

Blood Diamonds: More than One Fifth of Diamonds Sold Worldwide are Funding Bloodshed and Violence

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Nobody wants to give, or receive, a present tarnished by bloodshed and violence, but this Christmas, many people will end up with blood on their hands.

Over one-fifth of diamonds on the global market in value terms are a significant source of funding for regimes guilty of the most grievous human rights violations. If these diamonds were funding rebel groups they would, rightly, be considered blood diamonds and banned. But these blood diamonds evade all regulation, are labelled conflict-free and masquerade as ethical diamonds.

Successful fraudsters tell barefaced lies that are so audacious their victims cannot begin to believe or even suspect that anything is awry. This is precisely how the jewellery industry has conned the public and mainstream media into believing the trade in blood diamonds has ended even though the industry continues to launder \$billions of blood diamonds every year.

Smoke and Mirrors

There is no legal definition of a blood diamond. However, most people consider diamonds associated with, or that are a significant source of revenue used to commit, war crimes or crimes against humanity to be blood diamonds. But when revenue from diamonds is used to fund human rights violations by government forces, it is ignored and swept under the carpet by the jewellery industry.

The Kimberley Process (KP) regulations govern the trade in rough (unpolished) diamonds. Some of those who drafted the KP regulations would lose the most if all blood diamonds were banned. It should be no surprise then that the trade in blood diamonds remains fully legal. Yes, fully legal.

There are no laws banning blood diamonds. The KP only prohibits trade in “conflict diamonds” the definition of which is deliberately restricted to “rough diamonds used by rebel movements to finance conflict aimed at undermining legitimate governments”.

While rough diamonds, which are traded within the diamond industry, are regulated, the cut-and-polished diamonds which consumers buy are not.

Despite the chorus of voices in the diamond industry claiming “conflict diamonds” constitute less than 1% of the global market, over one-fifth of diamonds (in value terms) come from or are processed in countries governed by rogue regimes guilty of serious human rights

violations. One of these countries, Israel, has developed a stockpile of [unregulated nuclear weapons](#).

Employing a smoke and mirror matrix of regulations, warranties, standards and carefully crafted buzzwords, the diamond jewellery industry, in cahoots with vested governments, has constructed a near perfect cover for the trade in blood diamonds.

Quarantine and Sanitize

From the outset, the diamond jewellery industry has employed tactics to restrict and minimize the fallout from the blood diamond problem.

By limiting discussion about blood diamonds to the sourcing of rough diamonds the industry tries to corral the issue within the mining sector in Africa primarily thereby protecting the high value cut and polished diamond trade on which the entire industry is so dependant.

Although revenue from the Israeli diamond industry is estimated to generate [\\$1billion per year](#) for the Israeli military which stands accused of war crimes, cut-and-polished blood diamonds evade all legal sanction and freely enter the legitimate market.

Rather than using the term blood diamond, the more palatable, less emotive and very restrictive term “conflict diamond” was latched on to by the jewellery industry.

The focus on “conflict diamonds”, which only applies to rough diamond used by rebels, keeps consumers in the dark about other blood diamonds that fund human rights violations by state agents. It promotes public acceptance of the view that blood diamonds are only a problem in areas where rebel movements are involved in violence against legitimate governments.

But this is not the case as blood diamonds, both rough and cut-and-polished, also fund rogue governments, some with the most sophisticated weapons of war that they frequently use against civilian populations under their cosh.

Faux Credentials

In order to disguise the gaping hole in the Kimberley Process regulations that allows for the legal trade in blood diamonds that fund rogue regimes the World Diamond Council introduced a bogus System of Warranties (SoW).

The SoW purports to extend the scope of the Kimberley Process to cut-and-polished diamonds by the seller of diamonds self-certifying diamonds are conflict free simply by including the following statement on sales invoices:

“The diamonds herein invoiced have been purchased from legitimate sources not involved in funding conflict and in compliance with United Nations resolutions. The seller hereby guarantees that these diamonds are conflict free, based on personal knowledge and/or written guarantees provided by the supplier of these diamonds.”

This meaningless statement is plainly not worth the paper it’s written on. It doesn’t change or enhance the Kimberley Process regulations one iota. The “conflict free” claim cannot be substantiated. It doesn’t mean the diamonds haven’t generated funds for regimes guilty of

human rights violations. Therefore, it cannot provide any guarantee that a diamond is conflict free.

“Legitimate sources” include diamond companies in Israel, Angola and Zimbabwe where the diamond industry is linked to serious human rights violations.

