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The Viability of Commodity Sanctions: The Case of Diamonds

As implied by the term, commodity sanctions are embargoes on specifically named goods or products, most often bans on trade in a valued raw material. Commodity sanctions have been applied with increasing frequency by the United Nations in recent years. The Security Council has imposed commodity sanctions against seven different rebel movements or governments. For a complete listing of these Security Council sanctions, see Table 10.1.

As Table 10.1 indicates, oil and diamonds are the most common goods subject to commodity sanctions. In the case of Haiti, embargoing oil threatened the ability of the country to function, as this import was critical to daily life. In the case of Iraq, the oil embargo shut off more than 90 percent of export earnings. Although oil embargoes are powerful tools of coercion, a new area of commodity sanctions, the embargo on diamonds, has drawn UN attention in recent years and demands considerable discussion. In three recent cases, prohibitions have been imposed against the import of "conflict diamonds," which are defined as "diamonds that originate from areas controlled by forces or factions opposed to legitimate and internationally recognized governments."[1] Scholars, activists, and industry experts agree that trade in conflict diamonds has been used to fund military rebellion and human rights abuse in contravention of the decisions of the Security Council.[2] According to Paul Collier and other analysts, where countries rely on primary commodities like diamonds as income sources, they are also vulnerable to sanctions. As the likelihood and severity of armed conflict increases, the importance of the precious commodity rises for both the conflictual parties and the international community.[3] This reality has led some to use the term *blood diamonds*.[4] As we examine in this chapter, this pattern has been evident in Angola, West Africa, and the Congo.

This chapter was coauthored by Linda Gerber.

Table 10.1 Commodity Sanctions, 1990–2001

Cases	Type of Commodity Sanctioned
Iraq, 1990–	
S/RES/661 (1990)	All
Yugoslavia (Serbia and Montenegro), 1991–1995	
S/RES/757; S/RES/787 (1992)	All
Cambodia, 1992–1994	
S/RES/792 (1992)	Logs, oil
Haiti, 1993–1994	
S/RES/841 (1993)	Oil
S/RES/917 (1994)	All
Angola, 1993/1997/1998–	
S/RES/864 (1993)	Oil
S/RES/1173 (1998)	Diamonds
Sierra Leone, 1997–	
S/RES/1132 (1997)[a]	Oil
S/RES/1306 (2000)[b]	Diamonds
Liberia, 2001–	
S/RES/1343 (2001)	Diamonds

Notes: a. The oil embargo implemented in S/RES/1132 was terminated in 1998 by S/RES/1156.

b. The diamond embargo on government exports was lifted in 2000 when the certification system was implemented. It is still in place for RUF diamond exports.

Conflict diamonds and other forms of smuggled diamonds account for between 20 and 30 percent of the trade in diamonds.[5] These diamonds originate primarily from rebel-controlled territory in Angola, the Democratic Republic of the Congo (DRC), and Sierra Leone, as well as from Liberia. By contrast, legitimate diamond exports, often an essential part of a country's economy, come from Australia, Botswana, Brazil, Canada, the Central African Republic, China, Ghana, Namibia, Russia, South Africa, Venezuela, and Zimbabwe.[6] Legal diamond exports also come from the government-controlled territory of Angola, the DRC, and Sierra Leone. As international attention has focused on conflict diamonds, care has been taken to protect the legitimate diamond business.

In this chapter, we examine current UN diamond sanctions in Angola, Sierra Leone, and Liberia. We also explore the questions of possible commodity sanctions in the DRC. We review the requirements for effective monitoring and enforcement and focus on the unique role of nongovernmental organizations (NGOs) and private industry in implementing multilateral diamond sanctions.

Angola

Until the late 1990s, the international community was largely unaware of the integral role played by diamonds in the ongoing war in Angola between the rebel movement of the National Union for the Total Independence of Angola (UNITA), led by Jonas Savimbi, and the government of Angola. For much of Angola's history, diamond-mining companies were able to operate with little or no regulation. Thus it was relatively easy for the UNITA faction to control mines in the territory it held at various points in Angola's multidecade civil war. In 1998, the London-based NGO Global Witness published *A Rough Trade: The Role of Companies and Government in the Angolan Conflict,* a report documenting the direct link between UNITA's diamond trading and its flourishing arms imports.[7] According to the report, UNITA diamond sales helped provide the large cash reserve used by Savimbi to countervail the arms embargo imposed in 1993 in Security Council Resolution (SCR) 864.[8] In fact, in 1992, two years before the Lusaka Protocol, UNITA controlled nearly 70 percent of Angola's diamond production.[9] South African industry giant De Beers Corporation admitted to purchasing a significant portion of Angolan rough diamonds sold by UNITA agents during the 1990s.[10]

In 1998, the Security Council responded to the agenda created by the Global Witness report by imposing financial sanctions, additional diplomatic sanctions, and an embargo on diamonds not controlled by the Angolan government (SCR 1173).[11] SCR 1173 required the government of Angola to employ a certificate of origin system for diamonds produced in non-UNITA-controlled areas. The Security Council took this action to strengthen the sanctions because UNITA refused to abide by the 1994 Lusaka Protocol and was continuing to wage war for control of the country's vast natural resources.[12] The specifics of UNITA's violations were detailed in the 1999 Human Rights Watch report, *Angola Unravels.* The report stated that in the five years following the 1994 Lusaka agreement, UNITA illegally exported diamonds worth $1.72 billion.[13] During this time, it was able to amass a huge volume of weapons, oil, and diamonds for future use in military operations.[14]

