

Murky world of Marange mining firms

Jason Moyo 6 July 2012

Zimbabwe's Mines Minister Obert Mpofu estimates that the country's vast diamond wealth could generate \$2-billion a year, but it is increasingly unclear who is benefiting more - the government or the faceless shareholders who own the miners.

Foreigners are still queuing up to get in on the action and South Africa's Utho Capital is planning to set up a forum of the world's top diamond companies in Zimbabwe.

The Marange fields cover 123000 hectares, with only 54000 hectares being mined. The remainder is up for grabs, according to the Zimbabwe Mining Development Company (ZMDC), the state mining firm.

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But even as international interest grows, the ownership of mines remains hidden under layers of secrecy.

There are currently five companies operating in Marange and other concessions in the east of the country.

Anjin

Anjin is the biggest miner in the diamond fields and there is conflict over how much it owes the government and who really owns it.

Finance Minister Tendai Biti recently said the government had received nothing from Anjin since it opened in 2009. But Munyaradzi Machacha, an Anjin director, said Biti's expectations had been too high to begin with.

"We have contributed \$30-million to the fiscus. A single carat is valued at \$60 and not the \$1500 projected by the minister," Machacha told visiting European ambassadors last week. "He should stop persecuting innocent companies like ours."

But it is a fact that officially nobody, not even the finance minister, knows who owns Anjin, something that reflects the murky world of Zimbabwe's diamond industry.

Deputy Mines Minister Gift Chimankire said that the Chinese owned 50% of Anjin, the Zimbabwe Defence Industries (ZDI), a state-owned ammunitions-maker, owned 40% and the ZMDC held the remainder.

But Biti said the ZMDC did not have any stake in it and he did not know who the other shareholders were.

This week, there was more controversy - apparently the ZDI is not a shareholder in Anjin either. ZDI chief executive Tshinga Dube, a retired colonel, denied that ZDI owned a stake in Anjin. "Such an opportunity has not featured on our radar," he said.

The question then is: Who owns Anjin and who stands to benefit from its potentially massive earnings?

What is known is that half of Anjin is owned by Chinese firm Anhui Foreign Economic Construction. As part of the deal, Anhui is building a large military complex on the northern outskirts of Harare, which is being partly funded by a \$98-million loan from China's Eximbank.

But what is less well known is the identity of Anhui's partner, reported to be Matt Bronze, a shelf company bought by the military to house its investments. Matt Bronze's directors have never been named publicly, but Anjin's Zimbabwean directors are almost entirely from the security forces.

Mbada Diamonds

Mbada Diamonds is a joint venture between the ZMDC and several investors, among them South Africa's Reclamation Group, which has established links with Zimbabwean state companies.

Old Mutual holds a minority stake in the firm, although it has said it would be reviewing its interests.

Among Mbada's shareholders is ex-army figure Robert Mhlanga, once President Robert Mugabe's pilot and now one of Zimbabwe's richest men. Weeks ago, it was reported that Mhlanga was building a mansion next to the Zimbali Golf Estate in KwaZulu-Natal. He insists he bought the property 10 years ago, before he went into diamonds.

In 2002, Mhlanga was a key witness in the treason case brought against Prime Minister Morgan Tsvangirai, leader of the opposition Movement for Democratic Change.

Through his Skyview Minerals, Mhlanga owns shares in Mbada Diamonds and has other interests in Zimbabwe, Angola and elsewhere in the region.

Recently, Mhlanga said Mbada had made \$600-million since 2009. Half of that had been handed to the government in taxes and other fees. The remainder went into working capital and to Reclamation.

In the first quarter of this year, Mbada exported \$87.6-million worth of diamonds.

Stung by United States-imposed sanctions, Mbada earlier this year claimed it was under attack from a "jealous and outright anti-Zimbabwe and anti-African agenda".

Marange Resources

Marange Resources is wholly owned by the ZMDC, after the government cancelled a joint venture with Canadile, over claims the consortium had defrauded the state.

