

CHAPTER 3

CONFLICT DIAMONDS AND SMUGGLED DIAMONDS

“To suggest that we no longer buy their stones because of the inherent corruption is to go deeper into the same denial that created the situation in the first place. Forget whether you worked in sorting, cutting or polishing, and forget even whether your role in retail, wholesale, distribution or advertising created a plausible deniability between your profit and the suffering of so many others. The fact is, every single member of the diamond industry, consciously or not, benefited from the very stones that ruined Sierra Leone.¹”

Ed Zwick, Producer of *Blood Diamonds*

The issue of conflict diamonds is gaining more momentum unlike than in the past especially after the debut of the movie, *Blood Diamonds*, which put a spotlight on the soft spot of the whole gem industry. As mentioned previously that conflict diamonds or blood diamonds are “the diamonds that originate from areas controlled

¹ Ed Zwick, “Thinking About Diamonds.” Rapaport International Diamond Conference, New York, February 5, 2007.

by forces or factions opposed to legitimate and internationally recognized governments, and are used to fund military action in opposition to those governments.²” The issue of conflict diamonds is not only dreadful because of the innocent lives which were lost, injured, or wounded along the process in the hope that a stone would eventually improve the quality of their unfortunate lives. It is not only immoral because of the money that has been funding the terrorists and rebel groups so that they can buy more weapons but also because the whole process has been ruthlessly manipulated to accompany the interest of a certain groups of people who have the upper hands.

While the celebrities are parading in charity events which raise funds to help unfortunate people in Angola or Zimbabwe, little do they know that the diamonds on their necklaces were sold as a byproduct of those conflicts. The use of diamonds to finance wars does not only occur in Sierra Leone but also feeds the terror in Angola, Liberia, Zimbabwe, Democratic Republic of Congo, and Uganda. “The point of the war may not actually have been to win it, but to engage in profitable crime under the cover of warfare. Diamonds, in fact, have fueled Sierra Leone’s conflict, destabilizing the country for the better part of three decades, stealing its patrimony and robbing an entire generation of children, putting the country dead last on the UNDP Human Development Index.³” These facts can not, by any chance, be comprehensible to the images of diamond which symbolize pure love and romance. “DeBeers’ well known

² United Nations, “Conflict Diamonds: Sanction and War,” <http://www.un.org/peace/africa/Diamond.html>.

³ Ian Smillie et al., “The Heart of the Matter: Sierra Leone, Diamonds and Human Security,” Partnership Africa Canada, <http://www.sierra-leone.org/heartmatter.html>.

advertising slogans proved highly vulnerable to adusting such as ‘diamonds are a guerrilla’s best friend’ or ‘amputation is forever.’⁴”

When considering the issue of blood diamonds, Sierra Leone is the country that is most infamously linked to the conflicts. Sierra Leone is located in western Africa, next to Guinea and Liberia. It was a former British colony whom gained independence in 1961. Apart from other agricultural goods, diamond mining is one of the activities that benefit the country, especially from exporting the stones. Diamonds were first discovered in Sierra Leone in 1930. From 1991 to 2002, the country went through an ongoing civil war where the Revolutionary United Front or the RUF harassed the population and tried to control the diamond mines. Sadly, a lot of innocent people were killed and mutilated along the process. In an attempt to stop the conflict, the UN Security Council offered a hand in October 1999 and that attempt was the biggest UN peacekeeping operation in the world. Since the greed for diamonds was the inevitable motive for the ongoing civil war in Sierra Leone, the Security Council also adopted resolution 1306 on July 5, 2000, in order to impose a ban on the direct or indirect import of rough diamonds from Sierra Leone in order to make sure that peace would be established in the war-torn country. The sanction was also meant to stabilize the country by blocking the money channels. This sanction specifically included diamonds which were not controlled by the Government of Sierra Leone through a Certificate of Origin regime. Despite the sanctions, diamonds

⁴ Philippe Le Billon, “Fatal Transactions: Conflict Diamonds and the (Anti) Terrorist Consumer,” *Antipode* 38, issue 4 (2006): 778-801.

from this troubled nation still travel their ways to foreign lands through the process of smuggling.

Situated next to the Ivory Coast and Sierra Leone, Liberia suffered from their civil war from 1989 to 2003. While the war destroyed their economy, the country was accused of supporting the rebellion in Sierra Leone by providing weapons to the Revolutionary United Front in exchange for diamonds in 2000. This charge was directed at the former President of Liberia, Charles Taylor. In 2001, the UN imposed a sanction, Resolution 1343 on Liberia in order to control and to limit the flow of diamonds to fund illicit activities. Charles Taylor was pressured to step down in 2003 as part of the negotiations to end the civil war. He later went into exile in Nigeria and was he had to face the trial in the international criminal court in Hague. At the present, the country is now at peace and the sanction is already lifted⁵.

As for Angola, it was the first country that the UNSC applied sanctions which specifically deals with the trade of diamonds in order to fund the civil wars. The country is situated in southern Africa and it used diamonds as a mean to fund their civil war which lasted for almost 27 years. Due to this, the UN applied sanctions to the trade in blood diamonds in 1999. Similarly, the Democratic Republic of Congo which is situated in central Africa, next to Angola, the country is also, more or less blessed with diamonds as a part of their natural resources. Without a doubt, their diamonds were also used by the rebel groups to fund the civil war which was ongoing for decades, starting from 1960. For this reason, the United Nations used sanctions to

⁵ World Diamond Council, "What are conflict diamonds?"
<http://www.diamondfacts.org/conflict/background.html>.

ban the trade in conflict diamonds though the country is now in peace. “One of De Beers' most celebrated and priceless diamonds, the flawless D-colour 200-carat Millennium Star was discovered in the DRC and sold to De Beers during the height of the Civil War that took place in the early to mid-nineties⁶.”