It has become increasingly difficult for the industry to maintain this charade. In the October issue of [IDEX Magazine](#) Cecelia Gardner wrote:

“As for “conflict-free” – well this claim is so vague as to have no real meaning”

Cecelia Gardner is President, CEO and General Counsel of the Jewellers Vigilance Committee and General Counsel and Director of the US Kimberley Process Committee and, most significantly, she was General Counsel of the World Diamond Council, the organisation that introduced the bogus SoW that certifies diamonds as conflict-free.

She’s absolutely right. The term “conflict-free” has no real meaning, deliberately so.

Ms. Gardner goes on to ask: Conflict where?

She clearly needs to spend some time in Palestine, in the Lundas region of Angola or the Marange area of Zimbabwe.

The discredited Kimberley Process and the bogus SoW form the platform on which the global jewellery industry has piled a plethora of porous standards to deceive the public and mask the bloodshed and corruption which envelopes the industry all the way to some of the most exclusive jewellery establishments and red-carpet occasions worldwide.

Whitewashing

The most egregious of these fraudulent standards must be the [Code of Practices](#) (COP) promoted by the Responsible Jewellery Council (RJC).

The RJC was set up in 2005 by leading companies and organisations in the diamond and jewellery industry to create their own standards and certification system. However, the RJC employs the Kimberley Process and WDC System of Warranties as the benchmark for ethical diamonds.

The RJC claims their 2013 COP is an international standard of responsible business practices for diamonds that is aligned with the UN Guiding Principles on Business and Human Rights and includes provision on sourcing from conflict-affected areas.

The Principles require businesses to respect human rights and “seek to prevent or mitigate adverse human rights impacts that are directly linked to their operations, products or services by their business relationships, even if they have not contributed to those impacts”.

This should mean companies that buy or sell blood diamonds or companies that discriminate in employment practices could never be certified by the RJC. But this is not the case. The standard for compliance with the RJC Code of Practices is the KP and SoW which green-lights blood diamonds linked to human rights violations by government forces.

Apparently, for the RJC, “conflict-affected areas” doesn’t include Israel/Palestine, a region

where a diamond-funded regime holds brutal sway over the indigenous Palestinian population which has been severely disenfranchised and subjected to relentless human rights violations for over 60 years.

In 2011, human rights activists from around the world co-signed a [letter to the RJC](#) pointing out the link between the Israeli diamond industry and gross human rights violations by the Israeli military. In response, the RJC said they did not accept that “the diamonds sold by Israeli companies should be considered ‘blood diamonds’”.

The RJC is a member of ISEAL Alliance, an association of international standard-setting organisations and accreditation bodies that promotes the development of credible sustainability standards. Members must comply with ISEAL Codes of Good Practices which are based on set of Credibility Principles designed to assure the rigour and veracity of standards.

Provisions 6, 10, 12 and 20 of the RJC COP set standards for Human Rights, Money Laundering, Provenance Claims and Non-discrimination respectively. Despite this, companies whose supply chain is linked to the Israeli diamond industry are certified members of the RJC.

Diamond companies in Israel directly and indirectly fund a military regime guilty of grievous human rights violations; claim their diamonds are conflict-free; discriminate against non-Jewish Palestinians who comprise 20% of the population and are mired by a corruption scandal that in 2012 “[plunged the sector into chaos](#)”.

The RJC’s “whitewashing” of companies that trade in diamonds linked to human rights violations undermines the credibility of ISEAL and calls into question the diligence of ISEAL accreditation.

Multibillion Dollar Fraud

Armed with faux credentials – KP compliance, a bogus System Of Warranties and certification by the so-called, Responsible Jewellery Council – the jewellery industry perpetrates a multibillion dollar fraud selling diamonds which they claim are conflict-free even though they fund bloodshed and corruption in Israel/Palestine, Angola and Zimbabwe.

De Beers [Diamond Insight Report 2016](#) indicates that the global polished diamond market was worth US\$24.7 billion in 2015. According to the Israeli Ministry of Economy and Industry Israel’s polished diamonds exports were valued at [US\\$4.996 billion net in 2015](#). However, data from the Israeli Central Bureau of Statistics (CBS) [website](#) indicates that the value of Israel’s polished diamond exports (HS code 710239) was US\$11.3billion net with US\$6.5billion net going to the USA which accounts for 45% of the global diamond market. The international diamond new site [The Diamond Loupe](#) and [The International Trade Centre](#) quote figures in line the CBS data.

\$Billions more of untraceable cut-and-polished blood diamonds of Zimbabwean and Angolan origin contaminate the global market after being comingled in Dubai and exported to India, China, and elsewhere.

The fact that the Kimberley Process certifies diamonds linked to serious human rights violations is beyond dispute. Human rights organisations have documented atrocities by

government forces in Israel, Angola and Zimbabwe and yet, diamonds that are a significant source of funding for these regimes continue to legally enter the market and are certified conflict-free.

