



## ESSAY

# THE USE OF REGIONAL DIAMOND TRADING PLATFORMS TO ACCESS CONFLICT ZONES

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CHRISTIAN DIETRICH

Rough diamonds are one of the easiest minerals to extract from a war zone. Their high value to weight ratio means that a significant investment can be suitably concealed to evade detection. This attribute generally makes researchers assume that diamond smuggling from war zones to international trading centers is impossible to control – that the illicit diamond trade is like a river, which when confronted with an obstacle, will always find an alternative channel. This is true for the multitudes of African middlemen who smuggle varying amounts of diamonds across porous borders. International dealers who purchase diamonds from war zones are, however, much more constrained in their business and must rely on a limited number of routes to access rebel territory. These dealers almost always use operating platforms in a reasonable geographical proximity to the war zone to facilitate access to rebel groups, transfer cash to diamond buying operations, physically remove diamonds from the buying zone and organise their onward transfer to the legal international market. The multitude of networks that could deal with one particular rebel group and their infinite number of international hideouts is constricted to a bottleneck in these regional diamond trading platforms, without which access to rebel groups is either impossible or becomes a highly costly affair. This paper will consider the principle regional mechanisms by which diamond dealers organise, finance, orchestrate and conceal their business dealings with African rebel groups. Conflict diamond dealers interviewed by the author expressed economic rather than political motivation for their business activities, and in this context this paper will analyse why they have chosen regional operating platforms that conform to regional political alliances.

### **Mechanics of the use of regional platforms**

When a diamond dealer establishes a buying operation in rebel territory, the following issues must be considered: the means by which one can access the war zone, deliver US dollars in cash, purchase diamonds and return these diamonds to a secure location. All of this involves

high risk. While many researchers may consider that the war zone is the most dangerous environment, this is actually where the diamond dealers have the greatest assurances of safety – assuming that they are working with the rebel administration. The origin of the diamond buying operation and the final destination of the conflict diamonds can be chosen by

the diamond dealer depending on the required criteria, such as lax customs controls or corruptible politicians. The greatest danger to the operation is the transit between point of origin, the diamond buying zone in rebel territory and then back to the point of destination. This usually compels dealers to establish forward operating centres in a regional hub, which can be used as a command post to facilitate one or more buying operations in rebel territory. In the legal diamond trade, the head administrative office for a buying company located in Africa will be the country's capital, and this is used to finance and manage outlying buying operations in the diamond fields or primary trading zones. Usually this type of administrative stability cannot be obtained in rebel territory due to militarily fluctuations and associated instability, forcing diamond buying networks to use the capitals of neighbouring states.

One of the primary considerations for choosing an external operating platform is the alignment of the incumbent regime. It is highly unlikely that diamond dealers will operate out a platform that is hostile toward their rebel business partners. Dealing in a war zone usually cannot be accomplished without tacit approval from a neighbouring country, and overt approval is generally manifested as increased access and facilitation of logistics – for example, reported ties to the Rwandan presidency enabled one diamond dealing network to consider a venture to print money for the Rwandan-controlled RCD-Goma rebel group.<sup>1</sup> Companies and individuals financing the purchase of conflict diamonds in the Democratic Republic of Congo (DRC) sent buyers first to the Central African Republic, Rwanda or Uganda, after which the dealers transited to north-eastern DRC. The same was true in many cases for dealers working with the UNITA rebels in Angola – access was gained by operating via Kinshasa, Brazzaville, Lusaka, Windhoek and Johannesburg (or Pretoria). Similarly, dealing with the RUF rebels in Sierra Leone meant first passing through Monrovia with the assistance of high level deputies of the Charles Taylor regime. In all these cases dealers worked through countries that were either aligned with, generally

profit from or were indifferent to the rebels, with preference given to the rebels' staunchest external supporters.

The importance of these regional hubs in serving as stepping stones to rebel territory is particularly acute in relation to physical movement between developed countries and African war zones. There are no direct commercial flights and instead travel logically must be conducted via a neighbouring state that has close ties to the rebel group. For example, diamond dealers flew from Brussels to Kigali and from there to Kisangani in north-eastern DRC or from Brussels to Monrovia and from there chartered a helicopter to RUF territory in Sierra Leone. Access to rebel territory in these cases could only be gained through the use of local airlines or charter services, which exist due to positive relations between the governments of these countries and neighbouring rebel groups. Sometimes this also facilitated rescue operations as was the case when a diamond dealer's plane crashed in Congolese rebel territory in 2000, and two rescue operations were mounted from its base in Bangui, which was unofficially aligned with the MLC rebel leader Jean-Pierre Bemba.

