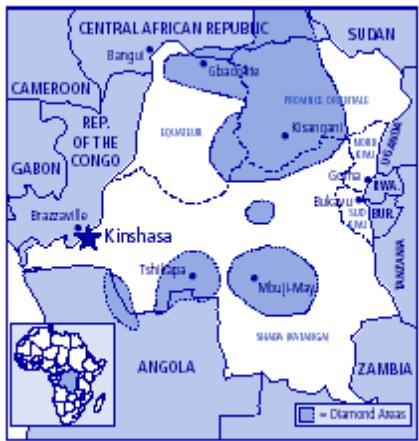


# Preventing the export of conflict diamonds in the Democratic Republic of the Congo

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The Democratic Republic of Congo (DRC) has large reserves of cobalt, gold, gems, copper, timber, and uranium. However, the most valuable resource that the DRC possess is its large reserve of diamonds. Diamonds essentially serve as a pillar to the DRC's struggling economy. Plagued by civil unrest, the DRC is desperately trying to stabilize its economy. Their efforts have been met with stiff resistance due to the ongoing civil war and illegal diamond trade. Not only is the DRC losing potential revenue from the illegal mining of diamonds, but also these diamonds are being used to finance the rebel armies. In response, the U.N. has drafted several resolutions and imposed sanctions in order to try and curtail the illegal trade. The DRC has also agreed to follow the Kimberley Process in hopes of preventing the export of illegal diamonds. However, these efforts are not enough to stop the trafficking of diamonds. Several steps must be taken to strengthen the Kimberley Process and change government policies within the DRC in order to stabilize the economy and end the civil war.

## History of conflict in the Congo



The DRC's current unstable government can be attributed mainly to its turbulent history. Since the late 1800's the Congo region has experienced relatively few periods of peace and economic stability. Colonization severely hindered the future development of the Congo region. In the late 1870's, King Leopold II of Belgium colonized the Congo territory. Treaties were signed with several tribal rulers in the territory, giving the King Leopold sovereignty in their areas. In 1885, the territory formally became the

Congo Free State, headed by King Leopold. Because Leopold did not have sufficient funds to support his endeavors, he gave Belgium the right to annex the Congo in exchange for funds. The exploitations of the land began when King Leopold declared all unoccupied land owned by the state. This move gave him exclusive rights to the lucrative trade in rubber and ivory. Soon afterwards, private companies were formed to exploit the natural mineral wealth of the Congo. Along with the exploitation of the land, the people were forced into slave labor. Natives were brutally forced to collect rubber and mine for minerals. Under the agreement with King Leopold, Belgium annexed the Congo in 1908. Under Belgian rule forced labor was gradually phased out. However, the Congo was still perceived by the Belgian government as merely an economic investment. Very few if any initiatives were established in order to promote the economic development of sectors important to the welfare of the native people. The economic developments that were initiated were directly related to the exploitation of the land. Railroads and other forms of transportation were developed in order to increase the profits of the Belgian government. Plantations and large mining operations were formed with native people occupying the labor pool.

Along with exploiting the Congo's natural resources, the Belgian government also established Christian missionaries in order to "civilize" the natives. As a result, many Congolese citizens were educated at the secondary level or higher. These same people would eventually protest colonial rule and demand independence. The call for independence in 1959 erupted in riots. At a roundtable conference at Brussels in 1960, the Belgian government granted the Congo its independence. That same year, elections were held. Joseph Kasavudu was elected President of the Democratic Republic of

Congo, and Patrice Lumumba was named prime minister. However, stability in the DRC would not last very long. Ethnic and personal boundaries, often encouraged by Belgians, began to disrupt the nation. When the Congolese army mutinied, Prime Minister Lumumba asked the U.N. as well as the USSR for assistance. The USSR provided Lumumba's troops with weapons and formal military training.

On September 14, 1960, Col. Joseph Mobutu Sese Seko, the head of the army, seized power and dismissed President Kasavubu. Mobutu Sese Seko's coup was supported in large part by the United States, which offered assistance based on the premise of fighting against the spread of Communism. The United States' involvement in the DRC was mainly due to its interest in the DRC's rich mineral resources. Therefore, the United States' efforts to stabilize the DRC's troubled government were half-hearted and only made the situation worse.