In addition to imposing stronger sanctions on Angola, the Security

Council took steps to ensure tighter implementation of these measures. The 1999 mission of Ambassador Robert Fowler of Canada began the process. Fowler's report contained numerous recommendations on how to improve the implementation of sanctions. Among Fowler's suggestions was providing support for the government of Angola to develop a system for certifying diamond exports.[15]

The subsequent panel of experts and monitoring mechanism reports provided further evidence of how diamonds were smuggled out of Angola and documented the lack of transparency and internal control within the diamond industry. The panel observed that smuggling routes passed through Burkina Faso, Zaire (now the DRC), Namibia, South Africa, Zambia, and the major diamond exchanges at Antwerp and Tel Aviv.[16] The reports also contained additional recommendations for improving the effectiveness of the sanctions against UNITA. The addendum report of the monitoring mechanism credited the sanctions with encouraging industry efforts to create a worldwide diamond certificate plan, although it noted that the system was not yet in place.[17]

The certification system for the government of Angola mandated by SCR 1173 was announced in February 2000. It established a marketing and certification program to guarantee the origin of diamonds from non-UNITA sources.[18] Most governments, as well as the diamond industry, endorsed the program and pledged their cooperation. Industry interest reflected the desire to avoid a consumer backlash against diamonds.

Despite the certification system and industry efforts to participate in it, illegal diamond exports from Angola continued. The Belgian Secret Service reported in April 2001 on the continued purchase of UNITA diamonds in Antwerp.[19] Implementation of the certification system has also lagged in Tel Aviv, London, and Bombay. Industry and government officials have been reluctant to enforce certification standards because of the costs and effort involved and for fear that tighter controls will send business elsewhere.[20] The reports of the panel of experts and the monitoring mechanism have recommended inducements for compliance and penalties for violations to encourage major trading centers to implement certificate of origin systems.[21]

Sierra Leone

Diamonds were discovered in Sierra Leone in the 1930s, and the production and trade of those diamonds has been fraught with corruption and mismanagement ever since. During the 1960s and 1970s, then-president Siaka Stevens allowed criminal elements to gain a foothold in the diamond trade, and during the following decades, the official export of government-controlled diamonds from Sierra Leone steadily decreased. According to a report by Partnership Africa Canada, illegal operators have controlled 85 percent of Sierra Leone's diamond production in recent years.[22] Diamond smuggling has funded one of the most horrific and gruesome conflicts in recent history. Sierra Leone's diamonds provided the primary source of funding for the Revolutionary United Front's (RUF) war against the government of Sierra Leone. This conflict was based less on ideology or political differences than on a drive to gain control of natural resources. The conflict has been described by John Hirsch and others as a means for the RUF to engage in profitable crime through war.[23]

As awareness of RUF atrocities increased internationally in the late 1990s, attention focused on the connection between the diamond trade and the financing of the war. NGOs launched a consumer awareness campaign to educate the public about the problem of conflict diamonds. They also pressured industry and governments to take action to boycott RUF-controlled diamonds. Following the Partnership Africa Canada report in January 2000 and with pressure mounting from concerned groups and governments, the Security Council passed SCR 1306 (2000), which placed an embargo on the import of diamonds from Sierra Leone.[24] The resolution expressed concern at the role of the diamond trade in the ongoing conflict in Sierra Leone and directed all states to prohibit the direct or indirect import of rough diamonds from Sierra Leone. The Council also recommended that the government of Sierra Leone institute a certificate of origin system that, when in place, would permit the resumption of legal diamond exports.

The panel of experts created for Sierra Leone worked concurrently with the monitoring mechanism group established for Angola. The panel attempted to collect detailed information on the diamond trade but had mixed results. Some countries, such as Belgium, readily provided the requested statistics, whereas others, notably Gambia, Côte d'Ivoire, and the United Arab Emirates, refused to cooperate.[25] The panel found that diamonds represented the primary source of income for the RUF. Official diamond exports from the government of Sierra Leone declined from more than 2 million carats per year in the 1960s to a total of 36,384 carats exported from 1997 through 1999. This was due in part to decreased diamond production but was also the result of RUF control over the major diamond fields in the eastern part of the country. The panel estimated that the RUF was exporting $25 million to $125 million in carats per year, and it confirmed that the RUF was illegally mining and exporting diamonds in order to finance the war.[26]

A key finding of the panel report was that RUF diamonds were exiting Sierra Leone through Liberia and to a lesser extent through Guinea. The panel made numerous recommendations, most notably that there should be an immediate embargo on diamond exports from Liberia. The panel also recommended that a global certificate of origin system be created or, at a minimum, that such a system be established for all West African countries.[27]

The government of Sierra Leone announced the creation of a national certificate of origin system in October 2000. The plan established an elaborate system of licensing and required officials from the Government Gold and Diamond Office (GGDO) to verify the origin of stones. Each stone was examined by an independent, skilled valuator with many years of experience dealing with stones from Sierra Leone. The stones were then photographed and integrated into an electronic tracking system.[28] These multiple safeguards made the smuggling of conflict stones more difficult. An April 2001 report from Global Witness found the system to be working well, with few problems of misidentification of stones. Global Witness concluded that the staff of the GGDO was committed to working with the Diamond High Council in Antwerp to develop an effective system.[29] As a result of these changes and the improved security situation following a RUF cease-fire in November 2000, official diamond revenues to the government of Sierra Leone increased significantly, from approximately $325,000 for the period from January to June 1999 to almost $6.6 million for the period from January to March 2001.[30] For the first time in its recent history, the government of Sierra Leone was deriving substantial income from the country's natural resources.

