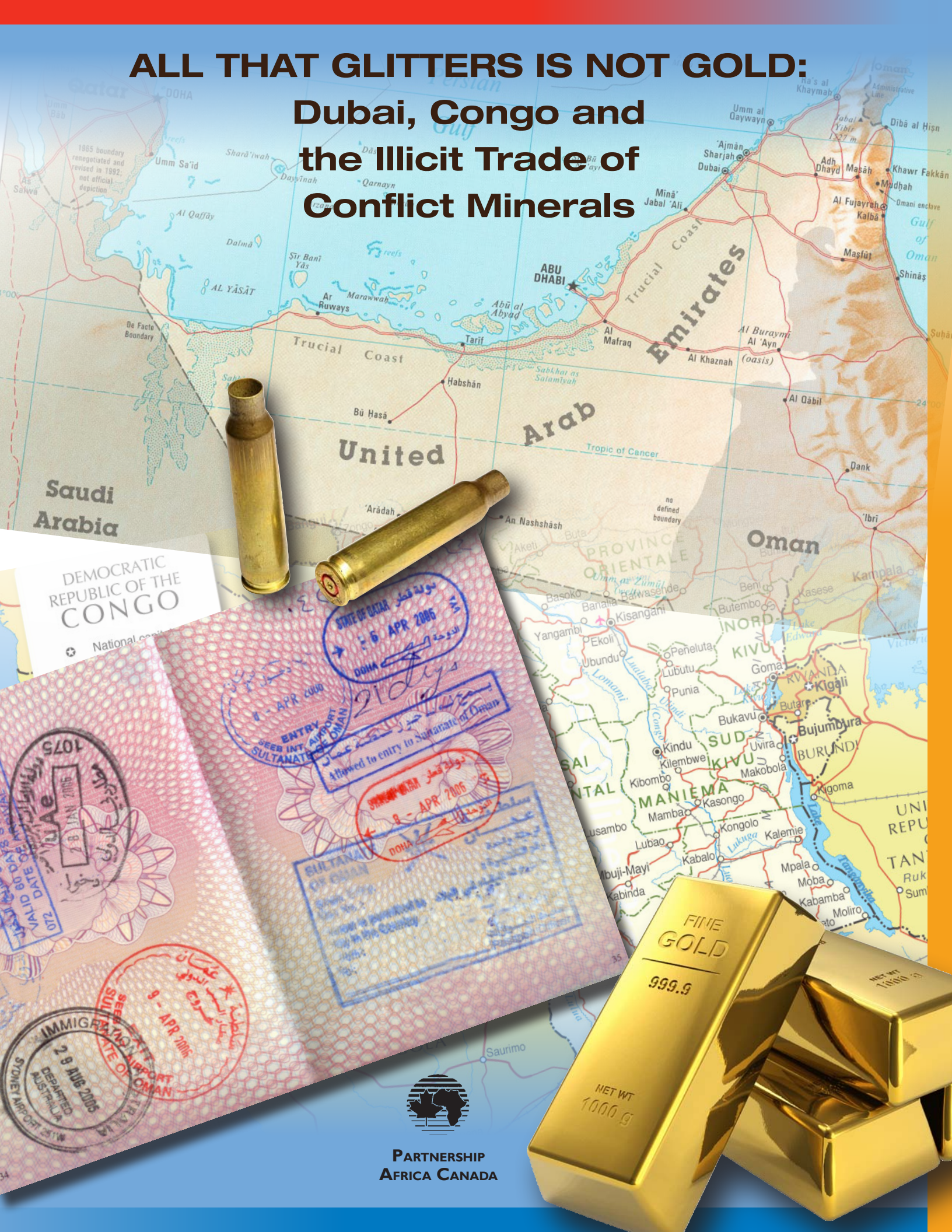


ALL THAT GLITTERS IS NOT GOLD: Dubai, Congo and the Illicit Trade of Conflict Minerals



**PARTNERSHIP
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All that Glitters is Not Gold: Dubai, Congo and the Illicit Trade of Conflict Minerals

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Introduction

Problems of conflict financing, tax evasion and corruption have tainted the gold and diamonds trade from the Democratic Republic of Congo (DRC) for more than a decade, scaring off investors and depressing trade throughout the region. Gold is considered the most persistent 'conflict mineral' today, with more than half of the estimated 800 artisanal gold mines in eastern DRC under illegal rebel or army control.¹ Almost the entire production of these mines—98% according to the United Nations—is smuggled out of the country, implying enormous tax losses to the Congolese fiscus.² While the majority of DRC's diamonds are produced outside the notorious conflict zones in the east, and certified as conflict-free through the Kimberley Process (KP), the sector's contribution to state revenues is hampered due to rampant smuggling and undervaluation. Poor internal controls in DRC also make it highly vulnerable to smuggled goods from conflict affected areas, most recently the Central African Republic.

This report is a contribution to a growing body of research that seeks to better understand the illicit trade of gold (and to a lesser degree, diamonds) emanating from the Democratic Republic of Congo, and the role industry and state actors play (primarily in neighbouring countries and the United Arab Emirates) in facilitating this illegality.

The focus on DRC is not accidental. It is the second biggest diamond producing country by volume, and has been the site of a corrupt and often violent extraction of valuable natural resources for over a century. More recently, gold mines in eastern DRC have been at the epicentre of a protracted armed conflict that has claimed millions of lives and economically destabilized the Great Lakes region for the last decade. Despite being mineral rich, DRC's underdevelopment is directly linked to a myriad of inter-related factors including corruption, armed conflict, political instability, poor domestic enforcement capacity and a lack of fiscal instruments to realize the full potential of its mineral wealth.

But just as important is how sophisticated international smuggling syndicates have exploited—and in some case encouraged—these vulnerabilities for their benefit. Our investigations explore the illicit trade of these minerals from mine site to leading gold refiners and diamond trading centres in UAE (Dubai)—and finally for onward travel to the jewellery factories of India, and beyond.

¹ "Analysis of the interactive map of artisanal mining areas in Eastern DR Congo", International Peace Information Service (IPIS), November 2013

² Final Report, UN Group of Experts on DRC, S/2014/41, 23 January, 2014, para 171.

This report explains how Dubai came to play such a central role in this trade, and the way it has managed to attract an ever-increasing proportion of the worldwide gold and rough diamonds trade over the last decade. In 2013, 40% of the world's gold trade, worth an estimated \$75 billion, passed through Dubai³, a 12-fold increase in value over a decade previous⁴. In 2013, over 15% of the world's rough diamonds, worth \$12.4 billion, were traded through the Emirate, compared with \$690 million in 2003.⁵

Part of this increase is due to rising flows of Congolese gold and diamonds making their way into the Dubai market. Prior to 2006, Congolese gold (most of which is artisanally mined) was exported primarily to Switzerland or South Africa, but it is now almost exclusively sent to UAE, after transiting through neighbouring countries like Uganda, Burundi, Tanzania or Kenya.⁶ While the European Union remains the principal export destination for Congolese diamonds, close to a third of legal exports now go to UAE, up from 3% in 2003.⁷

Faced with declining oil reserves, the UAE has sought to diversify its economy, and central to that is an aggressive strategy to woo business away from traditional gold and diamond centres in Europe. UAE generally owes its rise as a commodity trading hub to its zero-tax regime, on imports and exports, as well as its lack of corporate taxes. Some commodity-specific factors not in play in other jurisdictions also explain the rise. Documentary requirements for hand-carried gold imports are minimal, mineral related deals (some worth millions of dollars) are allowed to be transacted in cash rather than through formal banking channels, and a lack of transfer pricing legislation offers opportunities for associated companies to route undervalued diamonds mostly from African producers through UAE to trading centres like Antwerp and Tel Aviv, and the diamond factories of Surat, India.



Artisanal gold miners,
Orientale province, DRC.

Photo credit: Joanne Lebert/PAC

3 "Dubai gold trade grows to \$70bn", The National, April 9, 2013; <http://www.thenational.ae/business/industry-insights/economics/dubai-gold-trade-grows-to-70bn>

4 "Dubai gold trade reached \$75 billion in 2013," Mining.com, April 7, 2014 <http://www.mining.com/dubai-gold-trade-reached-75-billion-in-2013-26806/>

5 Kimberley Process Rough Diamond Statistics, Annual Global Summary 2004 and 2012; https://kimberleyprocessstatistics.org/public_statistics

6 UN Comtrade

7 KP statistics on DRC, 2003 & 2013.

While the Congolese gold and diamonds trade are not under embargo, companies in UAE and elsewhere have the obligation under the UN arms embargo to ascertain that their purchases do not indirectly finance armed groups. To help companies mitigate this risk, the Organisation of Economic Cooperation and Development (OECD) issued a set of voluntary due diligence guidelines to encourage responsible sourcing practices for tin, tungsten and tantalum (colloquially known as the 3Ts) and gold in 2010.⁸

While the KP certificate offers assurance of conflict-free sourcing, appeals for diligent diamond sourcing increasingly go beyond KP certification, to include issues such as tax evasion, under-valuation and organized criminality. The credibility of KP certification has also come into question in recent years over resistance by member states to accept a broadened conflict-diamond definition that includes abuses perpetrated not only by rebel groups (as defined at the KP's inception in 2000), but also abuses committed by state actors or private security companies. While due diligence guidances developed for the 3Ts have begun to take effect, gold and diamonds continue to lag behind international requirements—something this report concludes is a major reputational vulnerability for the gold and diamond sectors and a significant factor in the on-going insecurity and economic underdevelopment in the Great Lakes region.

With this in mind this report situates the illicit trade of gold and diamonds into an increasingly established and harmonized international framework of due diligence efforts for conflict-affected minerals. In addition to the OECD, other complementary due diligence processes are currently under way in the African Great Lakes Region. Smelters and end users operating in the 3T sector have started to track and trace their supplies to conflict-free mines of origin in places like Rwanda, North Katanga and South Kivu in DRC. The International Conference on the Great Lakes Region (ICGLR) has also developed a Regional Certification Mechanism for 3T minerals and gold, which sets the standards and procedures for countries to issue regional certificates for conflict-free exports.⁹ PAC is also currently piloting the first-ever clean artisanally mined gold supply chain in DRC (Orientale province) and expects to expand the project to three more later in 2014.

In the Emirates, the free zone's regulator for precious metals and gems, the Dubai Multi Commodities Centre (DMCC), also implemented mandatory requirements on refiners with respect to responsible sourcing in 2012 through the Dubai Good Delivery (DGD) standard. This standard is also based on the OECD Due Diligence Guidance. Three refiners have thus far undergone independent audits and were found compliant, although the thoroughness and integrity of the audit of the biggest refiner, Kaloti Jewellery International, has been brought into question after an auditor alleged his former firm (Ernst and Young), Kaloti and the DMCC colluded to whitewash unfavourable findings, including smelting sizeable amounts of gold that originated from either high-risk or unknown sources¹⁰.