The regular movement of cash to a war zone is also a vital issue that diamond dealers must orchestrate. Middlemen have on occasion simultaneously dealt in arms and diamonds, essentially supplying illicit weapons as a direct barter exchange for 'conflict' diamonds.<sup>2</sup> The mechanisms of this trade pertain to the methods used to supply arms, which often requires the use of countries neighbouring the conflict zone, but this method of barter trading is uncommon and largely undocumented. Available information from several African conflict zones shows that known international diamond dealers establish buying operations in rebel territory and are not simply receiving diamonds in exchange for weapons deliveries. The question then pertains to moving enough cash regularly to the buying zone to maintain a diamond operation. There are no working banks in rebel territory so money cannot be wired to an account and cash withdrawn for diamond buying. Instead it must be physically trans-

ferred by couriers. This requires a secure transit point that has direct access to both international destinations and rebel territory. This enables the linking of two courier systems – one to bring cash to the regional platform from abroad and one to further distribute the money to diamond buying operations in rebel territory. As such, regional platforms are the best alternative when they use a country's support of a neighbouring rebel group as in the case of Uganda and the Congolese MLC and RCD-N rebel groups. Sometimes, however, crime in the platform country disrupted diamond buying activities. For example, thugs stole US\$ 550,000 from diamond dealers along the Entebbe-Kampala highway after the cash had been delivered from Antwerp in July 2000.<sup>3</sup>

The pivotal role played by neighbouring countries in accessing conflict diamonds is equally important for the safe 'export' of diamonds to global trading centres. Usually the best way into a war zone is also the best way out for diamond dealers who are transporting an easily hidden commodity. Neighbouring platforms are therefore effective transshipment points for the initial movement of diamonds from illicit production in rebel territory to the legitimate international trade. This was especially true following the imposition of UN Security Council embargoes on diamonds from the rebels in Angola, Sierra Leone and on the government of Liberia starting in the late 1990s, and certification regimes implemented by the governments of Angola, Sierra Leone and Guinea following the UN sanctions. Sanctions forced diamond dealers

to cease their obvious connections to rebels. One of the clearest forms of evidence was when dealers declared the provenance of diamonds to customs officials in a global diamond trading centre such as Belgium. Dealers would often go to considerable effort to disguise the true origin of their diamonds from the Belgian authorities to avoid questioning by law enforcement officials. One method would be to launder the conflict diamonds through the legitimate production of neighbouring countries such as the Central African Republic and Guinea, where bribes could be paid to create fictitious paper work. Other countries such as the Republic of Congo (Brazzaville) and The Gambia were also used because, although they have no domestic diamond production of their own, they are known diamond transshipment points and were never embargoed.<sup>4</sup>

### Case studies

The chart below outlines the main connections between rebel groups and neighbouring countries that have been used as platforms. The following case studies will briefly describe some of the key elements concerning the role of these regional platforms in the African conflict diamond trade since the 1990s.

#### *Angola*

UNITA commenced diamond production in the early 1990s in earnest, and produced more diamonds than all other rebel groups combined. The diamonds were derived mainly from mining areas in the Lunda provinces and

<i>Conflict area</i>	<i>Rebel group(s) producing diamonds</i>	<i>Principle countries of access used by diamond dealers</i>
Angola	<ul style="list-style-type: none"> <li>• <i>União Nacional para a Independência Total de Angola (UNITA)</i></li> </ul>	Central African Republic, DRC, Namibia, Republic of Congo, South Africa, Zambia.
DRC	<ul style="list-style-type: none"> <li>• <i>Mouvement de liberation du Congo (MLC)</i></li> <li>• <i>Rassemblement congolais pour la démocratie-Goma (RCD-Goma)</i></li> <li>• <i>Rassemblement congolais pour la démocratie-National (RCD-N)</i></li> </ul>	Burundi, Central African Republic, Republic of Congo, Rwanda, Tanzania, Uganda.
Sierra Leone	<ul style="list-style-type: none"> <li>• <i>Revolutionary United Front (RUF)</i></li> </ul>	The Gambia, Guinea, Côte d'Ivoire, Liberia.