Notwithstanding these improvements, the certificate of origin system has not prevented continued illegal diamond exports from Sierra Leone. The United States Agency for International Development (USAID) found that, although the system created by the government has worked efficiently, smuggling outside the system has continued on a large scale.[31] The government of Charles Taylor has allowed and facilitated the illegal diamond trade.

Liberia

Despite minimal indigenous diamond resources, Liberia exported millions of dollars' worth of diamonds in the 1990s. In 1988, before the wars in Liberia and Sierra Leone erupted, Liberia officially exported $8.4 million in diamonds. In 1995, it exported $500 million in diamonds.[32] According to the Sierra Leone panel of experts report, Liberia's domestic production capacity is approximately 150,000 carats per year. In 1999, however, Liberian diamond exports to Belgium totaled 1.75 million carats.[33] The obvious disparity was the result of Liberia's export of RUF diamonds. Revenues from these exports were used by the Taylor government to finance the RUF rebel movement in Sierra Leone and to purchase weapons from various Eastern European countries.[34] In response to these findings, the Security Council passed SCR 1343 on 7 March 2001, imposing a diamond embargo and other sanctions on Liberia.[35] The Council demanded that Liberia cease the direct or indirect export of uncertified diamonds from Sierra Leone. The Council called upon Liberia to institute a certificate of origin system for rough diamonds and encouraged all diamond-exporting states in West Africa to do the same. The Council also directed that the Secretary-General establish a panel of experts to investigate alleged violations of the sanctions and explore the link between natural resources and conflict in the region.[36]

Notably missing from SCR 1343 was any mention of the role played by timber in the conflict. Several NGOs had recommended an embargo on Liberia's timber exports in addition to the embargo on diamonds as a further means of raising the costs of Liberia's defiance of UN demands. In a January 2001 briefing to the Security Council and subsequent report, Global Witness noted: "It is likely that the timber trade is more financially valuable to [Charles Taylor] and his security forces than is the trade in diamonds and that a significant portion of this revenue is also used by President Charles Taylor to train, arm and supply the RUF."[37] Global Witness also reported that Liberian forestry operations were causing severe environmental damage because of clear-cutting and a lack of replanting. The Sierra Leone panel of experts report identified two members of the board of directors of the Forestry Development Authority in Liberia as weapons dealers to the RUF.[38] The panel's report also suggested a temporary embargo on timber exports as a way of reducing revenues for the acquisition of weapons.[39] Joseph Melrose, U.S. ambassador to Sierra Leone, stated, "As far as sanctions go, timber is crucial."[40]

The Security Council did not approve a ban on timber sales, in part because France and other importing countries depend on Liberian timber.[41] According to data from the Liberian Forestry Development Authority, 37 percent of Liberian timber exports in 1999 were shipped to France.[42] China also imports considerable amounts of Liberian timber. France and China were willing to support diamond sanctions but were not prepared to accept restrictions on timber exports. Alex Yearsley of Global Witness commented, "We are concerned over the possibility that the French government is putting commercial interests before the urgency of putting an end to this brutal conflict."[43] In addition, states from the European Union and the Economic Community of West African States (ECOWAS) that would be charged with monitoring restrictions on timber indicated that they were neither willing nor able to do so.[44] An additional concern mitigating against timber sanctions was the possible humanitarian impact of such action. As indicated in the October 2001 assessment by the UN Office for the Coordination of Humanitarian Affairs, an embargo on Liberian timber exports could result in substantial losses of jobs and income in Liberia.[45] Even though the Security Council did not take action, the mere threat of a timber embargo prompted greater dialogue with Liberia regarding UN concerns.

The DRC

The DRC (formerly Zaire) has witnessed a series of complicated internal conflicts in recent years. Many Hutu rebels responsible for the Rwandan genocide of 1994 took refuge in the Congo. In 1995, the Security Council adopted SCR 997, applying the arms embargo previously imposed against Rwanda on rebel groups operating in other countries, primarily Zaire. In 1996, Laurent Kabila led the Alliance of Democratic Forces in rebellion against the dictatorship of Zairian president Mobutu Sese Seko, successfully overthrowing the regime in 1997 and renaming the country the Democratic Republic of the Congo. In 1997, forces of the Tutsi-controlled government of Rwanda entered the Congo seeking to weaken the Hutu rebels based there and to support the overthrow of Mobutu.[46] Uganda joined the conflict to help Rwanda and to fight against Ugandan rebels based in the Congo. Burundi sent forces to fight Burundian Hutu rebels in the Congo.[47] In 1998, as the Congo plunged deeper into chaos, Kabila himself faced armed rebellion. With multiple players involved in spreading armed conflict within the Congo and beyond, the crisis in the region was aptly dubbed Africa's First World War.[48]

The armed conflicts in the Congo have been driven in large part by greed and the desire to exploit the region's vast mineral wealth and natural resources. The plunder resulting from military violence has itself led to deeper levels of commodity and environmental devastation. As in West Africa, the presence of particular primary commodity exports has helped to cause and prolong war. Through their military intervention, Rwanda and Uganda took control of over half the country's territory, which enabled their forces to plunder much of the region's riches.