But Canadile's Lovemore Kurotwi has claimed Mpofo demanded a \$10-million bribe in exchange for a mining licence. Kurotwi wrote a letter to Mugabe detailing Mpofo's alleged demands.

Dube is chairperson of Marange Resources. It exported \$11.7-million worth of diamonds in the first quarter of the year.

Diamond Mining Corporation

DMC is a joint venture between the ZMDC and Pure Diam, based in Dubai. Pure Diam's shareholders are unknown. DMC made \$38.9-million in the first quarter.

Zimbabwe-Ozgeo

Zimbabwe-Ozgeo is a partnership between Zimbabwe and Russian investors. The company expects to begin operations soon in the eastern Chimanimani area. Russia, a long-time ally, has separately agreed to supply military helicopters in exchange for platinum concessions, according to the Russian newspaper Kommersant.

'M' is for 'make another joke'

At a recent comedy show, Zimbabwe's most popular stand-up comic, Carl Joshua Ncube, gave the lowdown on what it means to be a comic in Zimbabwe.

"Everyone wants you to say the 'M' word," he said.

While performing in South Africa, there was much moaning when he refused to tell a Mugabe joke. "So they come backstage after the show and say: 'Carl, here we can go on the streets, stand on the steps of Parliament and shout, Jacob Zuma is an idiot, and no one will do anything to us. You can't do that in Zimbabwe.'

"And I say: 'That's not true, we too can go on the steps of Parliament in Zimbabwe and shout,

Jacob Zuma is an idiot.'

"We're free to say anything we like," he jokes sarcastically on stage. His audience responds with a round of mocking applause.

Despite recent media reform, including the licensing of two new radio stations, the space for free expression in Zimbabwe remains largely restricted. But, on most Fridays in Harare's smoky bars, urban youths are finding a new avenue for expression in a growing stand-up comedy movement.

But the young comics have to censor themselves, often delivering biting social commentary but steering clear of direct attacks on the establishment. There are many underground jokes attacking President Robert Mugabe and other leaders, but comics cannot make them on stage in a country where people are frequently arrested for insulting the president.

Last Friday, at a comedy night to mark the first year of a series of shows by a group of 10 comics, dozens gathered under a thatched gazebo in a Harare suburb. These shows were rare just a year ago, but they are winning broader appeal as comics become more daring, taking on issues that many can relate to. - Jason Moyo

<http://mg.co.za/article/2012-07-05-murky-world-of-marange-mining-firms>

Will world prices collapse as Mugabe's generals loot Marange?

Khadija Sharife 13 March 2012

The news from oppressed Africa may be dominated by the self-serving You Tube video by Jacob Russell, 'Kony 2012', seen by 80 million viewers, aiming to raise consciousness about children involuntarily soldiering for the Lords Resistance Army in oil-rich northern Uganda. But in contrast to American saviors, there are plenty of local activists needing solidarity in their struggle against tyrants.

One of these is an institution, the Centre for Research and Development in Mutare, Zimbabwe, whose offices were mysteriously burgled last week. Mutare is the closest city to the \$800 billion Marange fields, described as the largest diamond find in history.

Even before Kimberly Process (KP) certification, Zimbabwe became the world's seventh largest producer, and the KP deal apparently occurred because Zimbabwe's Ministry of Mines threatened that world diamond markets would be flooded if KP-certification were not provided.

In any case, Zimbabwe's main diamond trading partners, India and China (via Dubai and Israel), hold no regard for the KP, and therefore cannot be held hostage by threats of peer exclusion. Already, 30 percent of the diamonds handled in India's key cut and polish hub, Surat, are imported from Zimbabwe.

Africa generates over 65 percent of the world's rough stones. Until recently, a handful of companies including DeBeers (35 percent market share by value) and Russia's Alrosa (25 percent market share) benefited from near monopolistic control, with sales dominated by the US market thanks to the deeply entrenched impact of the De Beers 'Diamonds are forever' advertising campaign.