One of the main findings of this report is that the gold sector in Dubai has yet to develop a coherent, comprehensive and universally applied strategy to apply due diligence or implement a chain of custody over its gold supply. Due diligence efforts by UAE refiners, for example, are primarily focused on stopping direct supplies of mined gold from DRC and known transit countries, but little has been done to set up traceable supply chains that extend back to mine sites.

⁸ <http://www.oecd.org/daf/inv/mne/GuidanceEdition2.pdf>

⁹ Rwanda issued the first ICGLR certificate for its 3T exports in November 2013.

¹⁰ "City of Gold: Why Dubai's first conflict gold audit never saw the light of day," Global Witness, February 2014; http://www.globalwitness.org/sites/default/files/library/dubai_gold_layout_lr.pdf

Moreover, efforts of the DMCC and some of its member companies notwithstanding, the trade of gold (and to a lesser extent diamonds) from DRC to UAE lacks transparency and due diligence engagement of most companies and individuals involved. DRC's smuggling economy has been described in much detail, but the working methods of regional exporters are poorly understood, while importing jewellers and traders are seldom identified and engaged in the matter. In the diamond sector DRC has routinely been identified as a country through which conflict affected diamonds have fraudulently obtained KP certificates, for onward travel to trading centres, including Dubai. This was the case with sanctioned Marange diamonds from Zimbabwe that first appeared in Kinshasa comptoirs in 2008-2009¹¹; while more recently there are concerns DRC's internal controls have been breached by embargoed stones from neighbouring and war-torn Central African Republic¹².

This report further concludes that due to weak chain of custody procedures in Uganda, Kenya, Burundi and DRC, exporters deliberately disguise or fail to know the origin of their exported gold. Weak export procedures similarly allow for gross under-declaring of gold, particularly in Uganda, as well as undervaluation of diamond exports in DRC. This represents a significant deprivation to the region's economies.

The number of individuals responsible for the organized export of illicit Congolese gold to Dubai is quite small. Previous reports of the UN Expert Panel on DRC have identified some of the central players, such as Ugandan-based Rajendra Vaya Kumar and Jamnadas VasANJI Lodhia, and his son, Kunal; however, despite them being red-flagged they continue to export gold without administrative or legal sanction by either exporting countries in East Africa or Dubai. Part of this could be due to the aforementioned lack of traceable supply chains, but in some instances the impunity with which rogue exporters operate may be due to political protection they enjoy. This is especially believed to be the case with Sibtejn Alibhai, a Canadian national who is considered "a key channel" behind gold exports from Africa and Dubai.

Another key finding is that misrepresented gold and undervalued diamonds from the region freely enter the UAE. Documentary checks are minimal in the case of hand-carried gold imports, and buyers are not verified. Gold from the region can be sold anywhere in Dubai as long as Customs are cleared. While the larger share is sold to jewellers, there is a considerable and credible risk that gold from the region is sold on to UAE's main refiners disguised as scrap or hidden in supplies from "accepted" countries of origin.

Transfer pricing also poses significant ethical and enforcement challenges to Dubai's diamond sector. Re-exported diamonds are on average valued at 44% higher than what they were valued at import—a figure that is over five times greater than Dubai's next closest competitor, Switzerland. A conclusion of a seminal study by the Financial Action Task Force and the Egmont Group that looked at the intersection between diamonds, money laundering and terrorism financing—and shared by this one—is that Dubai's status as a free trade zone makes its diamond trade particularly vulnerable to abuse by criminal and terrorist networks.¹³

11 "Reap What you Sow: Greed and Corruption in Zimbabwe's Marange Diamond Fields," Partnership Africa Canada, November 2012; http://www.pacweb.org/Documents/diamonds_KP/Reap_What_You_Sow-eng-Nov2012.pdf

12 "Behind the Headlines: Drivers of Violence in the Central African Republic," Enough Project, May 2014; <http://www.enoughproject.org/files/CAR%20Report%20-%20Behind%20the%20Headlines%205.1.14.pdf>

13 "Money Laundering and Terrorism Financing Through Trade of Diamonds," FAFT-Egmont Group, October 2013, p. 63 <http://www.fatf-gafi.org/media/fatf/documents/reports/ML-TF-through-trade-in-diamonds.pdf>

We make several recommendations, the full list of which can be found at the end of this report.

The Governments of Uganda, Burundi, Kenya and DRC and other ICGLR countries should:

- Integrate due diligence and the ICGLR Regional Certification Mechanism in national mining sector legislation, and operationalize implementation in the gold sector.
- Harmonize policies and practices with an aim to interrupt illicit trading. This should include further harmonization of tax regimes, and greater enforcement strategies and trans-border cooperation.
- Investigate and prosecute individuals and companies involved in illegal gold trade from the DRC, including the beneficiary owners of UN sanctioned entities and their front companies.
- Finalize the institution of the ICGLR's Independent Mineral Chain Auditor office, meant to investigate illicit mineral activity, as well as the ICGLR's exporter third part audit system.

The Kimberley Process should:

- Create a special taskforce to investigate the issue of transfer pricing in the diamond industry, with a view to recommend ways African diamond producing countries can secure fairer and more accurate diamond valuations, and predictable tax revenues.

The Government of the UAE should:

- Tighten regulatory controls on gold imports, particularly on hand carried gold, including verification of the consignee, the (authenticity of) certificate of origin or export permit, and customs clearance documents (including tax receipts).
- Address transfer pricing of diamonds through federal legislation and introduce frequent and routine inspections of the value of imported parcels by the DMCC, with a rejection threshold of 15% undervaluation.
- Send shipments above the 15% threshold back to the country of origin so authorities there can tax them appropriately, after having been accurately appraised by an independent evaluator.
- Participate constructively in efforts to design a due diligence guidance for diamonds and precious stones commensurate with Dubai's leadership role in the diamond industry.
- Proactively disclose on a quarterly basis all data related to the import and export of gold.

UAE traders and jewellers and refiners that are directly or indirectly sourcing mined gold from the ICGLR region should:

- Adopt and implement due diligence policies in line with the OECD guidance supplement on gold, i.e. through on-the-ground inspection of circumstances of mineral extraction and trade, and establishment of a chain of custody and/or traceability system with local exporters.

This paper is divided in four parts. The first section compares export statistics of principal transit countries for Congolese gold with UAE import statistics from these countries in order to estimate the volume of legal and illegal trading activity. It also describes the players, practices, procedures and main evolutions involved in the legal and illegal gold trade in Uganda, Kenya, Burundi and DRC. The second part considers the ways gold enters and circulates in UAE, and is exported, mainly to India. The third part focuses on the issue of undervaluation of DRCs diamonds and associated transfer pricing in UAE. The fourth and final part takes stock of supply chain policies and legislation in selected African countries and UAE, and provides policy recommendations for governments and companies in countries discussed.

Section One

CASE STUDIES IN THE GOLD TRADE

This section examines regional and bilateral trade statistics for gold exports between the Great Lakes region and Dubai, and some of the discrepancies reconciling official trade figures. It lays out some of the practices and loopholes by which mostly Congolese gold evades local export regulations before being shipped to Dubai. The section also explores some of the reasons why traders are resistant to adopting responsible sourcing at the initial point of export. The findings presented here are based on first hand interviews with exporters, mining and customs officials and an analysis of export documentation found in the relevant countries.

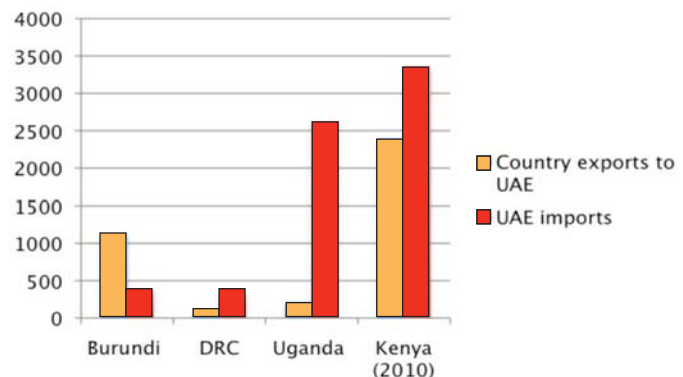
The DRC is estimated to produce at least 12 tons of artisanal gold each year, representing a value of up to \$500 million.¹⁴ In 2006 combined exports from Uganda and Burundi amounted to 11.5 tons,¹⁵ despite having minimal gold production of their own. UN sanctions against two principal Kampala-based gold exporters in March 2007 led to a sharp decline in official exports, from almost seven tons in 2006 to 165 kilograms in 2013.¹⁶ The decline of Uganda's official trade does not imply that real volumes transiting through Kampala dropped as much. Official import records list as much as three tons from Uganda entering UAE in both 2010 and 2011, placing the real decline of traded gold closer to 50%.¹⁷

The decline of Burundian official exports has been less pronounced than in Uganda, dropping from 4.5 tons in 2006 to 313 kilograms in 2010, but rebounding to over 2.5 tons in 2013.¹⁸ Kenya's gold exports figures are rather erratic, but appear to have settled at about 2.5 tons per year in recent years.

Tanzania is another conduit for illicit Congolese gold transiting to Dubai. Unlike most of its neighbours, Tanzania is an established industrial producer of gold, mining almost \$2billion a year. Like Kenya, the majority of its industrial production is exported to either Switzerland or South Africa for refining; however its supply chain is nonetheless compromised by illicit Congolese flows that enter through the border-town of Kigoma and exit through Dar es Salaam. However, due to logistical and time constraints Tanzania was not included in the scope of this research.

Figure 1: Export statistics of for gold (in kilos) from selected countries compared to UAE import statistics from those countries (2011).

Source: Comtrade, Reuters¹⁹



14 "Striking Gold: How M23 and its Allies are Infiltrating Congo's Gold Trade", Enough Project, October 2013; p 1.

15 De Koning, R., "Conflict Minerals in the Democratic Republic of the Congo: Aligning Trade and Security Interventions" Stockholm International Peace Research Institute, June 2011, p 12.

16 Ibid., and gold export statistics for 2013 from the Ugandan Department of Geological Surveys and Mines, unpublished data.