In 2000, the Security Council convened a panel of experts to investigate the illegal exploitation of Congo's natural resources. The panel presented its report in April 2001, establishing a clear link between the ongoing intervention of Rwanda, Uganda, and Burundi and the illegal exploitation of natural resources.[49] It also confirmed that these operations provided funding for illegal arms imports and continued war.[50] The panel reported that Uganda, a country with no previously reported gold production, exported almost 11 tons of gold in 2000.[51] Both Uganda and Rwanda exported large volumes of diamonds starting in 1997, although neither had previously produced diamonds.[52] The panel of experts also presented evidence of illegal timber exports, wildlife depletion, and illegal taxes and price fixing.

The Congo panel developed a series of innovative recommendations for Security Council action, among them:

- placing immediate sanctions on the import or export of coltan, niobium, pyrochlore, cassiterite, timber, gold, and diamonds from Burundi, Rwanda, and Uganda;
- freezing the assets of various rebel leaders and movements;
- imposing a comprehensive arms embargo on all the rebel groups;
- creating a diamond certification system for the region similar to that adopted in Sierra Leone;
- imposing sanctions against governments involved in the mass killing of endangered species;
- establishing a definition and new criteria for "conflict timber"; and
- creating information-gathering and certification systems for temporary bans on timber exports that fuel armed conflict.[53]

The Security Council did not take action, although it extended the panel's mandate through August 2002.[54]

The political climate in the DRC improved slightly following the assassination of Laurent Kabila in January 2001 and the selection of his son Joseph as president. Hopes were raised that the Inter-Congolese Dialogue peace process might yield results, although conflict among Congolese factions and neighboring governments continued.

Private and Public Sector Responses to Conflict Diamonds

Attempts to deal with conflict diamonds have produced a surprising coalition: human rights NGOs, members of the diamond industry, and national governments. These seemingly disparate groups have coalesced around the common goal of eliminating trade in conflict diamonds. Although their methods and motives vary, the groups have been able to work together to achieve their shared objective. In the following section, we examine the steps taken by these actors and identify the remaining challenges to control of this illicit trade.

NGOs Lead the Way

NGOs have played an important role in documenting the extent of the illegal trade in conflict diamonds. By conducting investigations, issuing reports, and raising global awareness, groups like Global Witness, Human Rights Watch, Partnership Africa Canada, and Physicians for Human Rights have paved the way for significant changes within the diamond industry and among national governments. Five international NGOs—Global Witness, Intermon (Spain), Medico International (Germany), NiZA (Netherlands Institute for Southern Africa), and Novib (Oxfam Netherlands)—have formed the Fatal Transactions Campaign, a consumer awareness coalition with the goal of encouraging the diamond industry to end the trade in conflict diamonds.[55] One hundred U.S. groups have joined the Campaign to Eliminate Conflict Diamonds, created by Physicians for Human Rights to press for legislation regulating diamond imports.[56] The efforts of independent research centers such as Global Witness and Partnership Africa Canada have facilitated the work of the UN expert panels in documenting the role of diamonds and other commodities and in recommending measures to improve sanctions monitoring and enforcement.

Beyond exposing conflict diamond beneficiaries and victims, NGOs and other activists can threaten the diamond industry with a consumer boycott. Slogans and visual images linking the horrors of war with the luxury symbol of love could be extremely effective. Industry

leaders know this and have sought to avoid the possibility of a consumer backlash by taking steps to address the conflict diamond issue. NGO activists recognize that the vast majority of diamonds are "clean" and that developing countries such as South Africa, Botswana, and Namibia depend heavily on the legitimate diamond trade. For this reason, NGOs have refrained from advocating boycotts and have encouraged the diamond industry to screen out conflict diamonds. If the diamond industry fails to implement promised reforms, the spirit of cooperation could fade. The threat of consumer awareness campaigns or even a selective boycott remains. NGO coalitions have continued their efforts to educate the public and have encouraged consumers to demand that jewelers guarantee conflict-free diamond sales. Until national jewelers can make such guarantees, the NGO movement will remain engaged and vigilant on this issue.

Conflict Diamonds and the Diamond Industry

Until the late 1990s, when conflict diamonds entered public consciousness, the diamond industry was a rather opaque, largely unknown entity. International business was dominated by one company, De Beers, which sold approximately 70 percent of the world's uncut diamonds.[57] Known for maintaining huge stockpiles of diamonds, the De Beers oligopoly produced about half the world's supply itself and bought up large supplies of diamonds from other producers. The practice of hoarding diamonds and manipulating the market was a hallmark of De Beers from the 1920s, when its chairman of the board, Sir Ernest Oppenheimer, realized that diamonds were plentiful and that their value could be maintained only by imposing controlled scarcity.[58] The decision to hoard diamonds was also a way of combating the effects of the Great Depression. The company essentially set the price of world diamonds through its Central Selling Organization (CSO), located in London.[59]