Until the 1990s, DeBeers had set the inviolable rule of the diamond industry: one buyer (Central Selling Organisation) to absorb - and vault - the bulk of surplus to prevent diamonds from losing the scarcity value, artificially created via slow release onto the market.

Andrei Polyakov, spokesperson for Russia's Alrosa - which remains 90 percent state-owned - confirmed, "If you don't support the price, a diamond becomes a mere piece of carbon."

The diamond merchants now face a serious crisis: losing the battle to keep stones in the Zimbabwe soil by locking down concessions. At one point, De Beers held over 45 Exclusive Prospecting Orders, and despite discovering Marange early in the game, De Beers failed to exploit the resources.

Zero exploitation

Unlike Botswana and Namibia, the generals close to Robert Mugabe who control Zimbabwe's military refuse to play ball by controlling the supply. Intimidated by the "environment of uncertainty regarding the status and future of the concession," De Beers opted out in 2006, when its prospecting license expired, even though DeBeers knew that at Marange, the yield was more than 1000 carats per hundred tonnes, nearly ten times higher than another large field, Rio Tinto's concession in Zimbabwe's Midland province.

According to Keiron Hodgson, a Charles Stanley Securities analyst of the diamond sector, "Zimbabwe really does have the potential to upset the applecart. Zimbabwean officials anticipate that diamond production could generate between \$1 billion and \$2 billion per annum to an economy that has a GDP of around \$7.5 billion so I would understand the urgency to produce diamonds from Zimbabwe, but I don't think they're going to go out and produce as many as they can because they are quite price aware."

Many others, however, fear a price collapse from an increasingly desperate Zanu(PF) ruling party which needs the revenues to fight the coming national election in Zimbabwe, and which would probably have no hesitation to loot Marange as quickly as possible in the event of a loss of state power to the Movement for Democratic Change.

The US government was previously considered the most vociferous opposition to the export of Zimbabwe's 'conflict' stones, so considered because several hundred peasants were murdered by army troops in a 2007 massacre at Marange. But ever-unreliable and self-interested Washington State Department officials apparently caved to Mugabe's wishes for KP certification, provided that African states support their bid for KP chair in 2012.

Who couped the KP?

Two years ago, Farai Maguwu, head of the Centre for Research and Development and an incoming doctoral student at the UKZN Centre for Civil Society, was arrested in Mutare by Mugabe's government for allegedly endangering 'national security' by possessing information about the military's violation of human rights at Marange.

Maguwu's arrest appeared to be contrived: he met with the KP-appointed monitor Abbey Chikane, brother of former SA Presidency director-general Frank, who had tipped off Zimbabwean State intelligence officials in spite of claiming that the meeting was confidential. Maguwu believed, and stated publicly, that he had been 'set up' by Chikane.

Chikane argued that he received from Maguwu state security documents drafted by the army, while Maguwu rebuts that Chikane was fishing for said documents at the meeting.

According to Human Rights Watch, which gave Maguwu its highest award for rights advocacy in Africa, "He was imprisoned for more than a month and denied medical care to punish him. The authorities then illegally transferred him to various police cells with deplorable conditions even though he suffered from a serious health condition. Maguwu was released in early July and only finally cleared of all charges in October."

As for Chikane, the KP did not publicly reprimand him, nor did he resign. Complained Ian Smillie, known as one of the world's leading conflict diamond experts and a key architect of the KP, "We don't know where all the diamonds went that were approved by Abbey Chikane. Chikane was a mistake on several levels... He has extensive personal business interests in the Southern African diamond industry that should have disqualified him from the outset."

Is the KP fatally corrupted?

This leads to a bigger question: given Chikane's chicanery and Washington's grab of the KP, both at the expense of Zimbabweans being persecuted by Mugabe's regime, should civil society chuck out the KP as a useful tool in monitoring multinational corporate activity in blood diamond zones?