17 <http://comtrade.un.org/db/dqBasicQueryResults.aspx?px=H2&cc=7108&r=784&y=2011>

18 De Koning, Ibid; Final Report, UN Group of Experts on DRC, S/2014/41, 23 January, 2014, p. 196; <http://comtrade.un.org/db/dqBasicQueryResults.aspx?px=H2&cc=7108&r=108&y=2010>;

19 <http://comtrade.un.org/db/mr/daCommoditiesResults.aspx?px=H2&cc=7108>; and "Conflict gold trade continues in face of U.S. law", Reuters, 29 June, 2012; <http://www.reuters.com/article/2012/06/29/us-gold-conflict-idUSBRE85S1A420120629>

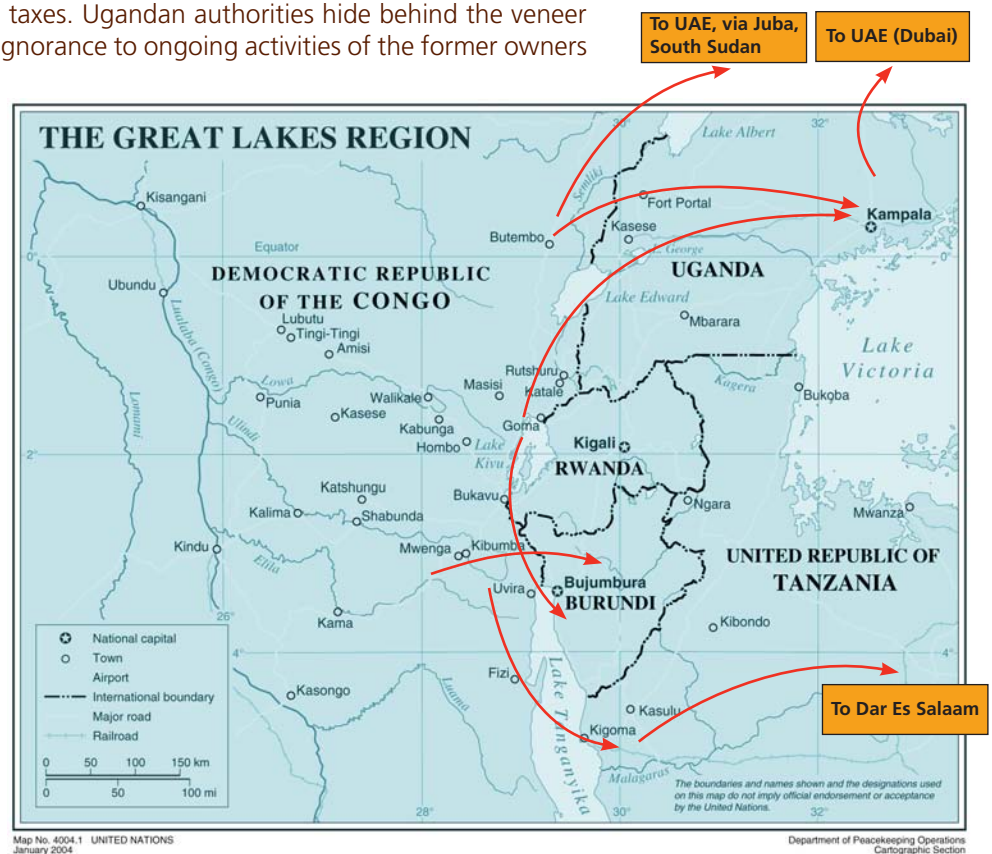
The large discrepancy between Ugandan exports to UAE, and UAE declared imports from Uganda, suggests significant under-declaring or smuggling. This discrepancy is smaller in Kenya, suggesting that the larger share of real exports to UAE is declared upon export. In Burundi more gold is declared exported to UAE than what appears from UAE import statistics. Possibly part of Burundi's gold takes another direction, or transits through another country that is considered the country of origin upon entry into UAE. Hardly any Congolese gold exports are declared and only a small volume is imported in UAE as originating from DRC.

It is unclear whether the above-mentioned discrepancies reproduced themselves after 2011. For the purposes of this research, PAC received Ugandan and Congolese export data from mining authorities, and retrieved Burundian statistics from other reports, but UAE import statistics per country of origin are not publicly available for 2012 and 2013. PAC requested such data from the UAE government, but was unsuccessful. DMCC and UAE customs representatives told PAC that, considering stricter import procedures, discrepancies observed in 2011 for countries like Uganda would be less likely.²⁰ Without any UAE import data, it is impossible to verify whether this is the case or not.

UGANDA

As indicated above, the Ugandan gold trade moved largely underground following UN sanctions on its two leading export firms in 2007. It would be wrong, however, to suggest that the ongoing trade between DRC, Uganda and UAE is entirely illegal. Traders operate through legal entities and follow import and export procedures in Uganda. At the same time they misrepresent the origin of gold, falsify documents, under declare gold and thus evade taxes. Ugandan authorities hide behind the veneer of legality dealers put up, claiming ignorance to ongoing activities of the former owners of sanctioned entities and their family members.²¹

The use of front companies, of which the ownership structure remains obscure, is common practice for gold traders that wish to disguise their involvement. In 2012 the UN Group of Experts to DRC alleged that Rajendra Vaya Kumar, of the sanctioned entity Machanga Ltd, used the company Mineral Impex Uganda to ship out his gold.²² According to intermediary traders, two other defunct gold exporting companies use Mineral Impex as a cover for their ongoing exports. From 2011 to 2013 Mineral Impex exported 240 kilograms of gold, according to statistics of the Ugandan Department of Geological Survey and Mines.²³



20 Interviews, DMCC and UAE Customs officials, Dubai, 4-7 February, 2014.

21 Final Report, UN Group of Experts on DRC, S/2014/41, 23 January, 2014, para 187.

22 http://www.un.org/sc/committees/1533/pdf/1533_list.pdf

23 Unpublished government document.

UGANDAN GOLD DEALERS' RECORD KEEPING

According to Article 72 of the 2003 Ugandan Mining Act mineral dealers are, *inter alia*, supposed to keep a register showing (1) the name and address of the vendor and his or her right to be in possession of such minerals, and (2) the name and address of the purchaser or consignee to whom minerals are sold. Records are to be submitted periodically to the Department of Geological Surveys and Mines.

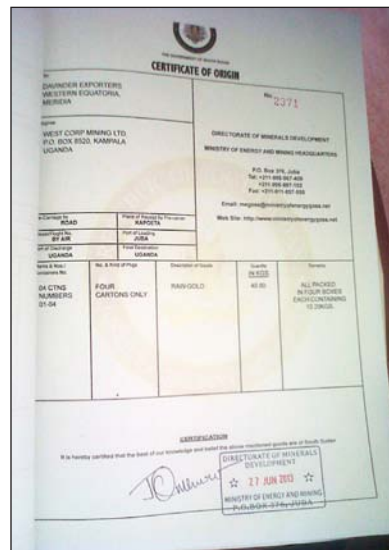
When domestically sourcing from artisanal, unlicensed producers, the first point would pose a problem for dealers. In reality, the problem of right of possession of suppliers is circumvented through representing suppliers as goldsmiths and retail shopkeepers or by letting supplies run through them. Both entities have the right to possess minerals, but do not need to demonstrate the right of possession of minerals of their suppliers. On the second point, the Department of Geological Surveys and Mines claims not to possess any details of the foreign purchaser or consignee of dealers' exports. Only the export destination is retrieved from the dealers export permit application and represented in trade statistics.

Ugandan export companies like Mineral Impex and Silver Mineral, which has also been alleged to source from DRC, used to claim that the gold they exported came from South Sudan, an emerging gold producing country. By doing so, they would pay a 1% import tax, rather than 3% royalties on domestically sourced gold.²⁴ At the same time they routinely disguised the real origin of the gold. Since May 2013 the Mines Commissioner no longer issues import permits on the basis of commercial invoices alone, but insists on certificates of origin from source countries.²⁵ Silver Mineral failed to produce these and now claims to source domestically²⁶. Mineral Impex has not exported since documentary requirements were raised.

One company, Westcorp Mining, imported 40 kilograms of gold after May 2013, presenting a Southern Sudanese certificate of origin that Ugandan mining officials consider to be genuine.²⁷ PAC could not reach relevant authorities in South Sudan to comment on the authenticity of the certificate, but it should be noted that the name of the issuing ministry is wrong. It should have been the ministry of petroleum and mining rather than energy and mining. The website mentioned on the certificate is an investor website not hosted by the government of South Sudan. The email address and telephone number mentioned on the certificate were not in service.

In June 2013, a new company called Treasure Highland Caves also requested a Ugandan import permit for 156 kilograms of gold from Butembo in North Kivu, showing several Congolese certificates of origin. One certificate appears genuine, but mining authorities

in North Kivu did not know the company and denied it having been issued any certificate.²⁸ The other certificates are copies of the original, with the same registration number and supposedly signature of a former Mining Department official in Butembo. This official told PAC he could never have signed the certificates because he was transferred to another part of the country three years prior.²⁹



Fake South Sudanese certificate used by Westcorp Mining to export 40kg of gold in May 2013.

Eventually Ugandan authorities did not issue any import permit because Treasure Highland Caves did not pay the 1% tax. PAC contacted the company's managing director who said that he had not yet consolidated the total amount of gold for export and that he had wanted to see whether he would be able to obtain a Ugandan import permit.³⁰ He now intends to operate through a yet-to-be-licensed exporting house in Butembo, Northern Gold, and get genuine export documents in order in DRC.

24 Uganda Mining Act (2003), Mining regulations Part B (7), prescribes import fees. If minerals are imported, from DRC or South Sudan for example, dealers are supposed to pay 0.5 % fee for precious metals and stones and 1% for base metals at London Metal Exchange (LME) prices. In reality gold imports are taxed at the rate for base metals. PAC also saw calculations for import fees of gold by the Department of Geological Surveys and Mines set at a 1 % rate.

25 The 2003 Mining Act is silent on the documentary requirements for mineral imports; however, a 2010 government statistics report cites a requirement that dealers produce verifiable certificates of origin of minerals before they can be issued with import permits—the first time this has been publicly disclosed. "Mines Division Annual Statistics Report, 2010", April 2011, unpublished government document.

26 Uganda's official exports from domestic gold production is still minimal, 12 kilograms per year on average since 2011. Calculated from export statistics for 2011-2013, compiled by the Department of Geological Surveys and Mines, unpublished government documents.

27 Interview, official from Department of Geological Surveys and Mines (Uganda), Kampala, 27 January, 2014.

28 Email correspondence, chief of the Congolese Mines Division of North Kivu, 28 January, 2014.

29 Telephone interview, former antenna chief of the Congolese Mines Division in Butembo, 28 January, 2014. The Chief of the Mines Department in Goma confirmed his account.