In late 1966, Mobutu began implementing his policy aimed at returning the Congo to its "African authenticity." He began by renaming the country Zaire and changing the names of several major cities in order to reflect African culture. Mobutu naturalized foreign businesses, reclaiming diamond and copper mines, in order to decrease unemployment. By the end of the 1960's, the DRC enjoyed moderate political stability. However the DRC's seemingly stable government was filled with notoriously corrupt government officials, most notable, President Mobutu Sese Seko. Revenue from the diamonds mines, intended to go to public funds, were being channeled to the bank accounts of government officials. The international community was ignoring Mobutu's corrupt dealings because he received the support of the U.S. government by portraying himself as an Anti-Communist.

President Mobutu's policy of awarding jurisdiction over security matters to his own ethnic group led to ethnic conflicts and several unsuccessful coup attempts between 1975 and 1978. While the country's economy continued to worsen, opposition groups grew in size. In 1989, when Zaire defaulted on a loan from Belgium, the Belgian government cancelled development programs in Zaire, which resulted in a continuing decline of the economy. Mobutu tried several governmental changes and promised political reform in an attempt to stay in power. Zaire's economic problems were also worsening due to an influx of hundreds of thousands of Hutu refugees from Rwanda. In 1997, while Mobutu was out of the country, rebel forces, with the backing of Rwanda, Uganda, Angola Burundi, and Eritrea, took the capital city of Kinshasa. The leader of the rebel forces, Laurent Kabil, declared himself head of the government. He changed the name of the country from Zaire back to the Democratic Republic of Congo.

Laurent Kabil's rule proved to be no more successful. Kabil began his oppressive regime by backing out of his promise to hold elections in 1999. He banned all political opposition in an attempt to maintain his sole leadership position. During Kabil's rule, thousands of Hutus and Tutsis were massacred. These internal conflicts lead to a deterioration of relationships with neighboring countries. In August 1998, war broke out in the DRC. Supported by Uganda and Rwanda, the rebel forces of the Congolese Movement for Democracy captured most of Eastern Congo. This region included the diamond rich area of Kisangani. Mines in Kisangani will become the main source of income for rebel forces.

This war had the potential of expanding further because Zimbabwe, Angola, and Namibia sent troops in support of Kabil's government. These countries offered support

mainly in order to get a share of the diamond market in the DRC. In exchange for assistance in the war, the countries involved received rights to set up joint business ventures with the DRC. In July 1999 during a peace conference in Lusaka, Zambia, the leaders of the six governments involved signed a cease-fire agreement. The leaders of the two main rebel groups also signed the treaty. All sides agreed to end hostilities and withdraw foreign troops from the DRC. While Kabila and his allies controlled most of the East and South of the Congo, the rebels controlled most of the West and North of the Congo. However, the peace accord began to fall apart. Fighting erupted between Rwanda and Uganda forces in Kisangani. Kabila launched an offensive attack, ignoring the United Nations and African peace negotiators.

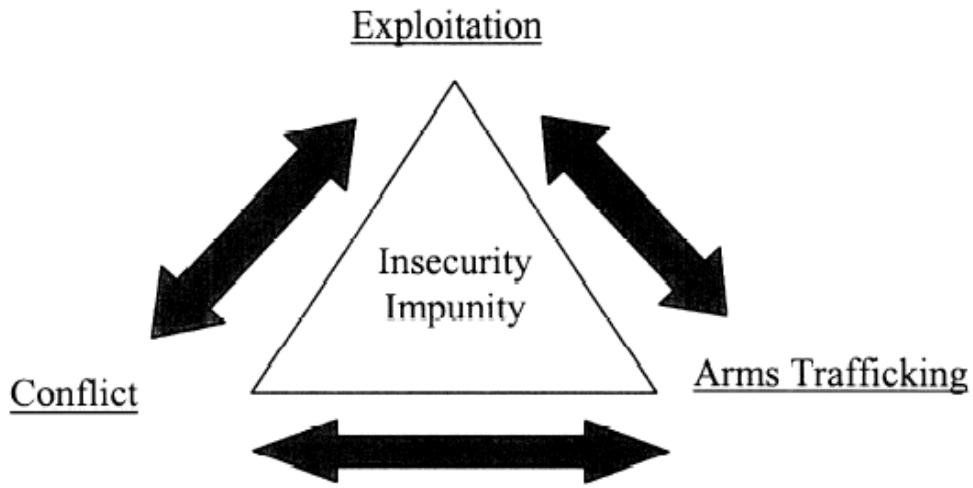
In January 2001, Kabila was assassinated and his son Gen. Joseph Kabila assumed power. Peace talks resumed. In June 2003, the DRC government and rebels agreed to the formation of a new government. Both sides agreed to hold democratic elections in 2005. Despite the peace deal, fighting still continues in the most disputed regions in the DRC. It has been estimated that at least 3.3 million people have died as a result of the fighting that started in 1998. Due to the vast wealth that the diamond trade generates, peace in the DRC does not seem to be possible in the near future.