This strategy worked fairly well until the late 1990s, when the volatility of world markets made it much more difficult and expensive to maintain huge stockpiles. The corporation realized that consumers were becoming aware of the concept of conflict diamonds and that the De Beers image could very easily become associated with the atrocities in Africa. As a result, De Beers issued a report in March 2000 declaring that its diamonds were "rebel free." CSO director Mike Farmilow stated, "We have to continue to give consumers the confidence that the diamonds they are buying are not funding conflict."[60] There was no way of verifying these claims, however, because very little action had been taken at that time to develop diamond certification controls at trading and cutting centers. In fact, De Beers admitted that it had purchased diamonds from UNITA just the year before.[61]

In 1999, De Beers commissioned the U.S.-based Bain and Company to conduct a study and report on how to adapt to changing market conditions, including the influx of diamonds from new Canadian mines, a trend that threatened De Beers's traditional control of the market.[62] Bain recommended that De Beers make the radical switch from being the "buyer of last resort" to being the "supplier of choice." Essentially, this meant that the industry giant would no longer maintain massive stockpiles of diamonds but rather would brand its diamonds as luxury designer items and sell to the high end of the market.[63] As part of this strategy, the company would also guarantee to the consumer that its expensive diamonds were conflict-free.[64] The new strategy, adopted by De Beers in July 2000, attempted to place the company "above" the conflict diamond issue and to create demand for its "rebel-free" diamonds.[65]

To combat the problem of conflict diamonds, industry executives launched a series of meetings in May 2000 in Kimberley, South Africa, birthplace of the diamond industry. This initiative, known as the Kimberley process, brought together representatives from the diamond industry, research groups, human rights organizations, and governments to develop ways of ending the trade in conflict diamonds. The coalition of groups involved in the Kimberley process proposed that:

- a worldwide system for certificates of origin be required to document the source and progress of each diamond from country of origin to trading and cutting centers;
- diamond-exporting countries be required to regulate and license both producers and traders; and
- diamond-importing countries be required to reject diamonds that are not accompanied by proper documentation.

At a September 2001 meeting in London, the groups reached agreement on the draft of key elements that would form the basis of an international certification system, including the need for effective controls and procedures, information gathering, and credible oversight and monitoring.[66]

Different proposals have been offered on the means of implementing such a global certification system, but all agree on the need for strict

controls on both exporting and importing countries. In July 2000, the World Federation of Diamond Bourses and the International Diamond Manufacturing Association founded the World Diamond Council to develop and implement a plan to achieve this objective.[67] The Monitoring Mechanism on Sanctions Against UNITA identified the following key requirements for an effective certification system:

- bringing illicit miners into the system, improving their social conditions, and controlling their activities;
- licensing and controlling diamond intermediaries; and
- developing the capacity to investigate and arrest illicit dealers.[68]

Industry representatives have asserted that research and development currently under way on systems of diamond tracking, marking, and identification will take a long time to develop and will be very expensive, especially for developing countries. Global Witness reported, however, that the requisite technology for diamond tracking already exists for other applications and could be applied to an industrywide certification system.[69] These technologies include using laser refraction to determine an exact fingerprint, or "gemprint," of each stone and imprinting laser-created barcodes or logos on individual diamonds.[70] This practice is already employed by the Ekati mine in Canada, which imprints a polar bear on every gem.[71]

Another option would be microtomography, a technique similar to computed tomography (CT), which is used in the medical field. Microtomography could help to create external profiles that would accompany the diamonds through the production, processing, and marketing pipelines.[72] The development of comprehensive databases maintained by independent, trained professionals would also be essential to a workable certificate of origin system. Without strictly maintained databases to record and track the movement of diamonds, it would be impossible to verify the legitimacy of individual stones or to monitor, interdict, and prosecute illicit transactions.

Government Responses

The most important requirement for diamond regulation is the adoption of common standards for identifying the country of origin of all rough diamonds.[73] The terms *country of origin* (the country from which the diamond was extracted) and *country of provenance* (the country from which the diamond arrived) are often used interchangeably. Currently, countries have very different diamond import procedures. The Diamond High Council in Antwerp lists the latest country through which the diamond has passed as the country of origin, thus complicating and confusing this identification process.[74] Another difficulty is the problem of regulating diamonds produced through alluvial mining, which involves large numbers of individual workers who can and often do sell stones to unlicensed dealers. Gaining control over these operations is an enormous challenge.[75]

In January 2001, the UN General Assembly formally addressed the issue of conflict diamonds with a resolution urging that member states adhere to the Kimberley process. The resolution called for a "simple and workable" certificate system for rough diamonds. In the resolution, the General Assembly emphasized the necessity of international participation in the certificate system and called for measures to include all concerned parties.[76] The certification systems that have been developed to date have been limited and are insufficient to stem the continued flow of conflict diamonds. Belgium is the only importing country that has officially adopted a certificate of origin system. Under the terms of Security Council resolutions, this means that diamond exports from Angola and Sierra Leone to anywhere other than Antwerp are illegal, although such exports nonetheless continue.[77]

Canada, the United Kingdom, and the United States have been leaders in exposing the problem of conflict diamonds. Developing strict "national" standards on certificates of origin has been more challenging. Both the United Kingdom and the United States have developed but not fully adopted legislation to end the trade in conflict diamonds. Legislation in the United States has been spearheaded by U.S. representative Tony Hall (D–OH), who visited Sierra Leone and witnessed firsthand the role of conflict diamonds in supporting rebel groups that commit atrocities. Representatives Hall and Frank Wolf (R–VA) introduced a bill titled Consumer Access to a Responsible Accounting of Trade (CARAT) in November 1999, noting that the United States imports more than half of the world's gem-quality diamonds. The bill required that certificates of origin accompany diamonds imported into the United States and would impose stiff fines on those who knowingly attempt to violate this requirement.[78]