After all, though some good may be claimed from KP activities in West Africa, the definition of conflict diamonds has excluded some of the world's primary culprits: anti-democratic, corrupt and

authoritarian 'rent-seeking' regimes, such as Namibia and Angola, who not only 'self-regulate' what constitutes KP-certified diamonds, but also act as partners to mining houses, therefore directly benefitting from diamond revenues.

Last week, Magawu was finally allowed to visit the Marange mines. As he then reported, "They have brought in state of the art equipment to intensify mining. I was deeply concerned with the level of mining taking place given that the money is not being accounted for. But we take this is a stepping stone, (hoping for) greater scrutiny by civil society. A meeting I held with (Finance Minister) Tendai Biti recently revealed that he had not yet received any information on the diamond auctions that were conducted in December and January respectively. If diamond revenue can't reach the treasury then we may be sitting on a time bomb."

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Ngabe amanani omhlaba azokuwa njengoba ojenene bakaMugabe beba eMarange?

NguKhadija Sharife

Yahunyushwa nguFaith ka-Manzi

Izindaba ngeAfrika ecindezelwe kungenzeka zixakwe kakhulu umboniso weYou Tube ezibhekelelayo owenziwe nguJacob Russel, 'iKony 2012', obonwe yizigidi ezingamashumi ayisishagalombili, eqonde ukwenza abantu babone ngezingane ezephoqwa ukuthi zibe amasosha eLord Resistance Army enyakatho neUganda lapho kugcwele khona amafutha. Kodwa uma sekuphanjanwa nabahlengi baseMelika, ziningi izishoshowu zendawo ezidinga ukuxhaswa kumzabalazo wazo zimelene nababusi abangondlovukayiphikiswa.

Esinye isikhungo, iCentre for Research and Development eMutare, eZimbabwe, amahovisi abo agqekezwa ngokungacacile ngesonto eledlule. IMutare ilona dolobha eliseduze kakhulu nezimayini ezibiza u\$80 wezigidigidi, echazwa njengeyona mayini enkulukazi yedayimane esike yatholakala emlandweni wonke.

Nangaphambi kweNqubo yaseKimberly yokugunyaza, uMnyango waseZimbabwe wziMayini wasabisa ngokuthi izimakethe zedayimane ziyobanozamcolo uma ngabe ukugunyaza kweNqubo yaseKimberly kunganikwa.

Kodwa-ke, ozakwabo bokuhweba ngedayimane baseZimbabwe abahamba phambili, iIndia neChina (kudlulwa eDubai nakwalsrael), ayinandaba neNqubo yaseKimberly, futhi ngeke yenziwe iziboshwa ngokusatshiswa ukukhishelwa ngaphandle ngozakwabo. Futhi-nje amaphesenti angamashumi amathathu edayimane owenziwe eIndia, iSurat, asuswa eZimbabwe.

IAfrika ikhiqiza amaphesenti angamashumi ayisithupha nanhlanu amatshe emhlabeni wonke jikelele. Kuze kube manje, izimboni ezimbalwa ezimbandakanya uDeBeers (amaphesenti anagamashumi amathathu nanhlanu emakethe amasheya ngamanani) kanye neAlrosa yaseRussia (amaphesenti angamashumi amabili nanhlanu amasheya emakethe) azuza ngokulawulwa ngobubhululu, ukudayiswa kuholwa imakethe yaseMelika futhi kubongwa isikhangiso somkhankaso kaDebeers othi 'Amadayimane ayingunaphakade'

Kuze kube iminyaka yama1990, uDeBeers uyena owayelawula umthetho ongenakuphulwa kwimboni yamadayimane: umthengi oyedwa (Central Selling Organisation) ukuthatha - nokuvalela insalela ukuze kuvinjwe ukuthi amadayimane alhlekelwe inani lokungabokhona, okudalwa ngokudedelwa kancane ezimakethe.

UAndrei Polyakov, okulumela iAlrosa yaseRussia - amaphesenti ayo angamashumi ayisishagalolunye

aphethwe umbuso - wakuvuma lokhu, “Uma ukngalixhasi inani, idayimane livele libe ucezu lwekhabhoni.”

