Nation**, which represents 49 First Nations in Northern Ontario. The answer, according to Peerla, is that Canadian First Nations have gone to court and struggled and litigated. The upshot is more positive policies from mining firms. Peerla says that De Beers' consultation policy is, in fact, the best in Canada. According to *Canadian Diamonds* editor **Jake Kennedy**, "Survival International should be levelling its pressure at the only group that can enact the change they seek: the Government of Botswana."

Meanwhile, an estimated 200 of the San people have returned to their ancestral homes and are asking the government to allow them to provide their own water supplies. According to

Survival International, one Bushman says, "We can only get water when it rains and ponds form. When it doesn't rain it's a problem. If there's no rain we will just die because even the underground roots become dry." The water table in the reserve has fallen dramatically in recent decades due to boreholes being sunk for cattle ranching in the surrounding area.

Canadian Diamonds:

<http://www.canadiandiamondsmagazine.ca/> Survival International: www.survival-international.org.

BOOKS

Pattie Beales, *Fraudulent Fortune*, 233 pages, 2003.

Fraudulent Fortune, which contains no details on price or publisher, is a novel by Northern Miner staff writer Pattie Beales. It is a tale about the salting of potential diamond mines in Canada's Northwest Territories in an effort to boost the stock prices of exploration companies. The novel begins with a very slightly disguised version of the 1997 Bre-X gold mine stock scandal and the murder of a Filipino geologist in Indonesia, and then shifts to Yellowknife where the novel's characters are dropping little sparklers into kimberlite samples left, right and centre. *Fraudulent Fortune* is big on detail and short on character and drama, but it is interesting because author Beales is herself a geologist who worked for 15 years in the area, and presumably knows a lot about mining – and maybe something about penny stock promoters.

Gayla Meredith, *Canada's Northern Diamonds – From Rocks to Riches*, Northern Ink Ltd., Yellowknife, 2002, 46 pages, C\$22.95

Here is another little book about Canadian diamonds, this one for school children. Part geology, part geography, part history, part current events, the book describes the diamond industry in general, but takes a detailed look at the evolution of the Canadian diamond scene in recent years. This publication must be an excellent resource for Canadian teachers, especially those in diamond mining areas, and it could serve as inspiration for similar efforts in other countries. A book like this

would undoubtedly be extremely well received by teachers and students in a dozen African diamond mining countries.

SIERRA LEONE: THIRD WAR CRIMES TRIAL STARTS

Special Prosecutor Steps Down

In March, three leaders of a 1997 coup in Sierra Leone were brought to trial before the UN-backed Special Court in Sierra Leone for war crimes and crimes against humanity. "[They] swept down from the hills around Freetown and in a few weeks showed the world what this sad conflict really had degenerated into – the rape mutilation, maiming and murder of innocent civilians; the burning of their homes; the enslavement of the weak, women and children mostly," said Chief Prosecutor, **David Crane**, in his opening statement. The leader of the coup, **Johnny Paul Koroma**, has been indicted, but is rumoured to have died in Liberia.

The first trial, which deals with leaders of the Civilian Defence Force, began in June 2004, and the second trial, of Revolutionary United Front leaders, began a month later. These trials continue. **Charles Taylor**, former Liberian warlord-president, has also been indicted, but has so far escaped justice, courtesy of the sanctuary being provided by the government of **Nigeria**, in violation of legally binding obligations under international law.

Meanwhile, David Crane has announced that he will step down from the job of prosecutor in July this year for family reasons. Crane said that he is satisfied with the work that has been done so far: "The trials are moving forward, justice is to be done and the job will be completed by the end of 2006," he said in an interview with IRIN NEWS.

OTHER FACETS

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