## **How the current diamond trade market promotes instability**

The DRC's large diamond reserves are indirectly the major cause of the instability of the region. Possessing the world's largest reservoir of industrial diamonds, the DRC has the resources necessary to stabilize and strengthen its economy. However, these natural resources are at the center of an ongoing battle between the DRC government and rebel groups. Ranked as one of the largest diamond producers in the world, the DRC is

also one of the least developed countries in the world. In a United Nations Security Council letter from October 23, 2003, information is provided from a panel report on the situation in the DRC. The U.N. report reveals the significant role that diamonds play in the conflict stricken region. Diamonds are being used by rebel forces to finance their armies. The U.N. panel also reports “Illegal exploitation remains one of the main sources of funding for groups involved in perpetuating conflict. Over the last year, such exploitation has been characterized by intense competition among the various political and military actors as they have sought to maintain, and expand their control over territory”(UN report). The illegal exploitation of diamond resources has become the primary means by which rebels are able to finance their military efforts. Various sources have indicated that much of the resources exploitation has concentrated on gold and diamonds (UN report). The U.N. panel also reports its findings on why the illegal diamond trade is becoming a more prevalent means of acquiring financial capital for rebels. The U.N. panels sums up why diamonds are being used by stating “The simple fact is that these minerals have a high revenue yield per unit weight, are easily transported and can be used in lieu of hard currency in transactions”(UN report). Also, diamonds are relatively easy to mine and transport, they are accessible to all segments of the population, and they hold their value (Dietrich). Unlike other natural resources such as copper, cobalt, and oil, diamonds can be mined without a large-scale industrial setup or substantial amounts of financial backing. This allows illegal miners to mine diamonds in unstable areas of the country. Rebel groups have taken advantage of the accessibility of diamonds. Along with money raised at custom border posts, political and military leaders have been able to fund their military activities, including the supply of arms (UN

report). The exploitation of diamonds is a major component of the ongoing cycle of destruction in the Congo, as illustrated below:



The figure also shows the relationship that links the exploitation of diamonds to arms trafficking. The U.N. panel reports, “This relationship continues to be as important as ever” (UN report). It is also evident that the rebel groups realize the increasing importance of controlling areas that possess significant diamond reserves. When the Rwandan Defense Forces and the Ugandan People’s Defense Forces withdrew from the DRC, it spurred the proliferation of militias. These militias quickly fought over areas that possessed the most lucrative supply of natural resources (UN report). Because the government does not control all of the areas that contain valuable amounts of natural resources, rebels groups are given the opportunity to finance their militias.

A major contributor to the instability of the Congo is the presence of large state owned diamond-mining companies. The largest state-owned diamond mining company, MIBA, was founded in 1961 right after the DRC gained independence. The MIBA is one of the largest employers in the country with approximately 6,000 workers and 1,300 security guards. Although the MIBA has made some contributions to the development of

the region where it is located, the efforts made by the MIBA are not even close to its potential contributions. Back in 1961, MIBA produced over 18 million carats of diamonds. This number has dropped drastically to 6.5 million in the late 1990s. This drop is directly related to an increase in the number of illegal diamonds mined. In the late 1990s, the mining of illegal diamonds increased by a factor of more than 14 (Dietrich). The simple fact is that the large state-owned MIBA is not being managed efficiently. Influences from outside investors have played major role in the disparity of revenue generated for the Congolese people. Neighboring countries have taken advantage of the DRC's weak government through military commercialism.