30 Telephone interview, managing director of Treasure Highland Caves, 1 February, 2014.

PAC visited the premises of Treasure Highland Caves and received the telephone number of the director of another company called Midas Ltd., whom we were told could provide us with information regarding the former company. The director of this company told PAC that he only advised the company and had no stakes in it.³¹ He further told PAC that his former company Midas All Minerals stopped exporting gold after running into financial difficulties after his gold was stolen at Entebbe airport in November 2011.

Like the managing director of Treasure Highland Caves, the director of Midas Ltd. is aware of the need to start-up legal exports of Congolese gold from Congo, rather than from Uganda, as a first step to conduct due diligence on the supply chain. However, he considers the lengthy licensing process, the 2% export tax³², and corruption and insecurity as principal obstacles to start-up legal trading from DRC.

Besides operating through front companies, some gold traders also appear to bypass mining authorities entirely. Officially traders must show their export permit and dealers license, both obtained from mining authorities, in order to clear gold with customs.³³ However, Ugandan Customs statistics of 2011 and 2012 show a larger number of dealers exporting than statistics from the Department of Geological Surveys and Mines.³⁴ This would suggest that some dealers are able to clear customs without obtaining their export permits.

Indeed, a gold consignor told PAC that some Customs agents at Entebbe airport do not ask for any permit other than the dealer license, clearing gold after “tax” payment of “a percentage”.³⁵ More dealers are likely to bypass the Department of Geological Surveys and Mines, now that the Department insists on certificates of origin when re-exporting gold. Indeed, sources close to Rajendra Kumar told PAC that he intends to stop obtaining export permits via Mineral Impex and “settle” with customs only.³⁶

After clearing customs gold is either shipped out as (value) cargo or hand-carried, in both cases on regular commercial flights. According to a representative of a cargo service operating between Kampala/Nairobi and Dubai, hand carrying has practically become the sole option because most commercial airlines are refusing gold as cargo.³⁷ This is mainly because freight-forwarding companies are unable to insure the gold on these routes, putting the liability on the airliner in case of loss or theft.



Fake export certificate used by Treasure Highland Caves to export gold from DRC to Uganda

31 Interview, director of Midas Ltd, 28 January, 2014.

32 Although the official tax is 2%, many exporters say it is closer to 10% once various levels of corruption by officials are factored in.

33 Documentary requirements also include an export certificate from the Ministry of Tourism Trade and Industry. But since issuance of the export certificate relies on the export permit, it appears to be optional. “Required Documents at the Point of Entry”, Uganda Revenue Authority, 2011/12;

http://www.ura.go.ug/openFile.do?path=//webupload//upload//download//staticContent//RGTMENU//307//312_Required_Doc.pdf

34 Ugandan Revenue Authority (URA) customs statistics January 2011-April 2012, unpublished government document.

35 Interview, gold consignor, Kampala 29 January, 2014.

36 Telephone Interview, gold trade insider, 13 February, 2014

37 Interview, cargo handler, Dubai, 6 February, 2014.

Ugandan Customs data show an average of just over three kilograms for each gold consignment. According to industry experts with experience shipping gold from Africa these figures are bogus, as exporters need shipments of at least five kilograms just to recover logistical costs.³⁸ Two cases of theft also suggest that consignments from Uganda tend to be much larger than reported. In one incident a \$800,000 shipment belonging to Midas All Minerals was stolen at Entebbe airport in November 2011,³⁹ putting the export at about 20 kilograms. Customs records, however, show the company legally exported only 2.5 kilos during the entire year.⁴⁰ Another more recent case at the Dubai airport concerned a Ugandan jeweller who was robbed of 25 kilograms during a delivery to Dubai's gold souk.⁴¹

Both examples point to considerable underreporting or illegal exports of gold from Uganda, which, if practiced across the board, could explain the large discrepancy between official exports from Uganda to UAE and registered imports from Uganda into UAE.

KENYA

Two companies, Skyhawk International Limited and Ushindi Exports Limited, have for several years dominated Kenya's gold exports. Ushindi has been active since 2005, officially exporting an average of about one ton per year, while Skyhawk has been active since 2010, exporting an average of 1.7 tons per year until 2013.⁴² Kenyan Customs data for 2010 and 2011 show exports are exclusively to UAE.⁴³ The discrepancy between recorded Kenyan exports and UAE imports is much smaller compared to Uganda (see figure 1), which suggests relatively little under-declaring or illegal exports. Kenyan Customs data for 2011 show individual consignments of gold by the two companies averaging 23 kilograms, which is a realistic amount for hand-carried gold consignments.⁴⁴

In August 2013 mineral royalty rates in Kenya changed, introducing a flat 2% rate on the value of all exported gold. Hitherto royalty rates were separately fixed for the country's two industrial concessions – 2.5% for Karebe Gold and 5% for Kilimapesa Gold⁴⁵ – payable in principle by licensed dealers exporting the gold but, subject to any agreement, to be recovered from the company on whose behalf gold was exported.⁴⁶ Gold from both concessions goes to South Africa for refining⁴⁷, not UAE, and thus does not appear to make up any of the gold exported by Skyhawk and Ushindi.⁴⁸

38 Interview, gold importer, Dubai, 3 February, 2014.

39 "Airport staff jailed over stolen gold", Daily Monitor, 28 January, 2012; <http://mobile.monitor.co.ug/News/-/691252/1314966/-/format/xhtml/-/pgoc9/-/index.html>

40 URA customs statistics January 2011-April 2012, unpublished government document

41 "Four cops in dock over Dhs1.2m gold theft", The Gulf Today, 20 December, 2013; <http://gulftoday.ae/portal/b4568825-bd93-4b9c-a28a-03f23a46c8c0.aspx>

42 "DCI wants suspended mining boss charged", The People, 14 August, 2013; http://www.ipsos.co.ke/NEWBASE_EXPORTS/Bamburi/130814_The%20People%20-%20Wednesday_2_5a600.pdf

43 Kenya Revenue Authority, customs statistics, January 2010-April 2011. Unpublished government document.

44 Ibid.

45 Press Statement on the status of Mining in the country, Hon. Najib Balala, 5 August, 2013; <http://www.mining.go.ke/index.php/2013-06-10-13-08-38>

46 Republic of Kenya, "Trading in Unwrought Precious Metals Act (1987)", Chapter 309, T12-9.

47 "Goldplat Kilimapesa Gold Project, Kenya", Mining Technology, no date; <http://www.mining-technology.com/projects/golplat-kilimapesa/>; and Kenya Revenue Authority, customs statistics, January 2010-April 2011. Unpublished government document.

48 Karebe and Kilimapesa produced 536 kilograms of gold between January and June 2013, according to evidence submitted by the Criminal Investigation Department to the Parliamentary Committee on Environment and Natural Resources in August 2013. See "CID wants mines boss prosecuted over gold exports", Business Daily, 11 August, 2013; <http://www.businessdailyafrica.com/CID-wants-mines-boss-prosecuted-over-gold-exports/-/539546/1944352/-/pdfyiz/-/index.html>

In May 2013, the activities of Ushindi and Skyhawk were suspended, when the Parliamentary Committee on Environment and Natural Resources started an inquiry into their gold dealings. A report submitted to the Committee by the Criminal Investigation Department (CID) raised a number of issues regarding both companies' sourcing practices. Concerns about corruption were also raised after it was revealed that consecutive Commissioners of Mines allegedly wrote letters—in 1997 and again in 2012—exempting the two exporters from revealing the sources of gold as well as the identity of their suppliers.⁴⁹

Kenyan mining authorities informed PAC that they had always emphasized that exporters maintain and transmit records about the place, date, quantity and prices of purchases (although did not mention the identity of any sellers).⁵⁰ Through field visits authorities also claim they were able to estimate production levels of different areas and assess the truthfulness of the stated origin of exported consignments.⁵¹

Ushindi claims it kept records through issuing payment vouchers, and had supplied these to the investigation team,⁵² but dismisses the requirement to register and verify the identity of sellers as unworkable, because many artisanal miners fear arrest because they operate without a license—a point conceded by mining authorities.

Where do Ushindi and Skyhawk get their gold from, then? The chairmen of both companies allegedly admit to buying some of it from traders from neighbouring countries like DRC, Tanzania and Uganda.⁵³ One Ushindi director similarly told PAC that the company bought its gold from artisanal miners in places all over Kenya like Turkana, Lodwar, Logorien and Migori, but that it would be impossible to give assurances that no gold from outside Kenya entered their chain of custody. The director also argued the 2% royalty rate is too high, and acts as a disincentive to legal gold exports.

BURUNDI

For many years, Berkenrode and its successor, Ntakangwa Mining, dominated Burundian gold exports. However, several new companies sprung up in 2012 and 2013 and exported significant quantities of gold, boosting exports to over 2.5 tons in 2013, practically all of which went to UAE.⁵⁴ Burundi's favourable tax regime of 0.3% was changed in October 2013 with the adoption of a new Mining Code, lifting it to 2%, thereby making it the same as in DRC.⁵⁵ The two fastest growing newcomers in the market are Golden Gold and SCEEMB with about half a ton of exports each between January and October 2013.

DECLARATION N° 104/2012 POUR EXPORTATION D'OR	
Nom et adresse du Comptoir	GOLDEN GOLD, BP 597 BUJUMBURA-BURUNDI
N° et date d'agrément	38/2012, le 30/04/2012
Nom et adresse du représentant au Burundi	KARIM SOMJI
Exportation n°	002/2012
Poids net (en Kg)	5,057 Kg
Teneur (en %)	87%
Cours de l'or au fixing de clôture à Londres (Ville)	1.558 USD
Valeur à l'exportation (en toutes lettres)	1.76.995 USD (Cent septante six mille neuf cent Nonante cinq USD)
Taxe ad valorem minier de 0,3% (en chiffres et toutes lettres)	530,99 USD (Cinq cent trente dollars nonante neuf centimes)
Droits de sortie de 0,2% (en chiffres et toutes lettres)	353,99 USD (Trois cent cinquante trois dollars, nonante neuf centimes)
Bureau de douane de sortie	Aéroport de Bujumbura
Compagnie de transport	Kenya Airways
Lettre de transport	Bagage accompagné
Coursier	AZAD Somji
Numéro et date de vol	du 31/07/2012
Je soussigné GOLDEN GOLD en signe attesté par la présente que les informations ci-dessous sont sincères et conformes à la réalité.	
Bujumbura, le 28/07/2012	
Signature et cachet de l'expéditeur	

Export declaration form of a company affiliated with Sibtein Alibahai, indicating gold exported through airplane carry-on.