The introduction of the CARAT bill paved the way for the subsequent Clean Diamonds Act, a bill presented to the U.S. House of Representatives in March 2001 by Representative Hall and seventy-nine other members of the House of Representatives. If enacted, this act would prohibit diamond imports from countries that do not have

approved systems of diamond certification and control.[79] The Clean Diamonds Act would also require the freezing of assets of people known to export diamonds from countries violating the provisions of the act.[80] An identical bill was introduced in the U.S. Senate in June 2001 by Senator Richard Durbin (D–IL) and Senator Mike DeWine (R–OH).[81] Passage of these bills would signal a strong commitment to ending the trade in conflict diamonds.[82] Adoption of similar legislation in other countries will be necessary to create an effective worldwide system for enforcing UN commodity sanctions.

Commodity Sanctions: A Partial Success?

There is little question that sanctions on conflict diamonds, if properly enforced, could effectively reduce funding for war and human rights abuse throughout sub-Saharan Africa. The ultimate success of diamond sanctions will depend on implementation of the Kimberley process and the creation of enforceable industrywide standards for certification. The very fact that the diamond industry and governments have taken steps to restrict conflict diamonds is a positive sign. Industry-government cooperation is a relatively new development in the field of sanctions enforcement, and it contrasts with the usual pattern, in which private industry groups have little incentive to cooperate with UN sanctions. In this instance, the desire of industry groups to preserve the legitimate diamond business has coincided with the UN agenda to curb the trade in conflict diamonds. Much greater cooperation will be needed, though, to implement the various reform measures that have been agreed upon and to achieve genuine progress in eliminating the illicit trade in diamonds. Only if there is a workable system for certification and enforcement will diamond commodity sanctions fulfill their potential as a valuable tool for controlling violence, protecting human rights, and ensuring security and peace in Africa.

Notes

1. United Nations Department of Public Information, *Conflict Diamonds: Sanctions and War* (report in cooperation with the Sanctions Branch, Security Council Affairs Division, Department of Political Affairs, New York, 21 March 2001) <www.un.org/peace/africa/Diamond.html> (29 June 2001).
2. Ibid.
3. Paul Collier, "Doing Well out of War: An Economic Perspective," in Mats

Berdal and David M. Malone, eds., *Greed and Grievance: Economic Agendas in Civil Wars* (Boulder, Colo.: Lynne Rienner Publishers, 2000), 97.

4. We will use the term *conflict diamonds* throughout this chapter, but we note at the outset that a number of respectable analysts and many in the NGO community prefer the term *blood diamonds.*

5. The Sierra Leone panel of experts estimated the amount of illegal smuggling at 20 percent of total trade, whereas the U.S. Agency for International Development estimated it to be near 30 percent. The diamond industry estimated the amount to be 4 percent. United Nations Security Council, *Report of the Panel of Experts Appointed Pursuant to Security Council Resolution 1306 (2000), Paragraph 19, in Relation to Sierra Leone*, S/2000/1195, New York, 20 December 2000, par. 148; U.S. Agency for International Development, Office of Transition Initiatives, *Sierra Leone: "Conflict" Diamonds: Progress Report on Diamond Policy and Development Program* (New York: USAID, 30 March 2001), 1; "Progress Report," Diamond High Council, Antwerp, 1 November 2000, <www.conflictdiamonds.com/pages/Interface/reportframe.html> (13 July 2001).

6. Diamond production information by country taken from Ian Smillie, Lansana Gberie, and Ralph Hazleton, *The Heart of the Matter: Sierra Leone, Diamonds and Human Security* (Ottawa, Ontario, Canada: Partnership Africa Canada, January 2000), 16, Table 1.

7. Global Witness, *A Rough Trade: The Role of Companies and Government in the Angolan Conflict* (London: Global Witness, December 1998), 2.

8. United Nations Security Council, *Security Council Resolution 864 (1993)*, S/RES/864, New York, 15 September 1993. For an assessment of the efficacy of oil and diamond sanctions in Angola before 2000, see David Cortright, George A. Lopez, and Richard W. Conroy, "Angola's Agony," in Cortright and Lopez, with Richard W. Conroy, Jaleh Dashti-Gibson, and Julia Wagler, *The Sanctions Decade: Assessing UN Strategies in the 1990s* (Boulder, Colo.: Lynne Rienner Publishers, 2000), 147–165.

9. Mats Berdal and David M. Malone, eds., "Introduction," in *Greed and Grievance: Economic Agendas in Civil Wars* (Boulder, Colo.: Lynne Rienner Publishers, 2000), 1–11.

10. According to the company's annual reports, De Beers bought a significant portion of its gem-quality diamonds from Angola. Global Witness, *A Rough Trade*, 4.

11. United Nations Security Council, *Security Council Resolution 1127 (1997)*, S/RES/1127, New York, 28 August 1997; United Nations Security Council, *Security Council Resolution 1173 (1998)*, S/RES/1173, New York, 12 June 1998.

12. Cortright, Lopez, and Conroy, "Angola's Agony," 155–156.

13. Human Rights Watch, *Angola Unravels: The Rise and Fall of the Lusaka Peace Process* (New York: Human Rights Watch, September 1999), 5.