Neighboring countries involved in the struggle for control over areas of the DRC have successfully become diamond-exporting countries. Rwanda, Zimbabwe, and Uganda, whom have very few diamond mines, have established themselves as diamond exporting countries. These countries have been able to establish lucrative diamond mining relations with officials within the DRC. In July 1999, President Kabila gave exclusive rights to two of the DRC's richest diamond mines to a Zimbabwean-owned joint venture, which later came to be known as Sengamines (Amnesty International). This deal stripped the MIBA of its most valuable assets. Clearly, Kabila's decision to sign over these exclusive rights was not made in the interest of the Congolese people. The transfer was intended to benefit a select few within the government as well as outside investors. The privatization of largely state-owned assets does not resemble an internationally recognized method of transaction, which might have ensured that the sale was as beneficial as possible to the Congolese state (Amnesty International). While a few elite officials benefit, the majority of the Congolese people get nothing. It is also suspected that the Sengamines

Corporation enjoys the benefit of not paying taxes to the DRC government (Amnesty International). If this is true, the Congolese people are being stripped of tax revenue that could have possibly been used to promote socioeconomic development within the DRC.

### **Behind the scenes of the illegal diamond trade**

The previously discussed advantages of using diamonds as a medium of exchange have made the illegal diamond industry very profitable to the groups participating. Neighboring countries have all taken advantage of the opportunities that the illegal diamond trade offers in the DRC. Countries involved in the conflict in the DRC justify their intervention in the war by citing security concerns. By 2001, however, the façade of security concerns had essential disappeared to reveal a foundation of resource exploitation supported by military deployment (Dietrich). As payment for military support, these countries were able to receive exclusive mining rights in certain areas they controlled. Now, countries that lacked significant amounts of diamond reserves were becoming diamond-exporting countries.

Illegally mined diamonds, which are generally referred to as “conflict diamonds,” can enter the international diamond trade through several different paths. With the present international regulations placed on conflict diamonds, once diamonds exchange hands from small-time miners to larger trade centers, the conflict diamonds are free to move anywhere internationally without being able to be traced back to their source. The illegal trafficking begins with the small mines and the people who risk their lives in order to mine for diamonds. The MIBA employs about 1,300 security guards to secure its diamond mines. Security issues are a major problem since over a thousand people every night attempt to enter mines illegally. Only a small number of these trespassers who gain

access to the mines are ever arrested (Amnesty International). The extent of the problem is evident in an account presented in a recent Amnesty International report:

“The scale of the challenge was clear during a day-time visit to a MIBA diamond concession known as the *polygone* (polygon) in October 2001. Amnesty International delegates observed a group of some 150 apparently illegal miners (known locally as *creuseurs*, or diggers), who were standing in the shallows of the River Lubilanji, at a point where a canal flows out into the river from one of the MIBA processing installations. Most appeared to be between about 12 and 25 years of age and were carrying buckets and sifting pans in order to sift the water in the hope of finding fragments of diamond in the shallows of the river. In the presence of Amnesty International delegates, MIBA guards managed to arrest four of these suspected illegal miners, using their own tops to tie their arms behind their backs before transporting them to a cell within the MIBA concession (see the section entitled Rough Justice below). The youngest of those arrested was 14 years old. Amnesty International observed dozens of other suspected illegal miners throughout the *polygone* concession. This was in the middle of the day -- far greater numbers enter the concessions under the cover of darkness” (Amnesty International).

Security arrangements are largely to blame for the problem. Many of the security guards lack any type of formal training. Also the lack of effectiveness of the security force is also due to corruption among the security guards. Most of the illegal miners who enter have received assistance from security guards in exchange for money or a portion of the diamonds mined. Security guards are extremely likely to engage in corruption because of the attractive amounts of money involved.

The considerable amount of power that security guards yield often leads to serious human rights violations. Everyday, illegal miners are being killed or seriously injured by security guards. Albeit, the miners are trespassing, most of them are usually unarmed. Under these circumstances, shooting illegal miners is definitely a serious human rights violation.