49 Interview, CID Director, Nairobi, 31 January 2014.

50 Interview, officials at the Mines and Geology Department (Kenya), Nairobi, 30 January, 2014.

51 PAC requested documentary evidence of this working method, but was told the investigating team had taken many of the records and ongoing investigations prevented the sharing of any available information.

52 Telephone interview, director of Ushindi Exports, 30 January, 2014.

53 Op cit. Business Daily, 11 August, 2013.

54 Final Report, UN Group of Experts on DRC, S/2014/42, 23 January, 2014, para 196; http://www.securitycouncilreport.org/atf/cf/%7B65BFCF9B-6D27-4E9C-8CD3-CF6E4FF96FF9%7D/s_2014_42.pdf

55 Ibid., para. 193

Another major player is Etablissement Jean Jbeili, even though official statistics do not fully capture its prominence. In 2013 Jbeili told the UN Expert Group that it had not exported any gold, although official export documentation showed otherwise. The company legally exported 45 kg between January and October, including 1 kg to Lebanon; even though Lebanon did not report any imports from Burundi for 2013. Jbeili is also unusual in that it has a license and facilities to refine gold, although it is forbidden from doing so until it conforms to government traceability regulations.⁵⁶

According to Burundian mines authorities the boost in exports is due to the rapid expansion of artisanal mining in the northeastern province of Muyinga.⁵⁷ However, Burundian production capacity was estimated to be around 750 kilograms in 2011,⁵⁸ making a tripling of production in two years unrealistic. The UN Group of Experts to DRC have repeatedly alleged that Berkenrode's owner (Mutoka Ruganyira) sources his gold mostly from DRC with the help of the rebel group FDLR. They also concluded that Mutoka is able to continue trading without any legal hindrances thanks to the protection of top security officials in both Burundi and the DRC.⁵⁹

Golden Gold, registered in Bujumbura, has been alleged to export gold on behalf of AR Gold in Goma without the authorization of Congolese authorities.⁶⁰ The principal owner of AR Gold is Sibtein Alibhai, while his associate Karim Somji runs Golden Gold. Alibhai is variously described as having Canadian⁶¹ and Mozambican⁶² nationality. Before venturing into the African mineral trade Alibhai was a real estate developer with his brother, Mohamed Aquil Ali, in Costa Rica. Alibhai was forced to flee when he was implicated in providing material support to a suspected money launderer fleeing American prosecutors.⁶³ He is also known to control Alfa Gold (based in Bukavu, DRC), Alfa Gold Corp (headquartered in the DMCC in Dubai) and Alfa Gems Corp (Manica, Mozambique). The location of the latter company is notable: while there is a modest artisanal gold sector in that part of Mozambique, the town is infamous for being one of the leading smuggling hubs for Marange diamonds during the 2009-2012 KP embargo.⁶⁴ In Dubai, Alibhai is considered politically untouchable thanks to close relations with members of the Royal family.

DEMOCRATIC REPUBLIC OF CONGO

The exporters in transit countries rely on smugglers to bring gold in from DRC. Many of the smugglers have been identified through the work of UN Groups of Experts. While several of them have licenses to trade within DRC, and at times they do sell to Congolese export houses, they are primarily tied to exporters outside DRC. Having controlled the business for many years, Kampala and Bujumbura based exporters are said to have a much larger cash flow than Congolese exporters and are thus able to pre-finance Congolese suppliers in larger amounts and temporarily offer above-market prices to assure their loyalty.⁶⁵

⁵⁶ Ibid para. 192

⁵⁷ Telephone interview, official at the Geology and Mining Ministry (Burundi), 10 February 2014.

⁵⁸ Yager, T.R., "The Mineral Industry of Burundi", U.S. Geological Survey, 2011.

⁵⁹ Final Report, UN Group of Experts on DRC, S/2009/603, 23 November 2009, para. 140-154;

⁶⁰ "Striking Gold: How M23 and its Allies are Infiltrating Congo's Gold Trade", Enough Project, October 2013; p 6.

⁶¹ http://www.portaldogoverno.gov.mz/Legisla/boletinRep/boletins-da-republica-2010/br-n-o-48-iii-serie-2010/BR_48_III_SERIE_2010.pdf

⁶² http://www.portaldogoverno.gov.mz/Legisla/boletinRep/boletins-da-republica-2012/br-n-o-48-iii-serie-2012/BR_48_III_SERIE_3.o%20SUPLEMENTO_2012.pdf

⁶³ Enough Project, October 2013; p 31.

⁶⁴ "Diamonds and Clubs: The Militarized Control of Diamonds and Power in Zimbabwe," Partnership Africa Canada, June 2010; http://www.pacweb.org/Documents/diamonds_KP/Zimbabwe-Diamonds_and_clubs-eng-June2010.pdf

⁶⁵ Interim Report, UN Group of Experts for DRC, S/2012/348, para 157.

Although most Congolese artisanal gold is smuggled across its porous borders, DRCs official exports are slowly increasing: from 112 kilograms in 2011⁶⁶ to at least 203 kilograms in 2013 (see table 1). A number of new export houses have also been established in recent months in places like Bunia and Bukavu. Part of the explanation for this upward trend may be the reduction of export tax from 3.5% to 2% in 2012, in line with Burundi and Kenya.⁶⁷

Congolese export houses can only legally purchase gold from licensed intermediary traders. For each sale the latter must produce a transport authorization issued by mine authorities from where gold is purchased or transported. Such authorizations usually refer to either the territory where gold was supposedly produced or the town from where it was transported. To be compliant with the DRC Mining Code, export houses make sure that the volume of their legal purchases reflects the volume they legally export.

Although helping to formalize exports, the establishment of new buying houses generally does not appear to lead to more diligent sourcing. Several companies, such as Mining Congo, DTA, Glory Minerals, AR Gold and Namukaya (in previous years), are alleged to buy indiscriminately from mining areas that are entirely or partly controlled by armed groups.⁶⁸

This is not to say there is no potential for, or interest in, diligent sourcing. PAC was shown an elaborate due diligence strategy from the new buying house Metaux Precieux in Bunia, to assure legal purchases from cooperatives in conflict-free areas in Orientale province, involving screening of intermediate traders and insisting on bank transfers, chain of custody documentation, and photographic evidence of sources of gold.⁶⁹

Table 1: DRC official gold exports for 2013

Location	Exporter	Weight (kg)	Period	Destination
Kinshasa	SatisRessources	3.16	Jan-Oct	
	Centauris	1.02	Jan-Oct	(Switzerland)
	Metal Aurum	37.43	Jan-Oct	
	Eda Velma	9.55	Jan-Oct	Ramp International (UAE)
Bukavu	DTA	10.66	Jan-Dec	Al Refaa Star Trading (UAE)
	Mining Congo	49.28	Jan-Dec	Viren Jewellers (UAE)
	Namukaya	7.08	Jan-Dec	Economic Exchange Centre, Sharjah (UAE)
	Cavichi	12.19	Jan-Dec	Cavichi Jewellery (UAE)
Kisangani	Metal Aurum	44.31	Jan-Oct	
	Centauris	11.84	Jan-Oct	
	Eda Velma	2.65	Jan-Oct	
	Divas	2.57	Jan-Oct	
Butembo	Glory minerals	2.1	Jan-Oct	Sakshi Jewellery (UAE)
Bunia	MetauxPrecieux	8.99	Jan-Oct	
Total		202.83		

Source: Final Report, UN Group of Experts on DRC, S/2014/41, 23 January 2014, p. 165; Centre d'Evaluation, d'Expertise et de Certification (CEEC) Bukavu, export statistics for September-December 2013.

66 Hogg, J. and Harvey, J. op cit.

67 "The poverty of the DRC's gold miners," Irin News, 29 January, 2013; <http://www.irinnews.org/report/97356/the-poverty-of-the-drc-apos-s-gold-miners>

68 Final Report, UN Group of Experts on DRC, S/2009/603, 23 November, 2009, para. 130; Final Report, UN Group of Experts on DRC, S/2012/843, 15 November, 2012, para. 186; Final Report, UN Group of Experts on DRC, S/2011/738, 2 December, 2011, para. 200; Final Report, UN Group of Experts on DRC, S/2014/41, 23 January, 2014, para. 168.

69 Telephone Interview, Managing Director, Metaux Precieux, 21 February, 2014.

Section Two

THE UAE CONNECTION

In 2011 gold imports in UAE totalled 834 tons, the large majority of which came to Dubai.⁷⁰ The Emirate imported 745 tons of gold that year, worth over \$32 billion, and exported 451 tons, leaving 383 tons to be sold locally.⁷¹ Congolese gold alone represents a fraction of total UAE gold imports. The ICGLR region together – including also North Sudan and Tanzania that are equally “high-risk countries” by OECD standards – makes up about a tenth of total UAE gold imports.⁷²

Documentary requirements for importing gold in UAE appear to have become more stringent in recent years. The 2009 Inspection Procedures of the Dubai Customs Gold Office require cargo agents bringing in gold to present: Import Declaration, Airway Bill, Delivery Order and Original Invoice.⁷³ Procedures make no reference to certificates of origin, customs declaration forms from the port of exit or proof of payment of export tax in the country of origin. However, according to gold consignors shipping gold into Dubai from Africa, cargo gold now has to be accompanied with certificates of origin and customs declaration forms.⁷⁴ PAC could not retrieve any official procedures for hand-carried gold, but from experiences of gold consignors it appears that only a customs declaration is required.

The predominance of hand carried gold (as opposed to shipping it via cargo) from the countries in question limits the possibility to trace it through the supply chain after entry into UAE. For gold shipped by cargo, the commercial invoice must specify the consignee, i.e. a licensed trader or refiner, who is notified and is supposed to collect the shipment from the Gold Office at Customs at the Dubai airport. In contrast, the commercial invoice in a hand carry scenario does not need to be made out to the consignee, but is usually in the name of the consignor.⁷⁵ And if a consignee is mentioned on the invoice it is not certain whether this is the actual buyer of the gold, since the consignee is not supposed to collect it. In practice, the consignor can go to any jeweller in the souk.



Gold dust gets weighed at a comptoir in Mangi, Orientale Province, DRC

Credit: Joanne Lebert/PAC

PAC contacted five out of ten jewellers and gold trading companies indicated as consignee on export records from customs or mine authorities in DRC and Uganda, and asked whether they accept mined gold from DRC and neighbouring countries.⁷⁶ The exact origin and circumstances under which gold was produced was immaterial to all of them. The only criteria they had in accepting gold was whether it has been cleared by customs at the port of exit and at the port of entry.

