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Legislative Focus: Ending Military Funding through the Diamond Trade

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I
n the last two years, civil wars in Africa subsidized by the dia
mond 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 opposi-
tion 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 dia-
monds, unless the extracting and intermediary countries utilize
export and import controls verifying the legitimacy of the dia-
monds. Section 3(a)(2)(A-C) of the bill states that in order for
diamonds to enter the United States, officials from the extract-
ing country must seal diamonds in secure, transparent con-
tainers with a visible document identifying the country of ori-
gin; record a unique export registration number and content
description for each container; and maintain a database con-
taining this information. Additionally, Section 3(a)(2)(D-E)
requires importers to ensure that intermediary countries com-
ply with the aforementioned procedures by only accepting dia-
monds 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 coun-
tries dealing in conflict diamonds.

The bill also establishes complex mechanisms for the purpose
of monitoring the effectiveness of this tracking regime. The pres-
ident is responsible for ensuring the system of controls is mon-
itored by appropriate U.S. agencies. In addition, the president
must establish an advisory committee responsible for recom-
mending ways to improve the effectiveness of the agencies’
monitoring. The advisory committee also must develop a label-
ing 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 dia-
monds. 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 dia-
mond trade for the Belgian government (through which almost
90 percent of all diamond flow), decided it would ban any mem-
ber knowingly trading in diamonds obtained from rebel move-
ments 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 gov-
ernments 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 specifi-
cally urges governments to adopt appropriate legislation to
better track legitimate non-conflict diamonds. Similarly, UN Gen-
eral 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 con-
ict diamonds trade. According to H.R. 918’s congressional find-
ings, 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 ren-
dering 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 lead-
ership 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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