Ivory Coast is another country which was entangled with the issue of conflict diamonds. The country is located in western Africa, next to Ghana and Liberia. Ivory Coast has been suffering from a period of unrest from their civil war since 1999. Being a small diamond producer, the country still has no official diamond exploration authorities or mining regulations being carried out. The UNSC has suspended all official exports of rough diamonds to help support its efforts to restore social stability. The UNSC passed a sanction banning export of diamonds in December 2005. However, the UNSC still reported in October 2006 that the diamonds from Ivory Cost illegally traveled into Ghana⁷. “Between 2000 and 2005, Ghana’s diamond export levels increased by 210%.⁸” Due to this, the investigations regarding the flood of diamonds between these two countries are being carried out though the officials in Ghana tend to deny the reports as misleading.

Though the issue of conflict diamonds has been known among the interested public to a certain degree, it has been extremely difficult to actually tackle the problem. Whether through loopholes, corruptions, wits, or lucks, people often find a way to get through the customs and the process toward transparency. Take the case of

⁶ Wikipedia, “Blood Diamond,” http://en.wikipedia.org/wiki/Conflict_diamond.

⁷ World Diamond Council.

⁸ “Cote D’Ivoire - Ghana,” *Africa Research Bulletin* (September 16th – October 15th 2006).

De Beers. The company used to have a buying office in Sierra Leone before the conflict has gained attention from the public. After the 1980s, however, De Beers only maintained indirect influence with Sierra Leone. Nowadays, De Beers no longer have an office or the concessions in the area. Around that location, De Beers only have buying offices in Liberia and Guinea though these countries do not have as much diamonds resources⁹. “Both countries produce very few diamonds themselves, and Liberia is widely understood to be a ‘transit’ country for smuggled diamonds. Many ‘Liberian’ diamonds are of Sierra Leonean origin, and others reportedly originate as far away as Russia and Angola. De Beers says that it does not purchase Sierra Leonean diamonds. Through its companies and buying offices in West Africa, however, and in its attempts to mop up supplies everywhere in the world, it is virtually inconceivable that the company is not - in one way or another - purchasing diamonds that have been smuggled out of Sierra Leone.¹⁰” Due to the proximity between countries, Liberia is now the biggest hub for diamond smuggling activities, especially towards the end of the 1990s. “By guaranteeing to consumers that diamonds bearing the Forevermark were not sold to buy AK-47s to prolong a desperate conflict in some steaming jungle, De Beers have managed to make a virtue of the diamond world's biggest shame.¹¹” Though the institution firmly says that they have nothing to do with conflict diamonds, many people come to question them due to these reasons. By having a transit place for diamonds before continuing its journey, it is almost impossible to trace back to its origin. The process is especially

⁹ Smillie.

¹⁰ Smillie.

¹¹ Ron Irwin, “De Beers in Need of a Polish,” *BrandChannel*, http://www.brandchannel.com/features_effect.asp?pf_id=34.

troublesome when it is nearly impossible to analyze the origin by looking through the composition of the stones themselves.

The problem of diamond smuggling does not only happen to that region but also elsewhere in the world such as in Antwerp, Belgium. In the jewelry trade, Antwerp is known as the center for rough diamonds. The diamond business in Belgium is guided through Hoge Raad voor Diamant – the Diamond High Council or HRD, which is a non-profit organization which represents the diamond sector in Antwerp. “While the Government of Sierra Leone recorded exports of only 8,500 carats in 1998, the HRD records imports of 770,000 carats; annual Liberian diamond mining capacity is between 100,000 and 150,000 carats, but the HRD records Liberian imports into Belgium of over 31 million carats between 1994 and 1998 - an average of over six million carats a year; Ivory Coast, where the small diamond industry was closed in the mid 1980s, apparently exported an average of more than 1.5 million carats to Belgium between 1995 and 1997.¹²” This shows how misleading the data can be.

Also in the United States, which is the country that is considered as the biggest market for jewelry in the world, there are still some thought provoking data records that point to the lack of law enforcement when concerning the diamond industry. “In September the U.S. Government Accountability Office found that Customs and Treasury officials were only haphazardly enforcing the system, leaving companies to monitor themselves. Last year about 300,000 more carats were exported

¹² Smillie.

from than imported to the U.S. - which produces no commercial diamonds itself.¹³” These data ironically show how numbers can be very easily manipulated and how shady this business can become.

Diamonds are preferred as currency of choice for various reasons. In fact, not only that diamonds can be use to subsidize the cost of war but also due to their compacted values, they can be easily use to transfer financial assets for money laundering. Unlike gold, diamonds are much lighter and the prices of diamonds hardly fluctuate on a daily basis. Most of all, there is no hassle to transport and very easy to sell. In fact, the values of diamonds simply increase over time. Though the import and export of diamonds needs to be declared according to the law of many countries, it is still easy to find a way around these laws. Diamonds can be easily hide in discreet places due to light weight and compacted size. If mounted in jewelry settings and worn by travelers, they do not even have to be declared because those diamonds would only be considered as accessories, which travelers are lawfully allowed to possess. As hard as it may seem to really tackle the flow of illicit diamonds, there are attempts from many sectors to try to eliminate the infamous practice.

¹³ Vivienne Walt, “Diamonds aren’t forever.” *Fortune* 154, no. 12 (December 11, 2006), http://money.cnn.com/magazines/fortune/fortune_archive/2006/12/11/8395442/index.htm.