70 UN Comtrade statistics for 2011; <http://comtrade.un.org/db/dqBasicQueryResults.aspx?px=H2&cc=7108&r=784&y=2011>

71 <http://www.dmcc.ae/gold-overview>

72 UN Comtrade statistics for 2011; <http://comtrade.un.org/db/mr/daCommoditiesResults.aspx?px=H2&cc=7108>

73 “Inspection procedures at the gold office”, Dubai Customs, 2009; <http://www.dubaicustoms.gov.ae/en/Procedures/CustomsDeclaration/Pages/InspectionProceduresGold.aspx>. Customs authorities did not respond to PACs information request for (updated) inspection procedures for gold imports.

74 Interviews, gold consignors and importers, Dubai, 4-7 February 2014.

75 Ibid.

76 Interviews, Jewellers, Dubai, 3-7 February 2014.

One jeweller told PAC that most gold from the ICGLR region is sold in the souk because it has become more difficult to sell such gold on to DMCC refiners since audits on their responsible sourcing practices began. Refiners supposedly request customs clearance for the exact amount supplied, refusing any gold shipped from DRC or neighbouring countries. However, Kaloti appears not to be the only refiner in Dubai with compromised due diligence systems. The same jeweller admitted slipping a small quantity of mined gold from DRC into a DMCC refiner, along with mined gold from accepted countries of origin like Ghana and South Africa.

Another jeweller told PAC that he could mix mined gold, from DRC or anywhere else, with scrap gold and sell it to refiners without this being detected. According to an industry expert this would be possible as long as the mined gold does not represent more than 10 per cent of a jewellery scrap bar, when it would pass x-ray testing.⁷⁷ To prevent such gold entering legal channels, some refiners ask scrap suppliers to show photos of the jewellery that was melted into scrap, produce invoices of their suppliers, and explain why the jewellery was melted down and not delivered to them as such.⁷⁸

While some mined gold from DRC and neighbouring countries still enters audited DMCC refiners – misrepresented as scrap gold or as mined gold from another country – testimonies from jewellers suggest that this gold is more likely to be absorbed in the jewellery market, or exported to countries like India (see box UAE Gold Trade to India). Besides the jewellers consulted by PAC, and clear evidence of gold appearing on Congolese and Ugandan export statistics, Congolese traders in Dubai provided names of another six jewellers who regularly buy Congolese gold.⁷⁹

This suggests two things. The first is that with the current focus on refiners, the UAE is overlooking vulnerabilities in its jewellery sector, and it needs to design a strategy to address conflict gold entering the global market through this loophole. Secondly, due diligence efforts, whether at the refiner or jeweller level, should not seek to simply “avoid” Congolese gold. Rather efforts need to prioritize engagement with all actors in the ICGLR, including key exporters, government officials and mining communities. Doing so will set in place necessary due diligence systems that extend back to the mine site, create greater flows of legal gold exports (from all countries) and, most importantly, contribute to regional political and economic stability.

77 Telephone interview, gold industry expert, 9 February, 2014

78 Interview, gold refiner, Dubai, 3 February 2014.

79 Interviews, Congolese traders, Dubai, 3-7 February 2014

80 UN Comtrade, op cit.

81 “Dubai precious metals conference (6-7 April 2013) live update”; <http://dpmc.ae/liveupdates.aspx>

82 “Import of Gold by Nominated Banks/Agencies/Entities,” Reserve Bank of India, Circular No. 25, 14 August, 2013; <http://rbi.org.in/scripts/NotificationUser.aspx?id=8312&Mode=0>

83 Arnold, T. ‘Dubai feels the pain from India’s gold taxes’, The National, 13 October, 2013; <http://www.thenational.ae/business/industry-insights/economics/dubai-feels-the-pain-from-indias-gold-taxes#ixzz2t1BVlxGW>

84 Interviews with Dubai based gold traders, 3-7 February, 2013.

UAE GOLD TRADE TO INDIA

In 2011, about half of UAE’s gold exports went to India, with Switzerland ranking second with 22%, followed by Iran and Turkey with 5% each, according to UN Comtrade data.⁸⁰ Agencies nominated by the Reserve Bank of India (RBI) to import gold for use in the domestic sector are permitted to buy from DMCC refiners that been successfully audited for responsible sourcing practices.⁸¹ But other gold from UAE can, and does, enter special economic zones where nominated agencies are not involved. As such, gold trade with India can involve bullion gold produced by DMCC refiners, as well as jewellery and jewellery scrap. In 2013 India increased its import duties on gold three times to a record 10% for bullion and 15% for jewellery, in a bid to discourage gold imports that are generating enormous currency account deficits and were pushing down the rupee. In addition, in August 2013 the RBI made it mandatory for nominated importers to set aside 20% for re-export as jewellery.⁸² As a consequence of this, formal exports from Dubai based companies to India dropped by almost 20% in 2013.⁸³

These import measures, however, seem to have affected India’s jewellery trade less than its bullion trade. Squeezed supplies and steady Indian consumer demand for jewellery has driven up local prices in India, still making it profitable for Dubai-based jewellers (who are not bound to reserve 20% for re-export) to either ship jewellery or individual gold bars with expatriate passengers and pay required taxes.⁸⁴ Smuggling is allegedly also on the rise, either over land through neighbouring countries like Nepal and Pakistan, or by transiting from an international to a domestic airport, thus avoiding strict controls.

Section Three **DIAMONDS TRADE FROM DRC TO UAE**

Geographically, Dubai lies at a crossroads in the world diamond trade. At the eastern end of the Arabian Peninsula, it straddles the divide between southern producing countries, the Western “old world” diamond centres of Antwerp, Tel Aviv and London, and the “new world” promise of Mumbai and Shanghai.

Since 2003, Dubai has emerged from obscurity to be the third largest diamond trading centre in the world, trading almost \$42 billion worth of stones in 2013—\$12.4 billion of which were rough.⁸⁵

Location is not the only reason for the UAE’s success. Faced with declining oil reserves, Dubai successfully set out to reinvent itself as a regional trading hub, guided by laissez-faire regulations and generous 50-year tax holidays that its main rivals like Antwerp could not match. Its dual role as a transit hub where diamonds can be re-exported and revalued makes Dubai extremely attractive to those seeking to give illegitimate diamonds a new lease on life, or to cheat African producing countries out of taxes that they would otherwise have to pay.

According to the Kimberley Process Certification Scheme, all rough diamonds traded in the world are to be accompanied by certificates detailing the value and origins of the stones. Operating properly, the system should be able to stop stones with questionable origins or values that do not match the geological footprint of the country of export. Unfortunately, those seeking to cover their tracks can easily circumvent this system through the use of certificates of mixed origin, gained by routing such diamonds through trading hubs such as Dubai.

Companies, individuals or criminal networks seeking to disguise problematic diamonds will initially ship their stones—more often than not with valid certificates obtained in third countries—to Dubai where the parcels can then be mixed with other shipments. From there, stones are sent on to other jurisdictions for cutting and polishing, only this time accompanied by a KP certificate from Dubai, rather than the initial country of export. By repeating this process such diamonds become extremely difficult, if not impossible, to trace. This practice is problematic not only because it can be used to disguise purchases from legal, yet reputationally challenged sources (like Zimbabwe’s Marange diamond fields); it can also be used to hide the origins of diamonds which do not meet KP certification requirements.

Prior to the advent of the KP, African diamonds were routinely bought at bargain prices, and re-priced more accurately as they passed through the diamond supply chain. Doing so minimized export taxes and disguised the margins between the purchase and real price of the stones. The KP’s requirement that diamonds be accompanied by certificates stating the price of a given parcel and issued at the point of origin was intended to make this practice more difficult. In reality, however, the problem continues.

UAE's biggest draw is its tax-free status. Diamonds imported to the UAE from the country of origin can be revalued closer to market price, and re-exported without tax consequences. KP statistics from 2013, for example, show that the average per carat value of diamonds entering the UAE was \$74.40, yet the average re-export was \$107.05 per carat – a 43.8% increase. The difference was even more dramatic in 2011, reaching 74%, according to a ground-breaking study by the Financial Action Task Force and the Egmont Group looking at the intersection between diamonds, money laundering and terrorism.⁸⁶

In 2012, the DRC was the second largest diamond producer in the world by volume, producing over 21 million carats. In value, however, it ranks 10th place.⁸⁷ Despite its prominence, the DRC contributed only 7% of the almost 67 million carats UAE imported in 2013. In value terms, this translated into just over 1% of the total value of UAE imports that year (\$5.1 billion).⁸⁸

The average value of Congolese industrial diamonds has been steadily decreasing in the past decade along with the total volume. Congolese diamond exports are grossly undervalued by exporters and the government valuation office, the Centre d'Evaluation, d'Expertise et de Certification (CEEC), largely to minimize paying the 3.75% export taxes.⁸⁹ For example, exporters declared their diamonds at an average value of \$10 per carat in 2013, while CEEC valuers averaged \$14 per carat.

Table 2: CEEC Export statistics for 2013

	Exporter	Quantity, cts	Declared value \$US	Average per carat	Value after expertise \$US	Average per carat	Destination
1	Afrogem	1,317,454.67	31,226,296	23.70	41,848,275	31.76	UAE and Belgium
2	Kasai wa Balengela	8,284,051.69	32,520,255	3.93	56 905 220	6.87	UAE and Belgium
3	Saga	2,839,584.82	56,781,649	20.00	77,196,662	27.19	Israel and Belgium
4	Solidiam	3,125,684.28	35,829,705	11.46	44,867,025	14.35	UAE and Belgium
	Total	15,566,775	156,357, 905	10.04	220,817,182	14.19	

Source: Centre for Evaluation, Expertise and Certification, Kinshasa

According to a diamond trade expert the latter average value is still suspiciously low considering the fact that since 2010 Congolese exporters are obliged to deoxidize diamonds to improve their appearance.⁹⁰ This process can increase the value of gemstone diamonds by up to 40% and industrial diamonds by 25%. In reality, the per carat value of industrial diamonds decreased by 30% compared to the average per carat value over three years preceding 2010, while gem quality diamonds saw a 20% improvement over the same time period.⁹¹

86 "Money Laundering and Terrorism Financing Through Trade of Diamonds," FAFT-Egmont Group, October 2013, p. 34; <http://www.fatf-gafi.org/media/fatf/documents/reports/ML-TF-through-trade-in-diamonds.pdf>

87 Kimberley Process statistics, annual global summary 2012; https://kimberleyprocessstatistics.org/public_statistics

88 Kimberley Process statistics for DRC and UAE, 2013; unpublished industry data

89 Email communication, diamond trade expert, Kinshasa, 31 January, 2013.

90 Ibid.

91 Calculated from Kimberley Process statistics for DRC; unpublished industry data

In theory, part of the higher valuation in Dubai can be attributed to mixing or “sorting” parcels to make them more attractive to onward buyers. Generally this process can result in a 10-15% increase. However, in practice the “trades” taking place in Dubai are effectively just revaluations occurring within the same family of companies. Basically the same rough diamonds go in and out but at a much higher price. This phenomenon known as transfer pricing enables associated companies to under declare the value of their diamond exports in producer countries, thereby minimising due taxes.

