

2001

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### Recommended Citation

Aird, Sarah C. "Legislative Focus: Ending Military Funding through the Diamond Trade ." Human Rights Brief 8, no. 3 (2001): 25.

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## LEGISLATIVE FOCUS

### Ending Military Funding through the Diamond Trade

by Sarah C. Aird\*

In the last two years, civil wars in Africa subsidized by the diamond trade have resulted in the deaths of millions. Rebels and dictators have used the sale of diamonds to finance military activities, resulting in more than 2.4 million deaths and 6.5 million displaced persons from Sierra Leone, Angola, and the Democratic Republic of the Congo. These conflict, or blood, diamonds often originate from areas controlled by rebel military forces and are sold to help fund their military opposition to legitimate and internationally recognized governments.

Representative Tony P. Hall (D-OH) introduced the Clean Diamonds Act, H.R. 918, on March 7, 2001, to lessen U.S. involvement in this illicit diamond trade. The bill prohibits individuals or corporations from importing into the United States unworked diamonds, otherwise known as rough diamonds, unless the extracting and intermediary countries utilize export and import controls verifying the legitimacy of the diamonds. Section 3(a)(2)(A-C) of the bill states that in order for diamonds to enter the United States, officials from the extracting country must seal diamonds in secure, transparent containers with a visible document identifying the country of origin; record a unique export registration number and content description for each container; and maintain a database containing this information. Additionally, Section 3(a)(2)(D-E) requires importers to ensure that intermediary countries comply with the aforementioned procedures by only accepting diamonds in the appropriate containers, creating systems verifying the veracity of enclosed documents, and conducting physical inspections of sealed containers. Section 4 creates civil and criminal penalties for individuals or corporations who do not comply with the bill's provisions. Section 5 prohibits the U.S. Overseas Private Investment Corporation and Export-Import Bank from engaging in certain transactions involving countries dealing in conflict diamonds.

The bill also establishes complex mechanisms for the purpose of monitoring the effectiveness of this tracking regime. The president is responsible for ensuring the system of controls is monitored by appropriate U.S. agencies. In addition, the president must establish an advisory committee responsible for recommending ways to improve the effectiveness of the agencies' monitoring. The advisory committee also must develop a labeling system to alert customers as to whether or not their diamonds were subject to a system of import and export controls. Section 6 requires the president to transmit a report to Congress once a year discussing, among other items, the effectiveness of this system of controls, and which countries are implementing such controls. Section 7 requires the comptroller general to issue a comprehensive report to Congress, no later than three years after enactment, to determine whether the act prevents the import of conflict diamonds and suggest modifications to the Act.

H.R. 918 also urges the president to take steps to negotiate an international agreement eliminating the trade in conflict diamonds. Finally, the bill allows the president to waive Section 3 requirements if he determines a country is making significant progress either toward concluding an international agreement eliminating trade in conflict diamonds or toward implementing a system of export and import controls as outlined in this bill.

Representative Hall proposed this legislation in part to com-

ply with major international reforms regarding the conflict diamonds issue. In March 2000, for example, the Diamond High Council, an industry umbrella group that monitors the diamond trade for the Belgian government (through which almost 90 percent of all diamonds flow), decided it would ban any member knowingly trading in diamonds obtained from rebel movements in Africa.

Distinguishing between conflict and non-conflict diamonds, however, can be extremely difficult. Tracing a diamond's origin is nearly impossible due to the inconsistent manner in which governments of major trading centers—Belgium, India, Israel, South Africa, Switzerland, the United Kingdom, and the United States—record diamond imports and exports. To rectify this weakness, the World Federation of Diamond Bourses and the International Diamond Manufacturers Association adopted a joint resolution addressing the issue at a meeting in Antwerp, Belgium, from July 16-19, 2000. The resolution proposes a number of concrete steps for all parties to follow, and specifically urges governments to adopt appropriate legislation to better track legitimate non-conflict diamonds. Similarly, UN General Assembly Resolution 55/56, adopted on December 1, 2000, encourages all States to establish tracking systems and work together to halt the illicit diamond trade.

Recognizing the importance of responding affirmatively to these and other UN and industry measures, 105 Congressional representatives have co-sponsored Hall's legislation. Congress has a financial as well as moral incentive for reducing the conflict diamonds trade. According to H.R. 918's congressional findings, over the last decade, the United States has sent more than U.S.\$2 billion in humanitarian aid to help people harmed by diamond-related conflicts in places like Sierra Leone and Angola. Yet over the same period, rebels, and to a much lesser extent, militaries in such conflicts benefited from the smuggling of approximately U.S.\$10 billion in diamonds. These forces have used proceeds from diamond sales to purchase additional weaponry and supplies, thus prolonging the conflicts and rendering comparatively minor humanitarian contributions largely ineffectual.

The United States accounts for 65 percent of all diamonds sold worldwide, and thus has a special obligation to take a leadership role in ending the trade in conflict diamonds. H.R. 918 is a positive step in eliminating such a profitable, yet deadly, trade. ☺

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