



DPSN**MUN**'14

Historic General Assembly DPSNMUN '14



Drafting a comprehensive framework to
combat terrorist financing through conflict
diamonds

BACKGROUND GUIDE

LETTER FROM THE EXECUTIVE BOARD

Greetings Delegates!

It gives us immense pleasure to be a part of the Executive Board of the Historic General Assembly of the inaugural session of the DPS Noida Model UN Conference, one of the largest and most popular committees to be simulated this year with close to a 100 representatives.

Kindly note that this will be a Historic session, with the freeze date in **December, 2000.**

The agenda that we shall be discussing is of utmost importance to the world and covers all the aspects, be it social, economical, political or legal.

Now we as an Executive Board have certain expectations from you all. During the course of the committee and our time of deliberating upon it, we want you diplomats to formulate a different, a more comprehensive and more effective Kimberley Process, free of its current loopholes which its drafters back in 2000 were unaware of.

This Background Guide has been made to help you kick start your research and in no means does it limit the scope or encompasses your research entirely.

Also kindly note, we expect extremely high levels of diplomacy and level of debate from all of you. The key to excellence in a Model UN Conference is the perfect balance of passion and calm and we sincerely hope that you people will live up to our expectations.

In the end we would like to wish all of you the very best for the conference and hope that you too are looking forward to it as much as we are.

Thank You

Executive Board- Historic General Assembly, DPSNMUN'14

Chairperson- Shiva Sharan

Vice Chairperson- Nayanthara Nath

Rapporteur- Arush Gupta

What are conflict diamonds or blood diamonds?

Conflict diamonds are diamonds illegally traded to fund conflict in war-torn areas, particularly in central and western Africa. The United Nations (UN) defines conflict diamonds as "...diamonds that originate from areas controlled by forces or factions opposed to legitimate and internationally recognized governments, and are used to fund military action in opposition to those governments, or in contravention of the decisions of the Security Council." These diamonds are sometimes referred to as "blood diamonds."

Conflict diamonds captured the world's attention during the extremely brutal conflict in Sierra Leone in the late 1990s. During this time, it is estimated that conflict diamonds represented approximately 4% of the world's diamond production. Illicit rough diamonds have also been used by rebels to fund conflicts in Angola, Liberia, Ivory Coast, the Democratic Republic of Congo and the Republic of Congo (also known as Congo Brazzaville).

Which are the areas they are sourced from and what has been the impact there?

Angola

- Civil war: 1975–2002.
- Cost at least 500,000 lives. Thousands suffered maiming by landmines.
- Rebel group UNITA controlled 60–70% of Angola's diamond production.
- UN Security Council diamond sanctions imposed in 1998, lifted in 2002.

DRC

- Civil war: 1998–2003 with continuing insecurity in north.
- Cost at least 3.3 million lives.
- Rebel groups supported by neighbouring countries competed for resource-rich diamond areas in north.

Sierra Leone

- Civil war: 1991–1999.
- Cost at least 50,000 lives. Civilians suffered killings, mutilation, rape, torture and abduction.
- Rebel group Revolutionary United Front was mining between \$25 and \$125 million worth of diamonds annually.
- UN Security Council diamond sanctions put in place in 2000, lifted in 2003.

Liberia

- Civil war: 1989–1997, 2000–2003 with continuing insecurity outside capital.
- Cost at least 200,000 thousand lives. Widespread human rights violations committed by all sides and 1 million displaced.
- Conduit for RUF diamonds and arms imports.
- UN Security Council diamond sanctions put in place in 2001, reapplied in 2003 and due for review in May 2004.

Why are they a problem?

- Diamond-fuelled wars have killed over 4 million people, destroyed countries, and displaced millions more.
- Blood diamonds are not just a problem of the past. Blood diamonds from West Africa are currently reaching international markets. The UN recently reported \$23 million in blood diamonds from the Ivory Coast are being smuggled into international diamond markets. Diamonds have fuelled the conflict in the Congo (DRC), the bloodiest war since WWII; armed violence and human rights abuses continue over control of diamonds mines in eastern Congo. As the brutal conflict in Sierra Leone shows, even a small amount of conflict diamonds can wreak enormous havoc in a country.
- The government-run Kimberley Process, set up to stop the trade in conflict diamonds, has serious weaknesses that must be addressed to make this system effective. Government controls are not strong enough or enforced effectively enough to make sure that diamonds mined by rebel groups don't get sold to fuel conflict.
- The diamond industry, worth \$60 billion in 2005, has failed to match its rhetoric with action. It agreed to police itself in support of the Kimberley Process, but it has not made a wholesale change in the way it operates to make sure that diamonds never again fuel conflicts. Some members of the industry continue to operate with impunity - breaking the law and trading in blood diamonds - while the rest of the industry turns a blind eye.
- The industry's voluntary system of warranties is more of a PR exercise than a credible system. It is not a robust or credible system that will combat conflict diamonds. There is no third party verification or monitoring to make sure that companies are adhering to the system and responsibly sourcing diamonds. The warranties system is not backed up with concrete policy measures.