As one diamond consultant noted: “In essence, diamond multinationals will channel their rough diamond purchases...through Dubai. Often, the parcels are not even opened and, after re-invoicing, are shipped to the final destination, often Belgium, India or far-east cutting centres. The invoice will inevitably provide a higher figure...As a result, the local company produces a profit – which is a purely paper profit, because it generally remains a transaction between affiliated companies.”⁹²

To African governments the difference between tax avoidance (which many consider a legal practice) and tax evasion (which is illegal) is a semantic one. In 2013 alone, price manipulations due to transfer pricing generated in excess of \$1.6 billion in “profits” in the UAE, and represents a major deprivation for African treasuries, which lost much needed tax revenues. In the Congolese diamond context transfer pricing cost the treasury an estimated \$66.2 million in 2013. Perhaps one of the worst affected countries is Zimbabwe, which lost an estimated \$770 million in taxable revenues on exports to UAE between 2008 and 2012 due to an average 50% undervaluation of its diamonds.⁹³

For the international law enforcement community, it spells a concern of a different kind. The Financial Action Task Force (FATF) is one of the world’s leading agencies studying the issue of money-laundering (ML) and terrorism financing (TF), and its October 2013 report concluded that transfer pricing in Dubai posed unique reputational risks to the diamond trade and could be enabling terrorist organizations:

“Diamond trade centres like Dubai, which operate as Free Trade Zones (FTZ) are susceptible to [money-laundering] vulnerabilities...This, in combination with the specific vulnerabilities of the diamond trade and the mechanism of transfer pricing, creates a significant vulnerability for ML and TF activities. By way of over or under invoicing with affiliate diamond companies located in FTZ, it is possible to illegitimately shift profits from diamond companies in high tax rate countries to FTZs and thus avoid taxes. It is also possible to use the same scheme for ML/TF purposes. The combination of a lack of transparency in the diamond trade with a lack of transparency in a FTZ provides an excellent atmosphere to conduct large volume transactions without being detected.”⁹⁴

92 Even-Zohar, C. (2004), *Diamond Industry Strategies to Combat Money Laundering and Financing of Terrorism*, ABN AMRO, p. 101 .

93 KP statistics

94 FATF-Egmont Group, *op cit*, p. 63

Compounding these concerns is Dubai's practice of allowing diamond deals—often worth many million dollars—to be transacted in cash, rather than formal banking channels. While UAE is not the only jurisdiction that allows this, it is worrying that Dubai was especially vocal in opposing KP efforts in 2013 to bring such transactions within the banking system, where anti-money laundering screening initiatives such as “know your customer” could provide added assurance to who may be behind the transaction.

For its part, the Dubai Multi Commodities Centre (DMCC), which implements the KP certification in the UAE, claims it conducts independent valuation of the imported parcels on an ad hoc basis. According to the Director for the UAE Kimberley Process, undervaluations of over 30% are not accepted for gemstone diamonds, while the margin of acceptable difference is only a few per cent for industrial diamonds.⁹⁵ While an unknown number of shipments were rejected eight years ago when random checks started, no parcels have been rejected due to unacceptable levels of undervaluation in the past five years.

The huge discrepancies between the average import and export value also sets Dubai apart from the other main rough diamond trading centres: in the European Union it averages 5%, while in Switzerland and Israel it is 8% and 6%, respectively.⁹⁶ In Belgium and Israel the diamond industry is subjected to a very small presumptive tax for the net income calculated as a percentage of turnover. This would naturally reduce the incentive to practice transfer pricing, as this would inflate presumed taxable income. Under a zero-tax regime, UAE would need to introduce transfer-pricing regulation to tackle the issue. Currently, there are no provisions relating to transfer pricing in the UAE.⁹⁷



An artisanal miner shows off a diamond he found. Credit: Shawn Blore/PAC

95 Interview, Director, UAE Kimberley Process, Dubai, 5 February 2014.

96 Kimberley Process statistics for Switzerland, Israel and the EU for 2013; unpublished industry data

97 ‘Taxation of Cross-Border Mergers and Acquisitions, United Arab Emirates’, KPMG International, 2012;

Section Four ANALYSIS AND RECOMMENDATIONS

DUE DILIGENCE IN THE GOLD SECTOR

The US Congress passed the The Dodd–Frank Wall Street Reform and Consumer Protection Act in July 2010. Section 1502 of the Act requires US-listed companies using minerals, including gold, from DRC and neighbouring countries to conduct due diligence on their supply chain.⁹⁸

Later that year the UN Security Council and the Organisation for Economic Cooperation and Development (OECD), published compatible guidance documents outlining a five-step approach to ensure that companies, like gold refiners are not contributing to conflicts or human rights violations through their mineral purchases.⁹⁹

1. Establish strong company management systems, including maintaining inventory and transaction documentation, and specifying the nature of gold (i.e. mined or scrap) and supplier details
2. Identify and assess risks in the supply chain, including making a reasonable determination of origin, and investigating the circumstances of mineral extraction, trade and export of mined gold from conflict-affected and high-risk areas
3. Design and implement a strategy to respond to identified risks
4. Carry out an independent third-party audit
5. Report annually on supply chain due diligence.

The DMCC's Practical Guidance for Responsible Sourcing of Precious Metals, which was introduced in April 2012, is based on the OECD Due Diligence Guidance.¹⁰⁰ In October 2013, the DMCC signed a cross-recognition agreement with the Responsible Jewellery Council (RJC). As a result, RJC members – including companies like Tiffany & Co, Signet and JC Penney – seeking compliance with Dodd-Frank can rely on DMCC accredited refiners as sources of conflict-free gold.

Smuggling, underdeclaring and undervaluation practiced across the Great Lakes Region undermines diligent sourcing of Congolese gold and diamonds, fosters conflict financing and deprives the DRC government of critical tax revenues. The lack of verification of importers of gold and their paperwork, and the failure to further address transfer pricing of diamonds in UAE perpetuates the problems in the Great Lakes Region. The list of efforts needed to stem illicit and undervalued gold and diamonds trading and facilitate diligent sourcing is long, both on the supply and demand side.

Supplier countries must move to formalize the gold trade, integrate due diligence obligations (See box Due Diligence in the Gold Sector) in national policies and legislation, and take legal action against exporters that violate chain of custody and export procedures. ICGLR Member States also need to further harmonize tax regimes and improve enforcement cooperation as means by which to tackle smuggling. The political will of Uganda and Burundi to take action is particularly weak and evident. Kenya is doing better in many respects, while progress in the DRC remains limited due to the lack of administrative capacity and political will to address smuggling and formalize trade.

The Ugandan Ministry of Energy and Mineral Development is proposing a legal and regulatory review for the mining sector although follow through on plans to operationalize the ICGLR Regional Certification Mechanism have been very slow to materialize.¹⁰¹ Funding for the review, which is to run from 2014 to 2019, has yet to be secured. In terms of actual control measures, no seizures or arrest have been made in relation to gold smuggling from DRC, allowing the owners of UN-sanctioned entities to continue to export with impunity. Official indifference also extends to Ugandan mining authorities that do not inspect gold parcels upon export, and do not reconcile statistics with their counterparts in customs.¹⁰² As stated earlier this has led some exporters to bypass mining authorities altogether and thus avoid obtaining export permits and paying taxes.

98 Dodd-Frank Wall Street Reform and Consumer Protection Act, 2010; <http://www.sec.gov/about/laws/wallstreetreform-cpa.pdf>

99 "Due diligence guidelines for the responsible supply chain of minerals from red flag locations to mitigate the risk of providing direct or indirect support for conflict in the eastern part of the Democratic Republic of the Congo", UN Security Council, 2010; http://www.un.org/sc/committees/1533/pdf/due_diligence_guidelines.pdf; "OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas, Second Edition", OECD, 17 July, 2012, <http://www.oecd.org/daf/inv/mne/GuidanceEdition2.pdf>.

100 "Practical Guidance for Market Participants in the Gold and Precious Metals Industry", Dubai Multi Commodities Centre, 2012; <http://www.dmcc.ae/gold-responsible-sourcing-precious-metals>; The OECD Guidance Supplement on Gold formed the basis for guidance documents developed by the London Bullion Market Association (LBMA) for their respective member refiners to implement.

101 "Strengthening mineral sector through inspection for legal and environmental compliance", Uganda Department of Geological Surveys and Mines, 11 April, 2013, unpublished government project proposal document.

102 Interview, official from Department of Geological Surveys and Mines (Uganda), Kampala, 27 January, 2014.

Kenya has a new Mining Bill in draft, which should be ratified in parliament in mid-2014. According to mining officials the new bill makes reference to ICGLR certification and provides for proper identification of artisanal and small-scale miners and recording of production and sales.¹⁰³ These elements are supposed to remedy the loopholes Kenya's two main exporters are alleged to have taken advantage of in recent years. Ongoing investigations of the companies demonstrate a welcomed commitment by the Kenyan government to enforce existing chain of custody procedures. While illegal or under-declared exports appear to have been minimal in Kenya in recent years, mining officials attribute this to the fact both mining and customs officials are required to put their seal on exported parcels, and statistics from both institutions are reconciled prior to export.

Burundi passed a new mining code in 2013 that introduced high penalties for mineral smugglers, while authorities tightened export controls at the airport to combat smuggling. However, there is still no verified or plausible production data for gold in Burundi, or, at the time of writing, initiatives to launch traceability in the gold sector, making it difficult to detect and address exporters that illegally source gold from elsewhere. The government has yet to develop any strategies to address its biggest vulnerability: illegal flows of Congolese gold entering Burundi. It is equally unclear how, or when, the government plans to implement due diligence practices for gold or the ICGLR Regional Certification Mechanism.¹⁰⁴

In the country at the heart of this issue—the Democratic Republic of Congo—small steps are being taken in the right direction. In February 2012, the Ministry of Mines adopted the OECD due diligence standards into national law by administrative order, as part of its conformance with the ICGLR Regional Certification Mechanism.¹⁰⁵ Failure to conduct due diligence led to the temporary suspension of two export houses in the 3T sector in May 2012¹⁰⁶, but so far no gold export houses have been suspended on the same basis—likely in an attempt to attract companies to open a gold export house rather than scare them away with regulation.