14. Ibid., 136.

15. United Nations Security Council, *Letter Dated 12 February 1999 from the Chairman of the Security Council Committee Established Pursuant to Security Council Resolution 864 (1993) Concerning the Situation in Angola Addressed to the President of the Security Council*, S/1999/147, New York, 12 February 1999.

16. United Nations Security Council, *Report of the Panel of Experts on Violations of Security Council Sanctions Against UNITA*, S/2000/203, New York, 10 March 2000, pars. 92, 94.

17. United Nations Security Council, *Addendum to the Final Report of the Monitoring Mechanism on Sanctions Against UNITA*, S/2001/363, New York, 11 April 2001, par. 107(e).

18. Judy Dempsey, "Upstart Dealer Muscles into Market," *Financial Times*, 11 July 2000, <www.ft.com/diamonds/Tuesday2.htm> (6 July 2001).

19. "Belgium Accuses Continuing Sale of UNITA Diamonds," *Panafrican News Agency*, 24 April 2001, <www.allafrica.com/stories/200104240445.html> (27 June 2001).

20. Andrew Parker, Sathnam Sanghera, and Francesco Guerrera, "Between a Rock and a Hard Place," *Financial Times*, 12 July 2000, <www.ft.com/diamonds/Wednesday1.htm> (6 July 2001).

21. It is not surprising in the case of Angola and also in Sierra Leone that as the government became more effective in its certification system, the issue of counterfeit certification arose. Particularly difficult as well has been collusion between holders of real certificates and rebels for purposes of negating the system. Based on written correspondence with William Reno, 16 October 2001.

22. Smillie, Gberie, and Hazleton, *The Heart of the Matter*, 17–18.

23. John L. Hirsch, *Sierra Leone: Diamonds and the Struggle for Democracy* (Boulder, Colo.: Lynne Rienner Publishers, 2001), 15, 25–28; see also Smillie, Gberie, and Hazleton, *The Heart of the Matter*, 2.

24. United Nations Security Council, *Security Council Resolution 1306 (2000)*, S/RES/1306, New York, 5 July 2000.

25. United Nations Security Council, *Report of the Panel of Experts Appointed Pursuant to Security Council Resolution 1306 (2000), Paragraph 19, in Relation to Sierra Leone*, S/2000/1195.

26. Ibid., par. 1.

27. Ibid., pars. 8, 9.

28. U.S. Agency for International Development, *Sierra Leone: "Conflict" Diamonds*, 12.

29. Global Witness, *Review of the Sierra Leone Diamond Certification System and Proposals and Recommendations for the Kimberley Process for a Fully Integrated Certification System (FICS)*, London, 25 April 2001, 6.

30. U.S. Agency for International Development, *Sierra Leone: "Conflict" Diamonds*, Table 3.

31. Ibid., 17–18.

32. Smillie, Gberie, and Hazleton, *The Heart of the Matter*, 47.

33. United Nations Security Council, *Report of the Panel of Experts Appointed Pursuant to Security Council Resolution 1306 (2000), Paragraph 19, in Relation to Sierra Leone*, S/2000/1195, pars. 123, 124.

34. "Sierra Leone: The Forgotten Crisis," *Report to the Minister of Foreign Affairs, The Honourable Lloyd Axworthy, P.C., M.P. from David Pratt, M.P., Nepean-Carleton, Special Envoy to Sierra Leone*, 23 April 1999, <www.sierra-leone.org/pratt0423399.html> (20 July 1999).

35. United Nations Security Council, *Security Council Resolution 1343 (2001)*, S/RES/1343, New York, 7 March 2001.

36. Ibid.

37. United Nations Office for the Coordination of Humanitarian Affairs, Integrated Regional Information Network, "The Role of Liberia's Logging Industry on National and Regional Insecurity" (briefing to the UN Security Council by Global Witness, New York, 24 January 2001), 1.

38. The named arms dealers are Gus Kouwenhoven and Talal El-Ndine.

United Nations Office for the Coordination of Humanitarian Affairs, Integrated Regional Information Network, "The Role of Liberia's Logging Industry," 4; United Nations Security Council, *Report of the Panel of Experts Appointed Pursuant to UN Security Council Resolution 1306 (2000), Paragraph 19, in Relation to Sierra Leone*, S/2000/1195, par. 49.

39. United Nations, *Report of the Panel of Experts Appointed Pursuant to Security Council Resolution 1306 (2000), Paragraph 19, in Relation to Sierra Leone*, S/2000/1195, par. 49.

40. James Astill, "Liberian Regime Under Threat," *Guardian* (London), 28 May 2001, 12.

41. Anthony Lewis, "France and Taylor's 'Presidential Pepperbush,'" *Global Policy Forum,* 5 June 2001, <www.globalpolicy.org/security/issues/liberia/2001/0605timb.htm> (11 September 2001).

42. Global Witness, "The Role of Liberia and Its Logging Industry on National and Regional Insecurity," *Global Witness,* May 2001, <www.oneworld.org/globalwitness> (11 September 2001).

43. "Liberian Timber Profits Finance Regional Conflict," *Africa Online,* 8 May 2001, <www.africaonline.com/> (4 July 2001).