After the diamonds are mined, they gradually make their way through informal markets to diamond centers in larger cities that provide licenses and onward permits for

diamonds. Once here, conflict diamonds can be transported anywhere internationally. One of the major cities involved in this illegal trade is Brazzaville, the capital of the Republic of the Congo. Every year, billions of dollars worth of diamonds pass through Brazzaville. Traders from the DRC smuggle diamonds through Brazzaville as well as through other cities, such as Bujumbura, Lusaka, Harare, Kampala, and Kigali, which also provide licenses and onward permits. Conflict diamonds are also smuggled through the Central African Republic (CAR). Most of the diamonds mined in the Equateur province of the DRC, much of which is controlled by the Congolese MLC rebel group, are smuggled through The CAR (Amnesty International). The other main rebel group in the DRC, the RCD-Goma, also smuggles conflict diamonds through The CAR. The city of Bangui, The CAR, serves as a base for criminal networks dealing in providing weapons to rebel groups in the DRC. These networks profit from the illegal diamond trade, by providing weapons for diamonds. This conveys the close relationship between illegal diamonds and arms trafficking. Therefore, by acting as a medium of exchange between arms providers and rebels, conflict diamonds are contributing to the cycle of violence in the DRC.

The illegal diamond trade not only promotes human rights violations, but also seriously impairs the DRC's economy and finances the ongoing war. Large proportions of the revenues generated by state-owned mines are not being sent to the state treasury, but are being channeled into the hands of an elite group of government officials. While the rich get richer, the country's infrastructure is deteriorating. Revenue that the DRC desperately needs for socioeconomic development is being laundered to the bank accounts of a select few. The low standard of living of a majority of Congolese only

lures them to join the illegal diamond trade, which keeps the cycle of corruption going. Intertwined with the illegal diamond trade and deteriorating economy is the war. Conflict diamonds are the main source of revenue for rebel groups. The illegal mining of diamonds will continue to keep the war going until illegal mining is stopped and the government gains full control over its natural resources.

### **International response to conflict diamonds: The Kimberley Process**

Faced with the problem of curtailing the illegal trafficking of conflict diamonds, the U.N. General Assembly and the Security Council have come up with several measures to prevent the trafficking of conflict diamonds. The U.N. commissioned the formation of several panels to study the illegal trade of diamonds. One such panel, the Panel of Experts on the Illegal Exploitation of Natural Resources and Other Forms of Wealth of the DRC, was commissioned to study the DRC. The panel released several findings that exposed the illegal diamond trade in the DRC. This information was made public in the hopes of giving the international diamond community a deeper understanding of the illegal diamond trade and the devastating consequences that result from the illegal trade of diamonds.

Spurred by U.N. panel reports and cries from non-governmental organizations, the Kimberley Process was proposed as a solution to the international problem. The Kimberley Process began as a consultative process in May 2000 in Kimberley, South Africa. A couple of years later, the Kimberley Process agreement of March 2002 brought together more than 35 governments and the European Union in order to curtail the illegal diamond trade network (Dietrich). Implemented on January 1, 2003, the Kimberley Process requires that a government certificate of origin must accompany all

rough diamonds if they are being moved in between countries. The Kimberley Process also requires effective government oversight in order to monitor diamonds being exported and imported into countries. Under the Kimberley Process agreement, countries that cannot manage their diamond resources and industries must be ostracized from the legitimate diamond trade (Dietrich). Also, companies that cannot prove that the diamonds they buy or sell are not conflict diamonds must be ostracized. Countries participating in the Kimberley Process have to follow several guidelines in order to remain legitimate diamond exporting countries. In addition to having government certificates of origin, rough diamonds must be packaged in tamper proof containers with a certificate that bears the title “Kimberley Process Certificate” and the following statement: “The rough diamonds in this shipment have been handled in accordance with the provisions of the Kimberley Process Certification Scheme for rough diamonds.”<sup>1</sup> These measures are intended to guarantee that rough diamonds entering legitimate diamond centers are not conflict diamonds.