Abadayisi bedayimane manje babhekene nelasisivunguvungu: sokuhluleka empini yokugcina matshe emhlabathini waseZimbabwe ngokuvala izivumelwano. Ngenya inkathi, uDeBeers wayenamaOda Okubhekela Akhe yedwa angamashumi amane nanhlano, futhi nangaphandle nje kukothola iMarange kudala, uDeBeers wahluleka ukusebenzisa lezizizinda.

Ukuxhashazwa Okungekho

Njengokungafani neBotswana neNamibia, ojenene abasondelene noRobert Mugabe abalawula ezombutho zaseZimbabwe bayanqaba ukuzwelana ngokulawula ukusabalalisa. Ebhekene nokwesaba “mayelana nendawo engenasiqiniseko mayelana nekusasa lesivumelwano,” uDeBeers waphuma ngo2006, ngenkathi imvume yokumba isiphela, noma uDeBeers wayazi ukuthi eMarange, umkhiqizo wawungaphezulu kwamakharathi ayinkulungwane kumathani ayikhulu, ngokuphindaohindwe kayishumi kunenye imayini, isivumelwano seRio Tinto esifundazweni esimaphakathi saseZimbabwe.

Ngokusho kukaKeiron Hodgson, umhlaziyi kwimboni yamadayimani eCharles Stanley Securities, “iZimbabwe ingakwazi ukunyakazisi laba bazethembayo. Izikhulu zaseZimbabwe zilindele ukuthi ukukhiqiza madayimane kuyoletha phakathi kuka\$1 wezigidigidi kanye no\$2 wezigidigidi ngonyaka kumnotho oneGDP ecishe ibe ngu\$7.5 wezigidigidi ngakho-ke ngingakuzwa ukushesha ukukhiqiza amadayimane eZimbabwe, kodwa angicabangi ukuthi bayahamba futhi bayokhiqiza amaningi ngendlela abangenza ngayo ngoba bawazi kakhle amanani.”

Abanye abaningi, kodwa-ke, basaba ukuwa kwamanani okuqhamuka kwiqembu lezombusazwe iZanu (PF) ebusayo edinga izimali ukulwa nokhetho likazwelonke oluzayo eZimbabwe, futhi elingeke lingabaze ukuntshontsha iMarange ngesidumo umakwenzeka belahlekelwa amandla ombuso uya kwiMovement for Democratic Change.

Uhulumeni waseMelika ngapahmbili wawaziwa njengomphikisi onelukuluku kumatshe aqhamuka ezweni laseZimbabwe ‘anobuhixihixi’, ngokubhekwa kanjalo ngoba abampofu abangamakhulu ambalwa babulawa ngamasosha ezempi eMarange ngo2007. Kodwa izikhulu ezingathembekile futhi ezizibhekelela zona zeState Department yaseWashington zabuye zavumela izifiso zikaMugabe ukuqinisekisa ngesihlalo seNqubo yaseKimberly ngo2012.

Ubani owaketula iNqubo yaseKimberly?

Eminyakeni emibili edlule, uFarai Maguwu, umqondisi weCentre for Research and development futhi ozofika maduze njengesitshudeni esivakashile esenza iziqu zobudokotela esikhungweni semfundo ephakeme eNyuvesi yaKwaZulu-Natali eCentre for Civil Society, waboshwa eMutare nguhulumeni waseZimbabwe ngokubeka engcupheni ‘ukuphepha kwezwe’ ngokuba nolwazi ngokuphula komthetho abezombutho amalungelo esintu eMarange.

Ukuboshwa kukaMaguwu kwabonakala sengathi kwakuhleliwe: wahlangana nowayengumhloli owayebekiwe weKP uAbbey Chikane, ongumfowabo owayengumqondisi-jikelele kowayengumongameli waseNingizimu Afrika uFrank, owayethiphise izikhulu zezomoya zombuso waseZimbabwe noma wayekade ethi umhlangano uzoba imfihlo. UMaguwu wakholwa, futhi washo phambi komphakathi, ukuthi waye ‘dayiswe’ nguChikane.