Israel

The diamond industry in Israel is a [cornerstone of the economy](#), accounting for 30% of manufacturing exports worth over US\$20billion gross (US\$11billion net) in 2014. Without revenue from the diamond industry the Israeli government would find it financially and politically difficult to sustain the 49 year illegal occupation of Palestine and brutal subjugation of 4.5 million Palestinians.

Human rights organisations, including the United Nations Human Rights Council (UNHRC), [Amnesty International](#) and [Human Rights Watch](#) and the Israeli organisation [B'Tselem](#), to name just a few, have documented gross human rights violations by Israeli government forces.

In the past year alone, approximately [250 Palestinians have been killed](#) by Israeli forces, many of them children in circumstances where they posed no threat.

In 2014 Israeli forces killed over 2250 people in Gaza the vast majority of them innocent civilians including 551 children. More than 11,000 Palestinians, including 3,540 women and 3,436 children, were injured with almost 10 percent suffering permanent disabilities.

The massacre of civilians, wanton destruction of over 18,000 homes and targeting of schools, hospitals and critical infrastructure including water, electricity and sewage facilities in Gaza, could amount to war crimes according to [a report by the UNHRC](#)

During the 51 day bombardment of the besieged Gaza strip, where nearly 2 million people are confined – mainly refugees and their descendants ethnically cleansed from their homes and land in Palestine by Zionist militia in 1948 – members of the Israeli diamond industry helped fund the attack and sent [truck loads of equipment](#) to the soldiers responsible for the carnage.

As well as funding unregulated nuclear weapons, bloodshed and violence the Israeli diamond industry, which is notorious for discrimination in employment against non-Jews, is guilty of [large scale corruption](#) – operating an illegal bank that laundered billions of shekels.

Angola

In 2011 the award winning author and journalist Rafael Marques de Morais exposed hundreds of cases of murder, torture, mutilation, rape and corruption linked to the diamond industry. His book [Blood Diamonds: Corruption and Torture in Angola](#) documented the link between generals in the Angolan military and government ministers, shareholders in mining companies and security companies that have committed atrocities in the diamond mining district of Lundas.

In 2011 the main [export destinations](#) for Angolan diamonds were Dubai (47%), Israel (22%) and Switzerland (19%).

In a 2013 address to the EU Parliament Subcommittee on Human Rights de Morais remarked:

“Diamonds being mined today in Lundas are no less bloody than those that funded past wars. Today, my people are being assassinated not to fund a civil war, but out of sheer greed and malignance.”

In 2015, when Angola chaired the Kimberley Process, de Moraes was prosecuted for defaming the generals. He was given a six months suspended jail sentence.

Despite the clear link between the diamond industry and corruption and human rights violations diamonds from Angola are in full compliance with the Kimberley Process and the RJC COP.

Zimbabwe

In 2008, government forces in Zimbabwe are [reported](#) to have killed over 200 artisanal miners in the Marange area of the country. Human rights organisations, including [Global Witness](#) and [Human Rights Watch](#), labelled the diamonds blood diamonds and sought to have them banned.

Diamond exports from the Marange area were halted by the KP for “administrative reasons” in 2009. As the human rights violations were perpetrated by government forces, not by rebels, the blood diamonds which funded them were not “conflict diamonds”.

In 2011, after the KP members refused to broaden the definition of a “conflict diamond”, the blood diamonds from Marange were certified by the KP and allowed to legally enter the legitimate market.

In 2014 non-governmental organisations (NGO) continued to [document](#) serious incidents of human rights violations and corruption associated with the diamond industry in the Marange. The Centre for Research and Development in Zimbabwe noted:

“What is appalling is the fact that all the 7 companies mining in Marange are either wholly owned by government or government has 51 percent controlling stake. Driven by economic hardships and bitterness stemming from the realisation that they will never benefit from this diamond resource, people from Marange and Zimbabweans alike continue to break into Chiadzwa diamond fields to pan for diamonds in order to make ends meet Responses from company security officials continue to be brutal and heavy handed.”

Several reports indicate that the government of Zimbabwe has lost an [estimated US\\$15 billion](#) in revenue when it was stolen by companies operating in Marange where the local population has been displaced and subjected to [brutal attacks by security forces](#).

Blood diamonds from Angola and Zimbabwe go on to fund even more bloodshed and violence by Israeli forces in Palestine.

The Motherload of Corruption

The diamond industry is also a major facilitator of corruption involving the looting of resources from poor African countries.