Another administrative order, issued by the Ministry of Mines in 2010, launched a traceability procedures manual for mining products, including gold, from extraction to exportation. However, the manual itself has yet to be harmonized with the ICGLR's standards.¹⁰⁷ Extension of services to provide chain of custody documentation in remote gold mining areas has, however, been too limited to allow exporters to trace back their gold purchases to the exact mine of origin. Reports of smuggling by intermediate traders has so far not led to any formal investigations or suspensions of licenses.

103 Interview, officials at the mines and geology department (Kenya), Nairobi 30 January, 2014.

104 Final Report, UN Group of Experts on DRC, S/2014/41, 23 January 2014, para. 193.

105 Administrative Order, No. 0057.CAB.MIN/MINES/01/2012, 29 February 2012, Article 8.

106 Interim Report, UN Group of Experts for DRC, S/2012/348, para. 142.

107 Administrative Order, No. 0711/CAB.MIN/MINES/01/2010, 15 October 2010.

During its chairmanship of the Kimberley Process in 2011, DRC sought to make undervaluation of diamonds one of its legacy issues. Although it received support from many African producers, as well as civil society groups, the issue stalled in the face of industry resistance, and was largely overshadowed by the debate about whether or not to lift export restrictions on Marange diamonds from Zimbabwe. However, DRC is currently serving as part of a team of KP members (which includes PAC) that is looking at creating a regional approach to KP compliance in the Mano River Region of West Africa. Tackling transfer pricing and ensuring fairer diamond valuations are key components of that work, which is envisioned could be expanded to other diamond producing areas in Africa, most notably Central Africa.

On the demand side, the Dubai Multi Commodities Centre extended the application of its responsible sourcing guidance beyond its refiners in 2013, through a so-called Responsible Market Participant accreditation initiative aimed at member traders, jewellers and manufacturers.¹⁰⁸ As in the case of refiners, accreditation is subject to audits on the basis of the DMCC review protocol, but application is not mandatory as in the case of DMCC refiners.

PAC is not aware of any public or private initiatives to promote due diligence in the gold sector beyond the DMCC, for example in the gold souk. Jewellers interviewed seem unaware of any responsibility other than seeking legal compliance of their gold suppliers.

In 2012 the DMCC started to reach out to UAE federal Customs authorities on the topic of responsible sourcing.¹⁰⁹ From discussions with the DMCC and with customs authorities it remains unclear whether and to what extent detailed gold import data are shared with the DMCC to facilitate the tracking of supplies to imports from DRC and neighbouring countries. In any case refiners do not have access to such data.¹¹⁰

With respect to undervaluation or mitigating reputational vulnerabilities in the diamond sector—most notably the sourcing of diamonds from conflict-affected areas other than those in the midst of traditional civil wars, enabling money laundering or terrorism financing—the DMCC has yet to publicly disclose what steps it has or would take to address these issues. During a two-year internal discussion on ways to reform the Kimberley Process, as well as current deliberations on whether to establish an OECD due diligence for diamonds and other precious stones, Dubai's position can best be described as hostile and dismissive.

108 <http://www.dmcc.ae/gold-responsible-sourcing-precious-metals>

109 Sharma, C. "DMCC's responsible sourcing initiatives", presentation at Dubai Precious Metals Conference, 6 April 2013; available at http://www.dpmc.ae/dpmc2013/Presentation/3Masterclass_Responsible_sourcing_Chirag_Sharma_DMCC.pdf

110 Interview, gold refiner, Dubai, 3 February, 2014.

In the light of the policy analysis above PAC makes the following recommendations to governments and private sector operators:

The Governments of Uganda, Burundi, Kenya and DRC and other ICGLR countries should:

- Integrate due diligence and the ICGLR Regional Certification Mechanism in national mining sector legislation, and operationalize implementation in the gold sector.
- Carry out mine inspections as defined in the ICGLR RCM for the gold sector, in order to establish a national mine site and production database and a regional tracking database. This national database should be used to support and protect legitimate domestic mineral production, such as by being used to verify the mine of origin upon export and to justify national gold production.
- Harmonize policies and practices with an aim to interrupting illicit trading. This should include further harmonization of tax regimes, and greater enforcement strategies and trans-border cooperation.
- Further clarify chain of custody procedures for “conflict-free” mineral trading and build state capacity to carry out certification export procedures in accordance with the ICGLR standards, including the issuance, transmission and verification of required documentation, particularly in gold producing areas.
- Tighten controls on gold and diamond exports, involving crosschecking of documentary requirements by issuing authorities upon export, and accurate independent valuation.
- Investigate and prosecute individuals and companies involved in illegal gold trade from the DRC, including the beneficiary owners of UN sanctioned entities and their front companies.
- Through the ICGLR Secretariat in Bujumbura, finalize the institutionalization of the ICGLR’s Independent Mineral Chain Auditor office that is meant to investigate illicit mineral activity and evaluate the chain of custody systems in operation to ensure compliance with ICGLR standards.

Gold exporting companies in Uganda, Burundi, Kenya and DRC and other ICGLR countries should:

- Relocate or open up branch offices in the DRC, if involved in trading Congolese gold, and seek full legal compliance when exporting such gold.
- Adopt and implement due diligence policies in line with OECD guidance, demand state mining authorities deliver necessary chain of custody documentation, and/or develop traceability systems, preferably with support from client companies.
- Adhere to all five steps in the OECD Due Diligence Guidance, in particular Step 5 that requires annual public reporting on due diligence in order to generate public confidence in the measures adopted by gold exporting companies.

The Kimberley Process should:

- Create a special taskforce to investigate the issue of transfer pricing in the diamond industry, with a view to recommend ways African diamond producing countries can secure fairer and more accurate diamond valuations, and predictable tax revenues.

The government of the UAE should:

- Tighten regulatory controls on gold imports particularly on hand carried gold, including verification of the consignee, the (authenticity of) certificate of origin or export permit, and customs clearance documents (including tax receipts).
- Make verified data on consignees of gold imports available to the DMCC and other economic free zone regulators to help registered companies further investigate their supply chain.
- Proactively disclose on a quarterly basis all data related to the import and export of gold.
- Address transfer pricing of diamonds through federal legislation and introduce frequent and routine inspections of the value of imported parcels by the DMCC, with a rejection threshold of 15% undervaluation.
- Send shipments above the 15% threshold back to the country of origin so authorities there can tax them appropriately, after having been accurately appraised by an independent valuator. Exporters who consistently engage in gross undervaluation should have their names shared with authorities in the country of origin, with a view to prosecute them.
- Demonstrate what safeguards it intends to introduce to its system to mitigate against associated risks related to diamonds, money laundering and terrorism financing. Consideration should be given to discontinuing the current practice that permits diamond transactions to be made in cash, rather than through formal banking channels.
- Participate constructively in efforts to design a due diligence guidance for diamonds and precious stones commensurate with Dubai's leadership role in the diamond industry

UAE traders and jewellers and refiners that are directly or indirectly sourcing mined gold from the ICGLR region should:

- Adopt and implement due diligence policies in line with OECD guidance supplement on gold, i.e. through on-the-ground inspection of circumstances of mineral extraction and trade, and establishment of a chain of custody and/or traceability system with local exporters.
- Adhere to all five steps in the OECD Due Diligence Guidance, in particular Step 5 that requires annual public reporting on due diligence in order to generate public confidence in the measures adopted by gold exporting companies.

UAE refiners found to be compliant with the DMCC responsible gold guidance could:

- Improve on gold fingerprinting techniques on supplies of recycler/scrap gold in order to detect potentially misrepresented mined gold and conduct due diligence accordingly.
- Provide financial support to multi-stakeholder commissions to assess mine sites, transportation routes, and points where gold is traded; and chain of custody and/or traceability schemes (as per OECD guidance) in ICGLR countries.
- Re-engage in the ICGLR region through purchases from assessed mines and transportation routes with chain of custody and/or traceability systems in place.

Partnership Africa Canada Publications

Partnership Africa Canada is working to strengthen good governance and respect for human rights, prevent conflict related to natural resource exploitation, and promote sustainable development.

The following PAC reports related to diamonds can be found on PAC's web site.

- Reap What You Sow: Greed and Corruption in Zimbabwe's Marange Diamond Fields
- Diamonds Without Borders: An Assessment of the Challenges of Implementing and Enforcing the KP Certification Scheme
- Diamonds and Clubs: The Militarized Control of Diamonds and Power in Zimbabwe
- Paddles for Kimberley: An Agenda for Reform
- Zimbabwe, Diamonds and the Wrong Side of History
- Loupe Holes: Illicit Diamonds in the Kimberley Process
- Land Grabbing and Land Reform: Diamonds, Rubber and Forests in the New Liberia
- The Lost World: Diamond Mining and Smuggling in Venezuela
- Killing Kimberley? Conflict Diamonds and Paper Tigers
- Triple Jeopardy - Triplicate Forms and Triple Borders: Controlling Diamond Exports from Guyana
- Fugitives and Phantoms: The Diamond Exporters of Brazil
- Implementing Kimberley Process - 5 years on - how effective is the Kimberley Process and what more needs to be done?
- The Failure of Good Intentions
- Rich Man, Poor Man – Development Diamonds and Poverty Diamonds: The Potential for Change in the
- Artisanal Alluvial Diamond Fields of Africa
- The Key to Kimberley: Internal Diamond Controls-Seven Case Studies
- Diamonds Without Maps: Liberia, the UN, Sanctions and the Kimberley Process
- Motherhood, Apple Pie and False Teeth: Corporate Social Responsibility in the Diamond Industry
- West Africa: Rocks in a Hard Place. The Political Economy of Diamonds and Regional Destabilization
- Diamonds in the Central African Republic: Trading, Valuing and Laundering
- No Problems Here: Success, Complacency and Suspicion in the Indian Diamond Industry
- War and Peace in Sierra Leone: Diamonds, Corruption and the Lebanese Connection
- The Kimberley Process: The Case for Proper Monitoring
- Hard Currency: The Criminalized Diamond Economy of the Democratic Republic of Congo and its Neighbours
- Diamonds: Forever or for Good? The Economic Impact of Diamonds in Southern Africa
- Fire in the Ice: Benefits, Protection and Regulation in the Canadian Diamond Industry
- Destabilizing Guinea: Diamonds, Charles Taylor and the Potential for Wider Humanitarian Catastrophe
- The Heart of the Matter - Sierra Leone, Diamonds and Human Security