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# A Web of Violence: Local Perceptions on the Power Relations of the Tanzanite Trade Network in Arusha

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# A WEB OF VIOLENCE

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## Local Perceptions on the Power Relations of the Tanzanite Trade Network in Arusha

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Independent Study Project

SIT Tanzania | Political Ecology and Wildlife Conservation

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## ABSTRACT

The global mining industry is a site of contention and conflicts. While the term conflict stone generally refers to minerals that fund war activities, this paper understands conflicts in the broader sense: various forms of violence that perpetuate inequalities, impoverishment and suffering. This study looks at how the tanzanite trade network is organized and what can be done to change the uneven power dynamics maintained by the current political-economic system. I conducted 42 semi-structured interviews with local brokers, dealers and retailers in Arusha during the month of April, 2013. Using the global commodity chain sustainability analysis, I analyzed the perceived tensions between brokers, dealers, retailers and the Tanzanian government. Direct violence, common in lower-tier networks such as brokers and dealers, is not a “problem” to be solved but rather an informal strategic response to the systematic marginalization created by higher-tier actors, in particular TanzaniteOne, a transnational corporation and the largest tanzanite mining company in Tanzania. The neoliberal system deregulates global markets, provides an environment where transnational monopoly powers can proliferate, and yet at the same time denounces local informal economies that struggle to survive under the unjust system. Therefore, violence is many-faceted and is a subtext in the policy framework that legitimizes and perpetuates structural inequalities at the local, national and transnational levels. A source of conflicts and injustices, tanzanite is a conflict stone.

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## INTRODUCTION

*“Give [the Tanzanite] to your urban daughter, for it will not only give luck to your daughter, but also to your granddaughter and great granddaughter.”*

*~ Promotion video, The Tanzanite Experience*

*“We teach children capitalistic consumerism, yet tell them nothing about the lives of the workers who slave to assemble designer clothing, toys, and electronics; nor the animals that suffered to create fashion or food; nor the environmental impact of the trash we create. And, by no means do we tell them that these situations are inextricably linked.”*

*~ Leah Wells, “Learning about Peacemaking is a Step toward Ending Violence”*

### **Mining Conflict Stones**

The global mineral industry is a lucrative business that attracts huge foreign direct investments in many “underdeveloped” countries and areas where local cash economy is often not diverse or vibrant enough to support its population under the capitalist system. The mineral industry is ever-growing with the rise of transnational corporations (TNCs) and fast-growing economies like China. However, the mineral industry is also a site of contention and conflicts. From “blood diamond” to “blood coltan,” conflict stones generally refer to minerals that fund international organized crimes and civil wars such as Rwanda and Congo (Fairhead 2005). However, conflicts and violence come in other forms too: labor exploitation, child labor, prostitution, local disputes and environmental destruction, to name a few. This paper looks at conflicts in the broader term.

Since many mineral-rich countries fall under the “underdeveloped” category, the mineral industry is an attractive source of income for them. For instance, Tanzania produces nickel, uranium, gold, tanzanite and many other gemstones. Already a “mining giant in Africa,” Tanzania has plans to increase exploitation and maximize its mineral potentials to revitalize its economy (Ubwani 2011). However, regulations for the mines and the mining companies in these countries are often poorly designed or enforced due to different factors, such as government corruption. Moreover, the conduct of the mineral industry in a country (or lack thereof) is often determined or undermined by the global “free” market, with investors having large influences on the national policies of a country.

How, then, is the tanzanite industry in Tanzania similar or different from this description of the global mining industry? Is tanzanite a source of conflicts, and if so, what kind?

### **Tanzanite: The Blue Birthstone**

Discovered in the 1960s, Tanzanite is a semi-precious gemstone found only on the foothills of Mount Kilimanjaro, which is why some geologists, and then the Tanzanite industry, call it “a thousand times rarer than a diamond” (Manson 2012). Mined in Merelani in the Simanjiro District, Arusha Region, tanzanite had traditionally been extracted by small-scale, artisanal miners. Before the boom of large foreign investment in the tanzanite industry, there had been “periodic conflicts between mining companies, artisanal miners, and local communities, but none had been serious.” However, with the reform of the mining law in Tanzania in 1997 that offered attractive fiscal incentives for investors such as substantial tax breaks, there had been a “significant and rapid boom in the sector,” with professional mining companies “responsible for much of the trade” (IRIN 2002). Since then, tensions between professional mining companies and local people have intensified. Poor and dangerous work environment and labor exploitation characterize the conditions in Merelani. In 2002, a heavy rainstorm flooded the mines and killed many miners, forcing TanzaniteOne (then AFGEM) to take immediate measures to improve the mining conditions and safety measures (Lloyd, Interview).

Since the incident and the acquisition of AFGEM in order to be listed in the London and Dar es Salaam Stock Exchange, TanzaniteOne has taken an active role in marketing itself as a socially responsible corporate that is not only the largest employer of local Tanzanians in the tanzanite industry, but also gives back to the local communities in Merelani through projects like building schools and clinics (Roskin 2004; Nakora 2006; Lloyd, Interview). Meanwhile, TanzaniteOne has set up a non-profit, industry-supported (mostly by TanzaniteOne itself) marketing agency whose mission is to promote tanzanite in the international market. TanzaniteOne prides itself on helping expand the market for tanzanite worldwide, which, rather than outcompeting small-scale miners, is of “benefit [to] all tanzanite miners and mineral dealers” (Schroeder 2012:100; Lloyd, Interview).

