



Liberia

Economy - Development

## **International capital returns to Liberia's diamonds**

**afrol News, 12 August** - While a UN sanctions regime still is barring trade with post-war Liberia's diamonds and timber, international capital is already making deals to re-enter Liberia's diamond sector. Although peace and stability is not yet assured in the diamond producing areas, investors count on a stable future guaranteed by the UN peacekeepers.

The Canadian company Diamond Fields today announced two comprehensive projects in post-war Liberia. The mining company, which has its main operations offshore Namibia, will thus become a major player on Liberia's future diamond industry if its political risks calculations prove realistic.

Diamond Fields in a statement today said it had entered into an option agreement with Liberian-based Ducor Minerals, under which it may earn an interest in Ducor's rights under two mineral exploration agreements between Ducor and the government of Liberia.

The agreement covers two properties, Gbapolu and Grand Gedeh, who again cover a total area of 1813.72 square kilometres and are prospective for diamonds and gold, respectively, according to the Canadian company.

The Gbapolu property is located in western Liberia and is a diamond prospect immediately adjacent to an area of known kimberlites. "Extensive alluvial artisanal diamond mining by locals in the area suggests the presence of diamondiferous source rock," the company says in a statement. The somewhat smaller Grand Gedeh property is located in eastern Liberia and borders the southern extension of the Syama Gold Belt, which hosts several gold mines in Côte d'Ivoire and Mali.

Diamond Fields already is actively operating in Liberia. A company field crew has recently completed the first pass of heavy mineral sampling on a concession in Nimba County in north central Liberia on the border with Guinea. Nimba County only one year ago made international headlines as the Liberian rebels' stronghold and the scene of several bloody battles.

Most of the locations where Diamond Fields now is getting engaged indeed have been the subject of bitter fighting only a few years ago. Diamonds and timber in Liberia and neighbouring Sierra Leone were seen as the driving force between the region's brutal civil war.

Shifting armed groups fought over the control of these key resources, which again were used to finance illegal arms imports. This spiralling violence caused the UN Security Council to ban international trade with Liberian diamonds and timber to stop the funding of these wars.

UN sanctions against Liberia are still in force and were reaffirmed only a few months ago. Also the US, traditionally Liberia's main trade partner, only last month confirmed its sanctions regime against Liberia.

US President George W. Bush on 23 July noted that the August 2003 peace plan and cease-fire "have not yet been universally implemented throughout Liberia," thus agreeing with the Security Council that sanctions had to remain until peace was secured and the ongoing disarmament throughout the country is successfully brought to an end.

While trade sanctions still are in place, the rapid progress in the disarmament efforts and other reforms - including a diamond certification regime - indicate that they soon will be lifted. As the sanctions were last reaffirmed by the Security Council on 10 June, this was only despite the protest by the top UN Representative in Liberia, Jacques Klein, and the Liberian transitional regime.

The Council had noted that "organised, international [diamond and timber] smuggling networks remain in place and could be reactivated at any time." Immediately after reaffirming the sanctions, the Security Council however established an expert monitoring panel to investigate its implementation. There are strong indications that this expert panel may recommend the lifting of the sanctions at the next crossroads.

International investments, such as by Diamond Fields, further indicate the normalisation of economic conditions in post-war Liberia. This will further enhance the pressure to lift sanctions against the poor country as soon as possible.

For Diamond Fields, this early investment in Liberia has made the Canadian company "well positioned in a country with great mineralogical potential," as the company's President Gregg Sedun puts it. Although all these prospects were in the early stages, Mr Sedun felt his company had made a clever investment.

For Liberians, nothing is better news than an economic normalisation with foreign investments starting to stream into the war-torn country. The country's diamonds resources in any way are in better hands when managed by a North American company than by indigenous armed rebels.

*By staff writer*

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