## **Does the Kimberley Process work in the DRC?**

The Kimberley Process has proved to be completely ineffective in the Democratic Republic of Congo. Burdened by civil unrest in the north east of the country, the DRC’s attempts to clean up its diamond sector are being undermined by widespread smuggling through neighboring countries such as the Congo Republic and The Central African Republic (Muller). Victor Kasongo, the DRC’s head of diamond valuations and certification, admits that tracking rough diamonds is a difficult task: “We have the capability to track diamonds but it is difficult. Full implementation of the process as

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<sup>1</sup> [www.kimberleyprocess.com](http://www.kimberleyprocess.com)

required by July 31 requires a lot of financing, negotiating, preparation and transparency” (Muller). The failure of the Kimberley Process in preventing conflict diamonds from the DRC from entering the legitimate diamond trade is conveyed when looking at Kimberley Process records. The Congo Republic, the main destination of conflict diamonds from the DRC, has complied with Kimberley Process regulations by producing certificates of origin for diamonds that leave the country. However, according to industry sources, The Congo Republic couldn’t have produced the US\$200 million worth of diamonds according to the last production figures it published in 2001 (Muller).

It is obviously clear that the Kimberley Process is not an effective policy. In fact, some people believe that it is actually encouraging the illegal diamond trade to prosper. Charles Wyndham, a diamond valuer, believes that the participation of the Congo Republic and other non-producing countries in the Kimberley Process is actually encouraging rather than eliminating incentives for smuggling (Wallis, *The Financial Times*, 2003). In a recent Financial Times article, William Wallis reveals similar finding:

“Nowhere are the flaws in the existing scheme more obvious than in the trafficking between the two Congos. The Democratic Republic of Congo, a former Belgian colony, possesses the world's largest reserves of industrial diamonds. The Republic of Congo (Brazzaville), the former French colony across the river, has no diamonds of its own to speak of. Since July, when Congo (Brazzaville) was admitted to the Kimberley Process, both countries have been authorized to trade diamonds”. This suggests that the Kimberley Process “is encouraging -- rather than eliminating -- incentives for smuggling. It offers non-producing countries the opportunity to launder and legitimize illicit gems” (Wallis).

The extensive smuggling of conflict diamonds will continue unless government monitoring is made mandatory. Efforts to bring system-wide review and monitoring were stopped in their tracks by a handful of countries, including Australia, China, India

and Japan, that insisted this went beyond the scope of the Kimberley Process. Without mandatory monitoring, it is highly unlikely that the Kimberley Process will be able to curtail the illegal trading of diamonds.

## **Proposals to decrease the trading of conflict diamonds**

In order to combat the ever increasing trafficking of conflict diamonds, changes have to be made within the DRC government along with revisions made to the Kimberley Process. The biggest flaw of the Kimberley Process is that it is voluntary. Even countries that agree to participate can still refuse to be monitored. In order for the Kimberley Process to become effective, revisions must be made to include regular independent monitoring of the import and export of diamonds. An international inspection system needs to be established in order to monitor the flow of diamonds. This system should not be limited to African countries or producers alone. Countries such as Belgium India, and Israel, that cut and polish diamonds should also be monitored. Without regular, independent monitoring, the Kimberley Process is subject to abuse. Amnesty International reported that while some 40 countries are officially participating in the Kimberley Process, they are only doing so on paper (Amnesty International). Also, the United Nations Security Council must take a more active role in this matter. Although panel reports and studies released by the U.N. help, The U.N.'s efforts have not even begun to touch the death and violence, corruption, criminality and collapse that have accompanied the DRC's diamond trade (Dietrich). The U.N must embargo all unofficial diamond exports from the DRC as well as pressure countries participating in the Kimberley Process to develop a system that requires mandatory monitoring.

Another reason why the DRC government has not been able to curtail the export of conflict diamonds is corruption and inefficient policies within the government. In order to avoid abuse within the system, the government of the DRC should appoint an internationally recognized independent diamond valuator (Dietrich). The government should also address the problem with corruption on all levels of the government – from security guards patrolling the mines to government officials making policies. The DRC government should also become more involved in monitoring the DRC's compliance with the Kimberley Process. In order to ensure that the Congolese people receive the most benefits from any commercial contract involving diamonds, the DRC government should negotiate contracts according to internationally recognized principle of public bidding. The most important proposal, however, is to make the international community more aware of the corruption and violence that is associated with conflict diamonds.

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