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Rapaport tightens screws on Zim diamond trade

By Taurai Mangudhla, Business Writer
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HARARE - Global diamond trade watchdog Rapaport Group (Rapaport) has announced measures to tighten screws on Zimbabwe's diamond sales after its members resolved to prohibit the country's Marange "blood diamonds" on the international market.

Rapaport, through its Rapaport Diamond Trading Network (RapNet), last week told its members that it had come up with stringent measures, including separating Zimbabwe's diamonds from other international produce, to stop the controversial Marange gems from filtering into the market.

The network is also set to invest in human resources, launch compliance exercises as well as reward whistle blowers who offer proven information that a RapNet member may be trading in Marange diamonds.

"We have measures to ensure that all diamonds that have a green tint are not sold. I do not have to prove that someone just put a Marange diamond, it's enough when I have enough reasonable doubt that a person is abusing the system and putting a Marange diamond then off you go," said Rapaport chairman Martin Rapaport during a New York telephone conference.

"Buyers should investigate their supply chains and get to know their suppliers before they buy.

There is also a risk of people mixing the Marange diamonds with non-Marange diamonds so if you don't know and you are not sure just don't buy," he added.

An "ethical diamond campaign" will also be held starting January to initiate a broader movement against the Marange diamond trade.

Although the Rapaport chair admitted that implementing the campaign will be faced by a number of challenges especially given that Zimbabwe's diamonds were certified by the Kimberly Process (KP) in November, he said the goal could be achieved through utilising RapNet's strong sense of community and trust.

RapNet has 6 750 members, most of whom agree that trading in Marange diamonds is a violation of the law and or diamond trading ethics.

The body banned the Marange diamonds citing continued reports of human rights abuses related to the gems and concerns that the money used to pay for these diamonds will finance new waves of violence and repression in Zimbabwe.

RapNet agreed to suspend, expel and publicly name those companies that violate the ban.

Rapaport is the international standard for diamond prices. It is the world's largest diamond trading network with daily diamond listings of over 800 000 diamonds valued at \$56 billion and over 6 750 active trading members in 78 countries.

The RapNet's resolution comes after advocacy group Global Witness Foundation (GWF) joined other players to mount international resistance against Zimbabwe's diamond trade.

GWF pulled out of KP in protest to the licensing of Marange diamonds, saying KP had given Zimbabwe a chance to push its blood diamonds and finance tyranny.

Recently, the US government's Office of Foreign Assets Control added two of Zimbabwe's diamond miners — Mbada Diamonds and Marange Resources — to its long list of people and companies under government sanctions in spite of the diamond miners having secured KP certification.

The diamond firms will not be able to openly trade with the US—the largest diamond market — after the barred any US entity to trade in Zimbabwean diamonds whether they are in rough or polished form.

Problems with Zimbabwe's diamond trade, which are expected to contribute 18 percent of the national budget in 2012, could be an obstacle to the country's economic recovery plan.

Finance minister Tendai Biti announced in his 2012 national budget that the country's diamond revenues are estimated at \$600 million in 2012 — bringing the national funds up to \$4 billion.

Biti said government had to revise the budget in light of an anticipated surge in diamond revenue following the KP certification of the country's Marange gems at the beginning of November.

Marange Resources is a subsidiary of government owned Zimbabwe Mining Development Corporation (ZMDC) which was already on the sanctions list while Mbada Diamonds is a private company which is in a joint venture with the ZMDC.

Another Marange-based diamond miner, Anjin China, is an equal partnership between ZMDC and Anhui Foreign Economic Construction Company Ltd of China.



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