Zimbabwe meets diamond trade standards-monitor

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- * Monitor says ready to supervise diamond exports
- * Calls for gradual de-militarisation of diamond fields
- * Zimbabwe says holds over 2 million carats ready for export

By Nelson Banya

HARARE, June 8 (Reuters) - Zimbabwe has met minimum conditions set by the Kimberley Process Certification Scheme (KPCS) and could start exporting the precious stones, according to a report by a monitor appointed by the body, which regulates global gem trade.

"Based on evidence provided by the government of Zimbabwe and private investors, and on...first-hand assessment of the situation, Zimbabwe has satisfied the minimum requirements of the KPCS for trade in rough diamonds," said a report by Kimberley Process (KP) monitor Abbey Chikane and seen by Reuters on Tuesday.

South African monitor Chikane was appointed to assess diamond operations at Zimbabwe's controversial Chiadzwa fields to the east of the country, following an agreement between the southern African country and the KPCS.

Zimbabwe's diamonds have come under the spotlight following charges of human rights abuses and gem smuggling at the Chiadzwa fields.

"The KP monitor is ready to supervise export arrangements, in close collaboration with the relevant Zimbabwean authorities and other relevant parties," the report said.

Two South African companies, Grandwell Holdings and Core Mining, are mining diamonds in 50-50 joint ventures with the government in Chiadzwa.

The government says it has stockpiled more than 2 million carats while waiting for the Kimberley Process certification. Zimbabwean authorities have recently voiced their frustration over their inability to sell the diamonds, with President Robert Mugabe and Mines Minister Obert Mpofu threatening to trade the gems outside the Kimberley Process.

Last month, Mpofu banned all diamond sales from Zimbabwe, including from Rio Tinto's (RIO.L) Murowa mine, which produced 124,000 carats in 2009, and the privately owned River Ranch mine, until the country got KPCS approval to sell the Chiadzwa diamonds.

Rights groups accuse security forces deployed to the Marange fields by Zimbabwe's government of widespread atrocities in the poorly secured diamond fields and have been pushing for a ban on the stones.

In his report, Chikane cautions against the immediate removal of the army from Marange, saying it could result in the return of illegal miners. An estimated 30,000 illegal panners descended on the Chiadzwa fields in 2006.

"The immediate de-militarisation of Chiadzwa may present unintended consequences for the government of Zimbabwe," the report says.

"Indications are that any form of withdrawal will have to be conducted in a gradual manner. Based on this indication, the army may have to remain in Chiadzwa until conditions are conducive for withdrawal."

(Reporting by Nelson Banya; Editing by Alison Birrane)