Diamonds and terrorism:

Diamonds have not only fuelled civil war but have also financed terrorism. In November 2001, The Washington Post exposed the role of the corrupt regime of President Charles Taylor in Liberia in facilitating access for al Qaeda operatives into Sierra Leone to launder cash into diamonds. A detailed investigation by Global witness report 'For a Few Dollars more' showed that al Qaeda had developed a strategy for using diamonds to finance local cells in East Africa as early as 1993. It also exposed how al Qaeda easily infiltrated diamond trading networks. Most within the diamond industry denied the connections between diamonds and terrorism and have continued to deny the problem and failed to take any concerted action.

A recent report by the US General Accounting Office released in November 2003, found that terrorists use various alternative financing mechanisms to earn, move and store their assets. The report examined five commodities- illicit drugs, weapons, cigarettes, diamonds and gold. Only diamonds were found to have the ability to earn money, move money and store money. The FATF of the OECD is also investigating the link between diamonds, organised crime, terrorism and money laundering.

What does the sale of blood diamonds lead to?

A portion ends up funding genocidal wars and international terrorism. According to John Pickrell as reported in the August 10, 2002, Science News, during the 1990s the Angolan rebel army Unitas generated \$3.7 billion over six years trading Conflict Diamonds. During 1999 world-wide diamond production was around \$6.8 billion, so if one presumes that this is an average annual production, Unitas controlled nearly 10% of global diamond production and distribution.

Controlling 10% of anything is phenomenal, but controlling 10% of the world diamond trade is extraordinary. Diamonds are small and easy to conceal, and high-quality diamonds command and get very high prices the world over. A small bag of high quality diamonds can easily contain several million dollars of value, which is easy to transport, and very liquid at any destination around the world. These gems are invisible to normal airport scans, and don't trigger any of the typical alarms used by security stations everywhere. Short of an actual physical search, they are unlikely to be found.

Legitimate governments around the world are expressing an interest in discovering how to identify diamonds that originate in the four African nations most responsible for the Conflict Diamond trade: Sierra Leone, Liberia, the Democratic Republic of the Congo, and Angola.

Shortly before President Clinton left office, he convened a White House conference on this subject, attended by diplomats, commercial diamond experts, and interested scientists. The fundamental question at that conference was how to identify the geographic origin of diamonds.

The underlying thought was that since diamonds come from different geologic times and regions on the Earth, it might be possible to discover some kind of "fingerprint" that would absolutely identify a diamond's source.

With emeralds and rubies, for example, their more complex chemical structures make such identification feasible. With diamonds, however, the best are pure crystalline carbon, with absolutely no chemically identifying features. As you move down the value scale, diamonds begin to take on some colour and to have small inclusions. At some point, these become sufficiently present to enable a kind of geological fingerprinting. Unfortunately, these gems are not the kind used in the Conflict Diamond trade.

Current Structure of the Kimberley Process:

TIMELINE OF THE KIMBERLEY PROCESS

1998

June 24, 1998 - The United Nations Security Council (UNSC) adopted a resolution, which prohibited, among other measures, the direct or indirect export of unofficial Angolan diamonds (those not accompanied by a Certificate of Origin issued by the Angolan Government). The Angolans showed no co-operation & as a result sanctions came into force on 1 July, 1998.

1999

October 3, 1999 - Global Witness led a group of four European NGOs in a new initiative called 'Fatal Transactions'. The group comprised Global Witness (UK), Medico International (Germany), Netherlands Institute for Southern Africa (Netherlands) & Novib (part of OXFAM). The coalition published a press release entitled 'Campaign launched to stop billion dollar diamond trade from funding conflict in Africa'. It was accompanied by a PR campaign aimed at selected journalists & jewellery retailers that used mock diamond rings in jewellery boxes with labels attached giving negative statistics about the diamond industry's impact on the prospects of peace in Angola.

2000

May 11-12, 2000 — A forum was held in Kimberley to discuss the issues surrounding conflict diamonds. This meeting signified the start of the Kimberley Process (KP).

July 5, 2000 - The UN Security Council voted to impose a world-wide ban on the purchase of rough diamonds from Sierra Leone.

July 2000 - The World Federation of Diamond Bourses and the International Diamond Manufacturers Association met in Antwerp and passed a resolution creating the World Diamond Council (WDC). The resolution called for the not-for profit WDC to develop and implement a tracking system for the export and import of rough diamonds to prevent the exploitation of diamonds for illegal purposes.

September 4-5, 2000 - A meeting of over 50 delegates from all the main diamond producing & importing countries, except Sierra Leone, DRC & India, was hosted by Namibia's Ministry of Mines & Energy. The aim of the two days was to complete the drafting of a document outlining the working group's proposals & also to draft a statement for publication by Ministers, both for ratification at a Ministerial meeting to be held in Pretoria on 21st September.

September 7, 2000 - The inaugural meeting of the World Diamond Council is held in Tel Aviv, where it is agreed that the Council be mandated to develop further & implement a comprehensive plan to curtail the trade in conflict diamonds while minimizing impact on the legitimate diamond trade.