UChikane waphikisa ngokuthi wathola kuMaguwu izincwadi zombuso ezimayelana nezokuvikela ezazibhalwe umbutho wempi, ngenkathi uMagawu ephikisa ukuthi uChikane wayezofuna lemibhalo ngesikhathi somhlangano.

Ngokusho kweHuman Rights Watch, eyanika uMaguwu umklomelo omkhulu ngokulwela amalungelo

eAfrika, “Wayeboshiwe ngaphezu kwenyanga futhi enqatshelwe ukwelashwa njengesijeziso. Abezomthetho baphula umthetho ngokumyisa emagumbini ahlukene amaphoyisa asezimweni ezimbi kakhulu noma babazi ukuthi impilo yakhe isebucayini. UMaguwu wadedelwa ngokuqala kwenyanga kaJulayi futhi asulwa wonke amacala ayebhekene nawo ngenyanga kaOktoba.

UChikane, ayizange iKP imsole phambi komphakathi, futhi akazange asule. Kukhononda ulan Smillie, owaziwa kakhulu emhlabeni wonke kwizingxabano ezihambisana namadayimane futhi ongumdwebi phambili weKP, “Asazi ukuthi amadayimane ayaphi ayevunyelwe nguAbbey Chikane. UChikane wayeyiphutha ezintweni ezimbalwa... Unobudlelwane obuningi kwezezimboni zamadayimane Eningizimu neAfrika okwakufanele kube isizathu sokuthi angakhethelwa isikhundla sakhe kusukela phansi.”

Ngabe iKP inenkohlakalo engapheli?

Lokhu kuholela embuzweni omkhulu: uma sesibhekana nenkohlakalo kaChikane kanye nokubhudeka kweKP iWashington, lokho bekwenza kwizakhamizi zaseZimbabwe ezingaphansi kokuhlukunyezwa umbuso kaMugabe, ngabe izinhlangano zemiphakathi kufanele balahlele ngaphandle iKP njengethuluzi elibalulekile lokuhlola izinkampani zamazwe aphesheya kwimikhuba yazo ezindaweni lapho kuchitheka khona igazi ngamadayimani?

Empeleni emva kwalokho, mhlawumbe okuhle kungaqhamuka kwimikhuba yeKP eNtshonalanga neAfrika, ukuchazwa kwamadayimani anokungqubuzana kukhiphele ngaphandle ezinye izonakali eziphambili zomhlaba: ezingahambisani nentando yeningi, ezinenkohlakalo futhi eziyimibuso engontamolukhuni, njengeNamibia neAngola, abangagcini-nje ‘ngokushaya eyabo imithetho’ ukuthi yini ekufanele kube umthethosisekelo wezitifiketi ezinesiqiniseko zamadayimani, kodwa futhi ababuye babe ngobhululu nezindlu zezimayini, lokho okubenza bazuze ngqo kwizinzuzo yamadayimani.

Ngesonto eledlule, uMagawu wagcina evunyelwe ukuvakashela izimayini zaseMarange. Njengoba-ke abika, “Sebelethe izinsiza eziphambili ukumba kakhulu. Ngaphatheka kabi kakhulu ngendlela ukumbiwa okwenzeka ngayo ikakhulukazi ngoba akekho onakekela izimali. Kodwa lokhu sikubheka njengendimba ekufanele sidlule kuyona (sithemba) ukubhekisiswa izinhlangano zemiphakathi. Umhlangano engaba nawo (Ngqongqoshe Wezimali) uTendai Biti maduze-nje waveza obala ukuthi wayengakalutholi ulwazi ngokudayiswa kwamadayimane okwenzeka ngoDisemba kanye nangoJanuwari. Uma inzuzo yamadayimani ingakwazi ukufika esikhwameni semali yombuso kusho ukuthi sibhekene nengwadla.”

UKhadija Sharife ungumcwaningi eUKZN eCentre for Civil Society