the Cuango valley in northern Angola, with less production in the central highlands around UNITA's former headquarters and Mavinga in the south-east. The rebels' strong military position in the 1990s created a *de facto* partitioning of Angola and led to a prolonged and unsuccessful peace process. It also enabled diamond dealers to travel directly to UNITA airfields in private planes that had been leased in southern and central Africa. A dealer could, in theory, have flown directly from Europe, and some probably did, although refueling took place in neighbouring countries because UNITA did not maintain stores of jet fuel. UNITA also established the most sophisticated diamond smuggling operation in the world and was able to manage a global distribution network. This was largely due to the movement's 30 years of experience as a rebel group. One might assume that this would negate the role of neighbouring operational platforms for diamond dealers working with UNITA. While it certainly enabled business interactions in international destinations, the use of neighbouring countries cannot be underestimated, especially following the imposition of UN sanctions and subsequent investigation into UNITA's international diamond distribution chain and use of foreign bank accounts.

Almost every known diamond dealer who worked with UNITA from 1992 – 2002 simultaneously managed diamond trading operations in at least one of Angola's regional neighbours, specifically DRC (Zaire), Republic of Congo-Brazzaville, Zambia, Namibia or South Africa. Several of these dealers were also involved in the sale of commodities in rebel territory, which required neighbouring platforms to facilitate transshipment. While the direct movement of money and personnel from Europe to UNITA territory was possible, there are several possible explanations as to why so many dealers working with UNITA were simultaneously buying diamonds in central and southern Africa. First, diamond dealers already active in central Africa were the first to capitalise on UNITA's increased diamond mining and exporting capacity in the 1990s and therefore dominated this trade. Second, overhead for diamond buying operations in

UNITA territory was reduced when combined with other diamond buying activity, such as in the DRC (Zaire). Third, dealers active in neighbouring capitals such as Kinshasa benefited from their commercial relations with regimes aligned with the Angolan rebels. These routes naturally became less attractive as platforms when new regimes were installed in the DRC and the Republic of Congo with the military assistance of the Angolan army in 1997. Following this, other routes such as the Central African Republic, Rwanda and Zambia became viable alternatives, although the networks dealing with UNITA continued to use the name of Brazzaville and Kinshasa on Belgian import declarations.

#### *Democratic Republic of Congo*

The most common means of access to Congolese rebel groups was through Rwanda and Uganda. These two countries maintained a number of rebel proxies through their military deployment in the DRC. Kigali and Kampala's war effort mutated from the looting of resources as an offshoot of military occupation in the DRC to a longer-term objective of military commercialism whereby entrepreneurial considerations served as a key component of foreign military deployment.<sup>5</sup> Both countries and their Congolese rebel proxies established complex mechanisms to control and direct the commercialisation of natural resources, including diamonds, in occupied territory. The rebels could not adequately control artisanal miners and Congolese middlemen, but they could oversee the activities of foreign buyers in their zones of influence. As a result, one of the tactics was to award diamond export monopolies to foreign companies that presumably paid a premium for this right. These dealers could only gain access to Congolese rebel groups through Rwanda and Uganda, which increasingly orchestrated the looting of natural resources through the administrative structures of their rebel proxies.

The role of neighbouring operating platforms is best exemplified by the division of the diamond fields in north-eastern DRC around Kisangani by Rwanda and Uganda. Troops from these two countries and their rebel

proxies seized Kisangani in 1998 during the early stages of their incursion into the DRC. The rebels and their external patrons then licensed diamond dealers to operate buying offices in Kisangani – some of these dealers reportedly had also been involved with the UNITA rebels. The Rwandans and Ugandans uneasily shared Kisangani, and especially the town's diamond wealth, with soldiers from the two armies providing protection to aligned diamond dealers. This system eventually collapsed, and there is anecdotal evidence that successive wars between Rwanda and Uganda for control of Kisangani were waged for access to the lucrative diamond trade. Following the last of these clashes in 2000, the Ugandan army pulled out to the north of Kisangani, and the diamond buyers working through Uganda, such as Ismail Kamil Dakhlallah, were forced to return to Kampala.<sup>6</sup> While the Ugandan army remained active around the diamond mining areas of Bafwasende and Banalia where they oversaw the protection of foreign diamond dealers, Rwanda and the RCD-Goma rebels assumed full administrative control of Kisangani and made their own arrangements, including giving a diamond export monopoly to Aziz Nassour in late 2000. The rebels awarded several successive monopolies to other Lebanese diamond dealers after the departure of Nassour, with the dealers forced to operate via Kigali. Ironically, the unharmonious division of Congolese resources between Rwanda and Uganda, often expressed by military confrontation between their respective rebel proxies in eastern DRC, appears to have been reversed in relation to the Kisangani diamond market in late 2002. This was when exclusive export licenses were awarded to two new diamond companies, Lac Kivu and Vert Diamant, which were associated with Lebanese dealers who previously had been forced out of Kisangani in 2000 and moved their operations to Kampala.

