



global witness

Country focus: the extent of the conflict resources problem

The trade in natural resources, including minerals, funds and fuels some of the world's most brutal conflicts.

The cases below reveal the extent of the problem. They demonstrate some of the harmful effects of the trade in minerals, precious stones – notably diamonds – and other natural resources in Afghanistan, the Central African Republic, Colombia, Democratic Republic of Congo, Myanmar and Zimbabwe. In parts of these countries, revenues from the extraction and trade of natural resources can give armed groups and other abusive actors the means to operate, and provide off-budget funding to State security forces and corrupt officials.

The EU is a major trading centre. It is the world's largest economy and the world's largest trading block. Yet there is currently no law in the EU requiring companies to ensure that the natural resources they bring into Europe are not financing conflict or human rights abuses overseas. It is therefore impossible for EU consumers to tell whether their purchases implicate them in a harmful trade.

Afghanistan

Natural resources, and especially precious stones, have funded conflict in Afghanistan for decades. In the 1990s, the United Islamic Front earned around US\$60 million a year from gemstones, notably lapis lazuli and emeralds from Panjshir and Badakhshan provinces. As well as emeralds and lapis, rubies, marble, chromite (a mineral which provides chromium for use in metal production), coal and gold are among the most common targets for illegal extraction, and continue to support armed groups on both sides of the conflict today.¹

Minerals play a significant part in funding the current insurgency: the Taliban take a 20% cut of the profits from mining in areas where they are present, like Jegdalak in Kabul province.² Kunar province is another mining area where locals involved in extracting various precious stones report paying a similar tax.³ Meanwhile, the Haqqani network, a key part of the Taliban movement active in eastern Afghanistan, receives significant funds from the chromite trade.⁴ These resources also fund armed groups that are nominally pro-government, like the Afghan Local Police.

Afghan government coffers see very little income from the mining sector. In 2013, no more than 3.4% of government revenues were from mining, yet there are an estimated 1400 illegal mines in the country and mineral deposits are reportedly worth nearly US\$1 trillion.⁵

Central African Republic (CAR)

The Central African Republic's significant gold and diamond resources are one of the principal sources of funding for armed groups engaged in a conflict, which has killed thousands and displaced over a million people.⁶

Militias have used intense violence to gain control of minerals in places such as Garga, in north-western CAR. In September 2013, Seleka fighters seized control of gold mines there, massacring over 200 people and burning hundreds of homes.⁷ Repeated fatal clashes have occurred in the village since,⁸ which is now controlled by anti-balaka militias.⁹ Meanwhile, at a major mine 300km north-east of the capital, Seleka are charging miners for protection.¹⁰ This mine is producing an estimated 15kg of gold each month, worth some US\$350,000 on the local market.¹¹ Most of it is trafficked into Cameroon,¹² where many buyers do not attempt to discriminate between local and Central African minerals.¹³ Practically all of the gold produced in CAR is smuggled into neighbouring countries, according to a UN report, depriving the state of much needed revenues.¹⁴

CAR was the 14th largest diamond producer globally in 2012.¹⁵ Diamonds were CAR's second largest export,¹⁶ and have been crucial in financing the current conflict. A leading Seleka figure is under UN sanction for facilitating diamond trafficking to help finance the movement prior to its coup in March 2013, which involved widespread human rights abuses.¹⁷ Although CAR was subsequently barred from trading diamonds with the member states of the Kimberley Process, diamonds have been traded illegally since to finance warring parties. Global Witness' research indicates that Seleka leaders have made significant profits from diamond trading after seizing control of diamond-rich regions. Miners have been forced to sell diamonds at a fraction of their value,¹⁸ subjected to illegal taxes and had to pay protection money to armed groups.¹⁹ Similar methods are being used by the anti-balaka in places. Before the embargo, CAR diamonds were sold in major trading hubs including Antwerp, Dubai and India. There is evidence that conflict diamonds from CAR are still entering international markets. Suspected CAR diamonds worth US\$2.5 million were seized in Antwerp in May 2014.²⁰ Without strong action to stop armed groups profiting from CAR's minerals, lasting peace is unlikely.

Colombia

In **Colombia**, where conflict has cost over 218,000 lives, internally displaced 5.9 million people and resulted in the forced disappearance of over 25,000 people, tantalum, wolframite, coal and gold mines and trading routes are controlled and taxed by armed groups.²¹ The Revolutionary Armed Forces of Columbia (FARC), the main group involved in illegal mining activities, derive up to 20 percent of their economic resources from control of Columbia's gold trade. Other groups such as the ELN and paramilitary groups profit from the trade to a lesser degree.²² Mining companies operating in Colombia have themselves also been associated with serious human rights abuses.²³

In mining areas, control over land has become increasingly militarised and a source of conflict,²⁴ while 80 percent of the human rights violations that take place in Colombia occur in areas where minerals and oil are extracted (legally and illegally).²⁵ Up to 10 percent of the Colombian population, particularly those living in remote areas, remain directly affected by the conflict.²⁶

Democratic Republic of Congo (DRC)

