



U.S. SENATE COMMITTEE ON

Finance

SENATOR CHUCK GRASSLEY, OF IOWA - CHAIRMAN

<http://finance.senate.gov>

MEMORANDUM

To: Reporters and Editors
Re: Conflict diamonds law
Da: Friday, Aug. 6, 2004

Sen. Chuck Grassley, chairman of the Committee on Finance, worked to help pass the *Clean Diamond Trade Act* in 2003. The bill, now law, is designed to help stop the trade of diamonds that fund violent civil conflicts in many African countries. The law implemented U.S. participation in the Kimberley Process Certification Scheme for trade in rough diamonds. The Kimberley plan is an international agreement establishing minimal acceptable international standards for national certification relating to cross-border trade in rough diamonds. Now, according to media reports, the Congo Republic intends to try to restore order in its diamond trade after being dropped from the Kimberley Process list of legitimate diamond traders. Sen. Grassley made the following comment on this development.

"I'm pleased that the Congo Republic is pledging to take steps to help stop trade in conflict diamonds. When Congress passed the *Clean Diamond Trade Act in 2003*, we hoped it would help eliminate trade in illegal conflict diamonds. It's good news that the law appears to be working."

A Reuters story follows.

Congo halts gem exports after blood diamond ban

BRAZZAVILLE, Aug 6 (Reuters) -- Congo Republic has suspended diamond exports while it tries to put the trade in order after a global blood diamond watchdog removed the central African state from its list of members.

"All export activities have been suspended," Mines and Energy Minister Philippe Mvouo told parliament late on Thursday.

"What has happened to us is disgraceful. It is a situation that has to be resolved... This is not a country of hoodlums. It is a sovereign state."

The Kimberley Process -- a certification scheme launched last year to provide guarantees that

member countries were not dealing in diamonds which fuel armed conflicts -- struck Congo off its membership list in July.

It said authorities were unable to account for a massive discrepancy between the number of rough diamonds being exported and the absence of any reported production or imports.

Mvouo said that in most diamond-producing countries in Africa, 80 percent of exports were trafficked illicitly, and acknowledged that artisanal producers in Congo were neither organised nor controlled.

He said taxes on diamond production and exports earned Congo between 200 million and 400 million CFA francs (\$368,000 to \$736,000) each year.

President Denis Sassou Nguesso has pledged to restore order in the country's diamond trade, promising that "those who have fished in troubled waters" would be rooted out and punished.

The Kimberley Process was set up in response to conflicts in African states such as Sierra Leone, Angola and the Democratic Republic of Congo, where armed groups fought to control diamond areas and sold the gems to fund their campaigns.

Congo Republic's exclusion means its diamonds cannot be traded in any of the Kimberley Process's 43 member states, which account for over 98 percent of the world's diamond trade.