Transfer pricing, the practice of undervaluing exports to avoid taxes in producer countries, remains a serious problem. The variation of the value of rough diamonds depends on a

whole host of factors which make it difficult for authorities in poor producing countries to monitor and adequately evaluate the true value of exported goods.

The United Arab Emirates, which chairs the KP in 2016, has been identified as a key link in the transfer pricing scandal. A cursory examination of [KP statistics](#) reveals that between 2009 and 2015, the value of rough diamonds re-exported from UAE increased in value by 35% to 74%. The average mark-up over that period was 52%. This extraordinary increase in value cannot be explained by sorting and valuation: that normally gives rise to only a 10-15% increase.

The fact that the Kimberley Process allows non-producing countries such as UAE to issue new KP certificates when re-exporting diamonds facilitates the comingling of blood diamonds from the Zimbabwe and Angola for export to centres in Belgium, Switzerland, USA, Israel, India and China.

In this way billions of dollars of Marange diamonds passed through Dubai's Tax Free Zone where they were comingled and issued with KP Certificates of mixed origin and thus became untraceable.

The exposure of this [corruption in Dubai](#) appears to have made it too hot for comfort and the USA is now the destination of choice for transfer pricing fraudsters. In the September issue of IDEX Magazine, renowned diamond industry analyst Mr. Chaim Evan Zohar [revealed astonishing details](#) about the diamond import/export racket in the USA which is described as a "transfer pricing paradise". The article indicates that the KP officials in the USA falsified ("massages") export figures in an effort to conceal the corruption and that NGO's have turned a blind eye to "the elephant in the room".

Corporate Complicity

The world's leading diamond company, De Beers, sets out the conditions which their business partners must adhere to, their [Best Practice Principles](#). The usual buzzwords, "sustainability", "human rights", "responsible sourcing" "ethical standards", "non discrimination" etc are codified. But, like the RJC, De Beers' standard for ethical diamonds is based largely on the Kimberley Process and the bogus SOW.

Making a mockery of their own Principles, De Beers continues to trade with companies in Israel where discrimination in the diamond industry is rife and revenue from the industry is directly and indirectly channelled to the military which is guilty of gross human rights violations.

According to De Beers's website, one of their business partners, A.B.T. Diamonds Ltd., makes "[significant contributions](#)" to the Israeli military as part of their corporate social responsibility.

Another client of De Beers, the Steinmetz Diamond Group which is part of Beny Steinmetz Group Resources (BSGR), was re-branded as Diacore after human rights [activists exposed](#) the fact that the Steinmetz Foundation funds and supports a Unit of the notorious Givati Brigade of the Israeli military. The Givati is guilty of the [massacre of the Samouni family](#) in Gaza – a suspected war crime according to the UNHRC.

Diacore and the auctioneering firm Sotheby's are 50:50 partners in [Sotheby's Diamonds](#) .

BSGR is also a major supplier of Tiffany's which continues to source diamonds from a BSGR mine in Sierra Leone. An [open letter](#) to Tiffany's CEO published in December 2015 details the risk to Tiffany's brand and reputation from its relationship with BSGR.

BSGR's funding and support for suspected Israeli war criminals has not disqualified it from doing business with De Beers, Sotheby's or Tiffany.

The KP Charade Continues

While the term "conflict-free" has "no real meaning" for jewellers, consumers, consumer-rights organisations and advertising standards organisations would likely have a different view.

Anyone that paid thousands of dollars for a diamond they were lead to believe was conflict-free might well feel aggrieved to learn that the entire edifice on which such assurances were construed was nothing more than a quagmire of lies.

In a [Press Release](#) in 2010 Martin Rapaport, a leading voice in the global diamond industry said:

"The Kimberley Process (KP) is aiding and abetting severe human rights violations as it certifies, legalizes and legitimizes blood diamonds"

Nothing has changed in the interim. The KP hasn't broadened the definition of a "conflict diamond" - the issue wasn't even on the agenda at the recent KP Plenary meeting in Dubai.

In 2016, the KP was chaired by Ahmed Bin Sulaymen, from the United Arab Emirates. Despite his best efforts to woo members of the Civil Society Coalition (CSC) - even setting up a fund to reward NGOs that participate in KP events - the CSC upheld a yearlong boycott of the KP. The CSC protested the UAE's chairmanship because of the lax controls which facilitate transfer pricing in the Dubai Duty Free Zone.

It will take more than the CSC fig-leaf to obscure the KPs complicity in facilitating the trade in blood diamonds. In 2017 Australia will chair the KP and perhaps a more honest and realistic approach to the blood diamond problem will be forthcoming. If the diamond industry doesn't excise the rogue regimes from the supply pipe then the industry has no hope of convincing a new generation of better informed consumers to buy into their propaganda.

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