September 19-21, 2000 - Governments, industry and NGOs finalized a document to be put forward at a forthcoming London Conference in preparation of a UN General Assembly Resolution (UNGAR) concerning ending the trade in conflict diamonds.

October 25-26, 2000 – An Intergovernmental Conference held in London (chaired by the UK Government) established a working document to be put forward for discussion at the United Nations General Assembly (UNGA)

KP Basics

The Kimberley Process started when Southern African diamond-producing states met in Kimberley, South Africa, in May 2000, to discuss ways to stop the trade in 'conflict diamonds' and ensure that diamond purchases were not financing violence by rebel movements and their allies seeking to undermine legitimate governments.

In December 2000, the United Nations General Assembly adopted a landmark resolution supporting the creation of an international certification scheme for rough diamonds. By November 2002, negotiations between governments, the international diamond industry and civil society organisations resulted in the creation of the Kimberley Process Certification Scheme (KPCS). The KPCS document sets out the requirements for controlling rough diamond production and trade. The KPCS entered into force in 2003, when participating countries started to implement its rules.

Who is involved?

The Kimberley Process (KP) is open to all countries that are willing and able to implement its requirements. The KP has 54 participants, representing 81 countries, with the European Union and its Member States counting as a single participant. KP members account for approximately 99.8% of the global production of rough diamonds. In addition, the World Diamond Council, representing the international diamond industry, and civil society organisations, such as Partnership-Africa Canada, participate in the KP and have played a major role since its outset.

How does the Kimberley Process work?

The Kimberley Process Certification Scheme (KPCS) imposes extensive requirements (*) on its members to enable them to certify shipments of rough diamonds as 'conflict-free' and prevent conflict diamonds from entering the legitimate trade. Under the terms of the KPCS, participating states must meet 'minimum requirements' and must put in place national legislation and institutions; export, import and internal controls; and also commit to transparency and the exchange of statistical data. Participants can only legally trade with other participants who have also met the minimum requirements of the scheme, and international shipments of rough diamonds must be accompanied by a KP certificate guaranteeing that they are conflict-free.

The Kimberley Process is chaired, on a rotating basis, by participating countries. So far, South Africa, Canada, Russia, Botswana, the European Union, India, Namibia, Israel, the Democratic Republic of the Congo and the United States of America have chaired the KP, and South Africa is the Chair in 2013. KP participating countries and industry and civil society observers gather twice a year at intercessional and plenary meetings, as well as in working groups and committees that meet on a regular basis. Implementation is monitored through 'review visits' and annual reports as well as by regular exchange and analysis of statistical data.

<i>Composition</i>	
<u>Chair:</u>	The Kimberley Process Certification Scheme (KPCS) imposes extensive requirements (*) on its members to enable them to certify shipments of rough diamonds as 'conflict-free' and prevent conflict diamonds from entering the legitimate trade. Under the terms of the KPCS, participating states must meet 'minimum requirements' and must put in place national legislation and institutions; export, import and internal controls; and also commit to transparency and the exchange of statistical data. Participants can only legally trade with other participants who have also met the minimum requirements of the scheme, and international shipments of rough diamonds must be accompanied by a KP certificate guaranteeing that they are conflict-free.
<u>Members:</u>	States must meet 'minimum requirements' and must put in place national legislation and institutions; export, import and internal controls; and also commit to transparency and the exchange of statistical data. Participants can only legally trade with other participants who have also met the minimum requirements of the scheme, and international shipments of rough diamonds must be accompanied by a KP certificate guaranteeing that they are conflict-free.

(*)The requirements for participation are outlined in Sections II, V (a) and VI (8, 9) of the KPCS.

<i>History</i>	
<u>2012</u>	Trade with other participants who have also met the minimum requirements of the scheme and international shipments of rough diamonds must be accompanied by a KP certificate guaranteeing that they are conflict-free.
<u>2011</u>	Under the terms of the KPCS, participating states must meet 'minimum requirements' and must put in place national legislation and institutions; export, import and internal controls; and also commit to transparency and the exchange of statistical data. Participants can only legally trade with other participants who have also met the minimum requirements of the scheme, and international shipments of rough diamonds must be accompanied by a KP certificate guaranteeing that they are conflict-free.
<u>2010</u>	Under the terms of the KPCS, participating states must meet 'minimum requirements' and must put in place national legislation and institutions; export, import and internal controls; and also commit to transparency and the exchange of statistical data. Participants can only legally trade with.

Problems to be addressed in the committee

Problem 1: Terrorism funding by sale of conflict diamonds

Problem 2: Depletion of Diamond Reserves

Problem 3: Unmitigated Exploitation by De Beers and other Corporations

Problem 4: Loopholes in the Kimberley Process

Citations:

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5. http://www.amnestyusa.org/sites/default/files/pdfs/cd_dl_actionguide_feb2007.pdf
6. <http://www.argee.net/DefenseWatch/Conflict%20Diamonds-Funding%20Terrorism.htm>