Diamond dealers also accessed Congolese rebel territory from Central African Republic (CAR). The former regime of Ange-Felix Patassé was closely aligned with Jean-Pierre Bemba's MLC rebel movement so much so that on several occasions Bemba deployed troops to the CAR to defend Patassé from

domestic military opposition. The MLC grew to rely on Bangui as a supply route for matériel and other commodities, including petrol, due to the geographic proximity between the rebel headquarters in Gbadolite and the CAR capital. Bangui essentially served as a rear base for the MLC until the overthrow of Patassé by François Bozize in March 2003. This close relationship fostered and was eventually partially based on the illicit trade in Bemba's conflict diamonds through Bangui. There were between five and eight official diamond exporters in CAR from 1998–2003, and several of these maintained diamond buying operations in MLC territory.<sup>7</sup> Some of this trade seems to appear in official diamond industry data, which lists official exports from CAR at around US\$60 million per annum, but with Belgian import data surpassing this by a factor of two or three during the recent DRC war.

#### *Sierra Leone*

The Revolutionary United Front (RUF) rebels were not heavily involved in the diamond business until the mid and late 1990s, from which point they exerted a military hold on the Kono District and the Tongo Field, the most important diamond mining areas in Sierra Leone. Rebel commanders would generally transfer the diamonds mined in Sierra Leone to Monrovia, Liberia where they would pass through circuits controlled by Charles Taylor. Naturally, the international diamond dealers who purchased from the RUF were mostly forced to operate their buying activities from Liberia, where they could deal directly with RUF commanders, or use Monrovia to travel to RUF territory in Sierra Leone. Such overt support by Monrovia for the RUF made Liberia a vital platform for the arming of the Sierra Leone rebels and for conducting diamond exchanges. This was also apparent to the international community and successive reports by UN panels of experts determined that the only method of curtailing this illicit circuit for Sierra Leone's conflict diamonds was a diamond embargo on Liberia. This embargo, imposed in May 2001, prohibited diamond trading centres such as Belgium from importing Liberian diamonds, but presented no other control mechanisms on the

laundering of RUF and Liberian diamonds through other circuits. The diamond dealers involved with the RUF through the Monrovia platform therefore continued their business activities, and used lax customs controls in countries such as Belgium to provide false declarations of the origin of their diamond imports, either using neighbouring countries such as The Gambia and Guinea, or central African diamond exporters such as the Republic of Congo (Brazzaville) or the DRC. The sanctions, therefore, did not alter the viability of Monrovia as a regional platform that presented the means of best access to the RUF, whether in Monrovia itself or in rebel territory in Sierra Leone. This means of access was facilitated by key brokers such as Ibrahim Bah who were vital to the RUF/Charles Taylor diamond axis and who traveled extensively in West Africa.<sup>8</sup> Ironically, the LURD (Liberians United for Reconciliation and Democracy) rebels that initially invaded Liberia from Guinea in 1999 began smuggling diamonds out through neighbouring platforms to which they were aligned – Guinea and Sierra Leone.<sup>9</sup>

## Conclusion

The use of neighbouring platforms to conduct diamond business with rebel groups is a common factor to the three war zones analysed in this paper. Diamond dealers have chosen these regional platforms to facilitate their interaction with rebel groups in Angola, the DRC and Sierra Leone because these represent the safest and most cost-effective means of access. The research community and non-profit organisations have often focused more on the dynamics of war zones and economic motivations in conflict. The means by which foreign entrepreneurs physically move in and out of war economies was given less attention prior to the establishment of UN expert panels tasked with investigating sanctions busting and illegal exploitation. Generally, however, these panels have been ineffective in curtailing the movement of conflict diamonds, whether embargoed in the cases of Angola, Liberia and Sierra Leone or simply illicit in the case of the DRC. The panels mostly received information about the activities of

international diamond dealers once their diamond trading with rebel groups had ceased. Much of this is the result of intense secrecy in even the official international diamond trade, where diamond importers in a trading centre such as Belgium have no visible links to their legal diamond buying operations in Africa and elsewhere. Conflict diamond dealers and those who finance them have been even more discreet with their operations that, although known to other diamond traders, form a critical aspect of the industry's concealment from outside interests. The activities of conflict diamond dealers have been even harder to uncover due to their reliance on regional platforms to access war zones. There is usually greater focus on and therefore more transparency in the internal workings of rebel groups than there is in neighbouring countries where the conflict diamond dealers have been able to conceal their illicit business behind the legitimate diamond trade with the assistance of local elite networks.