44. Carola Hoyos, "Liberian Timber in UN spotlight," *Financial Times,* 27 January 2001, 8; "Liberia Moves to Ward Off U.N. Embargo," *New York Times,* 24 January 2001, A8; Christopher S. Wren, "New Sanctions Likely to Fall on Liberians," *New York Times,* 26 January 2001, A9; Barbara Crossette, "Behave or Face a Diamond Ban, Security Council Tells Liberians," *New York Times,* 8 March 2001, A6.

45. United Nations Security Council, *Report of the Secretary-General in Pursuance of Paragraph 13(a) of Resolution 1343 (2001) Concerning Liberia,* S/2001/939, New York, 5 October 2001, pars. 34–38.

46. David Cortright, George A. Lopez, and Richard W. Conroy, "Flawed UN Arms Embargoes in Somalia, Liberia, and Rwanda," in Cortright and Lopez, *The Sanctions Decade: Assessing UN Strategies in the 1990s* (Boulder, Colo.: Lynne Rienner Publishers, 2000), 198.

47. "Peace Here Means War Elsewhere," *The Economist,* 23 June 2001, 44.

48. Ian Fisher and Norimitsu Onishi, "Chaos in Congo: Armies Ravage a Rich Land, Creating Africa's 'First World War,'" *New York Times,* 6 February 2000, <www.nytimes.com> (28 June 2001).

49. United Nations Security Council, *Report of the Panel of Experts on the Illegal Exploitation of Natural Resources and Other Forms of Wealth of the Democratic Republic of the Congo*, S/2001/357, New York, 12 April 2001.

50. "Congo's Hidden War," *The Economist,* 17 June 2000, 45–46.

51. Uganda exported 10.83 tons of gold in 2000 and produced only 0.0044 ton. In 1994, Uganda exported only 0.22 ton of gold, producing 0.0016 ton. United Nations Security Council, *Report of the Panel of Experts on the Illegal Exploitation of Natural Resources and Other Forms of Wealth of the Democratic Republic of the Congo,* S/2001/357, Table 1.

52. Ibid., Tables 2 and 5, par. 107.

53. Ibid., pars. 232–235.

54. United Nations Office for the Coordination of Humanitarian Affairs, Integrated Regional Information Network, "DRC: Natural Resources Exploitation Panel Resumes Work," New York, 28 February 2002, <www.reliefweb.int/IRIN/cea/countrystories/drc/20010504.phtml> (11 March 2002).

55. Fatal Transactions Campaign, "Diamond, a *Merciless* Beauty," <www.niza.nl/uk/campaigns/diamonds/index.html> (28 June 2001).

56. Holly Burkhalter, "Getting to Yes," monthly update, *Physicians for Human Rights,* <www.phrusa.org/campaigns/beltway_entries/beltway2.html> (28 June 2001).

57. Global Witness, *Possibilities for the Identification, Certification and Control of Diamonds* (London: Global Witness, June 2000), 7.

58. Blaine Harden, "Africa's Diamond Wars—Africa's Gems: Warfare's Best Friend," *New York Times,* 6 April 2000, A1; Smillie, Gberie, and Hazleton, *The Heart of the Matter,* 20.

59. Smillie, Gberie, and Hazleton, *The Heart of the Matter,* 21.

60. Shaun Gatter, "De Beers Guarantees Rebel Free Diamond Sales," *Rapaport News*, 29 March 2000, <www.diamonds.net> (20 June 2001).

61. Global Witness concluded: "Given that De Beers were, according to their own reports, buying a substantial proportion of Angolan rough diamonds, at a time when a large section of the country's diamond mines were under UNITA's control, one could conclude that the drive to keep the lucrative outside market buoyant was a primary concern—despite the consequences this might have for the people of Angola during this period." Global Witness, *A Rough Trade,* 4.

62. Canada plans to have three diamond mines operational by the year 2005, and if production estimates are accurate, Canada could produce up to 15 percent of the world's diamonds. James Brooke, "Canada Tries to Make Clear Its Diamonds Are Different," *New York Times,* 12 August 2000, A1.

63. Francesco Guerrera and Andrew Parker, "De Beers: All That Glitters Is Not Sold," *The Economist,* 11 July 2000, 12.

64. Francesco Guerrera et al., "The Changing Face of the Diamond Industry," *Financial Times,* 11 July 2000, 16.

65. Lurking behind NGO publicity concerns and whatever civic consciousness it created was a reasonable business assumption by De Beers that the certification system was likely to help its own competitive position in the medium to long term, as it would drive up the cost of local diamonds to its junior competitors, who could no longer rely on a large supply of rebel-based, uncertified diamonds.

66. United Nations Security Council, *Supplementary Report of the Monitoring Mechanism on Sanctions Against UNITA,* S/2001/966, New York, 12 October 2001, par. 152.

67. World Diamond Council, "WDC Calls for International Action on Conflict Diamonds," *Rapaport News,* 7 September 2000, <www.diamonds.net> (21 May 2001).

68. United Nations Security Council, *Supplementary Report of the Monitoring Mechanism on Sanctions Against UNITA*, S/2001/966, par. 167.

69. Global Witness, *Possibilities for the Identification, Certification and Control of Diamonds,* 31.

70. Ibid., 32–33.

71. The Ekati mine in Canada's Northwest Territories has created a chain of custody, from the mine to the consumer, which involves an elaborate database tracking system into which individual stones are checked and monitored throughout the process. Brooke, "Canada Tries to Make Clear."

72. Global Witness, *Possibilities for the Identification, Certification and Control of Diamonds*, 21.

73. Ibid., 49.