The trade in tin, tantalum, tungsten and gold has fomented violent conflict in the eastern provinces of North and South Kivu, DRC for almost a decade and a half. Although not the root cause of the conflict, competition over the control of mines and trading routes has become an incentive for warring parties to keep fighting. Rebels and members of the national army have made millions of dollars through illegal taxation and control of the trade while inflicting appalling suffering on the local population.²⁷ In southern Katanga province abuses against artisanal miners engaged in copper and cobalt extraction remain prevalent,

while child labour continues to be a serious problem. Cases of modern slavery have been documented in mines in North and South Kivu.²⁸ Miners frequently receive very little for the minerals they extract and face systemic exploitation. The ore is sold through supply chains that includes companies in the central African region and globally.²⁹

Increased international scrutiny in recent years – in large part generated by the 2010 passage of Section 1502 of the U.S. Dodd Frank Act – has catalysed reforms in DRC's mining sector. The law has compelled U.S.-listed firms and their suppliers to examine their sourcing practices for the first time, in a bid to ensure they are behaving responsibly and not funding war via their mineral purchases. In February 2012, the Congolese government passed a domestic due diligence law that compels companies operating in Congo to check their supply chains and to publicly report on their efforts to source minerals responsibly.³⁰

But despite positive steps, there are still real challenges to overcome in DRC – not least the illegal involvement of high-ranking members of the Congolese army in the minerals trade which contributes to inadequate reinvestment of mineral revenues into mining communities. Some mining sites have been demilitarised, but our research shows that members of the Congolese army and rebel groups continue to profit from the minerals trade in less visible ways, such as via taxation and extortion.³¹

Myanmar (Burma)

Myanmar is widely reported to account for at least 70% of the world's production of premium jadeite.³² Recent analysis by researchers at the Harvard Ash Centre, which was facilitated by the government of Myanmar, indicates that sales of jadeite in 2011 were worth in the region of US\$6-9 billion.³³ If correct, these figures suggest that jade brings in more than double the revenue Myanmar receives from its exports of natural gas and up to a sixth of its 2011 Gross Domestic Product.

Myanmar jadeite is a conflict resource, however. Since the breakdown in the ceasefire between the Myanmar government and the Kachin Independence Organisation (KIO) in mid-2011, there have been persistent armed clashes around the Hpakant mines in Kachin State, which are the main sources of jadeite in the country.³⁴ Both the Myanmar military and the KIO are deriving financing from the trade and the opportunities to mine and sell jadeite act as an incentive to fight for control of the area.³⁵

The trade in jadeite from Kachin has been inextricably linked with China since the Eighteenth Century³⁶ and, while reliable statistics are hard to come by, China would appear still to be the main destination for most of the material that Kachin produces.³⁷

Zimbabwe

With the discovery of diamonds in the Marange region, Zimbabwe became one of the top five diamond producers globally.³⁸ Global Witness has exposed links between some of the mining companies operating in Marange and members of the military and secret police.³⁹ The involvement in the diamond sector of security forces loyal to the ZANU-PF ruling party, particularly around the 2008 and 2013 elections, raised concerns of off-budget diamond revenues being used to finance human rights abuses and vote-rigging.⁴⁰

Zimbabwe's security forces have been repeatedly implicated in widespread human rights violations perpetrated against perceived critics of the government, aimed at stifling dissent.⁴¹ Alongside fears that diamond revenues may be being channelled to abusive actors, there are concerns that the people of Zimbabwe are missing out on their country's natural resource wealth. Diamond revenues could play an important role in propelling Zimbabwe's

development. However, both the current Minister of Finance and his predecessor have reportedly expressed concern about proceeds failing to reach the treasury.⁴² At the same time, Zimbabwe's economy is struggling under the burden of a liquidity crunch,⁴³ company closures and job losses⁴⁴ across the country. There have been regular reports of the government's difficulties in meeting the wage bill of the civil service.⁴⁵

Consumers have little guarantee that their diamonds have not been sourced from Marange. The Kimberley Process has given a green light to all diamond exports from Zimbabwe, allowing Marange stones to circulate on the international market.

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³ Global Witness interview with miner from Kunar, May 2014.

⁴ Paivi Lujala, January 10, 2010, 'The Spoils of Nature,' p. 16; Gretchen Peters, July 2012, 'Haqqani Network Financing: The Evolution of an Industry,' *Combating Terrorism Center*, <https://www.ctc.usma.edu/posts/haqqani-network-financing>

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⁶ <http://www.unhcr.org/pages/49e45c156.html>

⁷ <http://www.centrafrrique-presse.info/site/info-societe-5098.html>

⁸ <http://www.journaldebangui.com/article.php?aid=5425>; <http://www.hrw.org/news/2013/11/24/central-african-republic-war-crimes-ex-seleka-rebels>

⁹ <http://www.centrafrrique-presse.info/site/info-societe-5098.html>; <http://anthonyfouchard.fr/blog/2014/07/25/en-rca-lor-diamant-financer-les-groupes-armes-guerre/>

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²⁰ <https://www.awdc.be/en/reactive-statement-reg-p>

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