The implementation of the Kimberley Process international monitoring scheme in 2003 made many believe that the problem of conflict diamonds would be alleviated by controlling rough diamond movements, especially from conflict prone regions. While the wars that initially motivated the international community to take action against conflict diamonds have now officially ceased – Angola, DRC, Liberia and Sierra Leone – the Kimberley Process has had a negligible effect on this positive development. Should any of these wars be re-ignited, it is doubtful that the certification scheme can adequately prevent the international diamond industry from commercialising diamonds purchased in war zones. The fundamental building block of the Kimberley Process is the nation-state's ability and willingness to monitor its internal trade and borders. This seemingly does not apply to most African states, and especially those in proximity to war zones. The Kimberley Process requires that diamond trading centres such as Belgium only import diamonds with the proper Kimberley certification, and therefore Belgian imports can no longer far exceed the exports and even the productive capacity of African countries. This put an end to the

most efficient method of laundering conflict diamonds – through spontaneous declarations with false paperwork at Belgian customs. The inability of African states to monitor their domestic diamond trade and to ensure that their official exports do not comprise diamonds that have been smuggled from regional neighbours, remains a fundamental weakness. As such, the problem of regional operating platforms serving to connect conflict diamond dealers and rebel groups has the ability to undermine the Kimberley Process if the certification scheme is tested in the future.

## Notes

1. C Dietrich, *Hard currency: The criminalised diamond economy of the Democratic Republic of the Congo and its neighbours*, Partnership Africa Canada, Ottawa, June 2002; and Sanjivan Ruprah/US Government Letters, International Peace Information Service, Antwerp, 13 October 2003.
2. Diamond dealers have also participated in a triangular trade whereby conflict diamonds are sent to a seemingly legitimate dealer who then transfers money from his bank account to that of the actual weapons supplier, who then transfers the weapons to rebels, often via neighbouring countries. See UNITA's diamond mining and export capacity, in J Cilliers and C Dietrich (eds.) *Angola's war economy: The role of oil and diamonds*, Institute for Security Studies, Pretoria, September 2000.
3. The diamond dealers, Ismail Kamil Dakhllallah and Khalil Nazeem Ibrahim, filed affidavits with the Ugandan police presumably to claim insurance on the stolen money, and outlined their diamond buying activities in Uganda and north-eastern DRC. Dakhllallah states that he had returned to Kampala from rebel-occupied Kisangani following military clashes between the Rwandan and Ugandan armies in mid 2000. The same Ismail Dakhllallah apparently later returned to Kisangani to operate a diamond comptoir in late 2002 with Rwanda's proxy rebel group, RCD-Goma.
4. The fact that Belgium and other global diamond trading centres maintained a system of spontaneous declarations of origin also meant that geographical proximity was not always necessary. Russian diamonds arriving in Belgium were declared as originating in Liberia, the Republic of Congo and the Central African Republic simply to evade tax on non-African rough diamond imports. Such falsified import declarations further helped to disguise the trade in conflict diamonds.
5. C Dietrich, *The commercialisation of military deployment in Africa*, *African Security Review* 9(1), Institute for Security Studies, Pretoria, 2000.
6. See note 2.
7. C Dietrich, *Hard currency: The criminalised diamond economy of the Democratic Republic of the Congo and its neighbours*, op cit; and C Dietrich, "Diamonds in the Central African Republic: Trading, valuing and laundering", Partnership Africa Canada, January 2003.
8. See Report of the Panel of Experts appointed pursuant to Security Council Resolution 1306 (2000), Paragraph 19, in relation to Sierra Leone, and Report of the Panel of Experts appointed pursuant to Security Council Resolution 1395 (2002), Paragraph 4, in relation to Liberia, UN, New York.
9. Report of the Panel of Experts appointed pursuant to Security Council Resolution 1395 (2002), Paragraph 4, in relation to Liberia, UN, New York.