Thanks to the marketing efforts of U.S. jeweler Tiffany & Co. and The Tanzanite Foundation, the blue-lavender color of tanzanite wins the reputation as one of the three

U.S. birthstones for December. The use of the iconic Maasai images (often a mother with a baby on her back) is another strategy that highlights the uniqueness, exotic origin (“the majestic Mount Kilimanjaro”), and human face of tanzanite.

Therefore, the boom in foreign and private investment, the prominence of a TNC that is aggressively taking control over the industry (in the name of social good), and the continuous struggle of small-scale miners and local mineral dealers create an interesting junction where different actors meet and compete in this complex web of trade relations. Outbreak of violence, fatal accidents such as collapses and collisions of drilling machines owned by different companies, child labor, prostitution and high HIV rates in the mining area are still common despite efforts by TanzaniteOne, the Tanzanian government and Western NGOs to improve the conditions in the mines and neighboring villages. Meanwhile, tanzanite trade networks in urban centers such as Arusha serve as another point of contention where mineral dealers of different tiers come into conflict. The underground economy, or “black market” as the government calls it, makes it harder for higher-tier actors such as TanzaniteOne and international exporters to regulate the industry for their own benefits. In short, the tanzanite industry is a web of intertwining, messy relationships that come into various forms of conflicts.

### **Tanzanite: A Conflict Stone?**

If conflict is understood in its broader sense, tanzanite as a source of conflicts is a conflict stone. However, what kind of conflicts are they? At what scales? Because going to the mines was not an option for my study, I decided to look at the local perceptions on the power relations between actors involved in the tanzanite industry in Arusha. How are they related to each other, and what does it reveal about the power dynamics at the local, national and global levels? How are disputes at different levels settled or negotiated? This study looks at the narrations of different actors along the commodity chain in order to understand how the network is organized, what the *perceived* power relations between different actors are, and what can be done to change the uneven power dynamics produced by the current industry practices.



## STUDY SITE

A vibrant Tanzanite trade network is found in the heart of Arusha city because of its close proximity to the Merelani mines and the Arusha tourist market especially during high tourist season. There is another equally, if not more, vibrant trade network in the Merelani mining area where miners, brokers, dealers, TanzaniteOne, prostitutes, families of the miners, NGO workers, and other occupations directly or indirectly related to the mining industry, share intense interactions and, sometimes, come into conflicts. The two networks are connected in terms of trading relationships. For instance, some miners travel to Arusha to sell their stones, some brokers travel to Merelani to buy stones from miners, and some dealers own portions of the mines and hire miners to work on them. However, since government's permission to visit Merelani is difficult to obtain and it is dangerous for a young female student to venture into the rough mining environment, I conducted fieldwork in Arusha and therefore could only obtain secondary information about the conditions in Merelani from local brokers and dealers.

In Arusha, brokers and dealers are clustered near the Central market (*soko kuu*). Brokers spend most of their time wandering on the streets, exchanging information and trading stones among themselves. They also do business with dealers, whose offices are mostly found in Otu Building and a building sitting in the corner of Metropole Street. A few other dealers are found in other buildings in the same vicinity. Compared to the highly



**Figure 1. Map of Arusha and its boundary**

social and friendly environment observed in the brokers' hang-out zone, dealers' workplace is highly confined and segregated. High security characterizes their offices: either bars or automatically locked doors are installed, with armed security guards safeguarding the buildings in which they are located. The two groups of actors interact and conduct business transaction on a daily basis.

It is difficult to estimate the total number of brokers in Arusha. First, most brokers do not have a license, so official data do not reflect the actual broker population size. Second, the broker network is highly fluid, with brokers entering and leaving the network all the time. Because it is a risky business, a broker can lose all his assets overnight and have to leave the industry. Third, some brokers work seasonally. During low tourist season, many brokers may work in the Merelani mines or engage in other businesses. Some brokers own shops to make ends meet when the tanzanite business is not going well. During the period of my fieldwork, in April 2013, it was considered low season and from what I observed, there were about 100 brokers on a busy day and as few as 40 on a slow, rainy day.

For dealers, there are about 20-40 tanzanite dealers officially registered with the Tanzania Mineral Dealers Association (TAMIDA) (Glitter Gems, Interview; Ubwani 2011). However, the number of tanzanite dealers is thought to be much higher (Ubwani 2011). There are also speculations that many Indians, often relatives or friends of local Tanzanians of Indian descents, smuggle raw gemstones out of the country to sell in India and other countries (Mollel, Interview). Furthermore, on top of local dealers there are foreign dealers. Some of these dealers partner with a local Tanzanian (often of Indian descents) to run a business (hence, licensed and listed on the TAMIDA record), but others come only a few times in a year to directly purchase raw or cut stones from miners, brokers or other dealers. These dealers may be registered with the Tanzanian government but I could not obtain the information during my fieldwork.

Local retailers are much easier to locate. There are 5 major retailer shops in Arusha that sell Tanzanite jewelry. They are The Tanzanite Experience (a Tanzanite museum and showroom owned by TanzaniteOne), Glitter Gems, Swala Gem Traders and Signature Gems, which are located near the Clock Tower, and Cultural Heritage Center, located near Majengo bus station, about 4km west of the Clock Tower.

## METHODS

This study took place between April 5<sup>th</sup> and April 24<sup>th</sup>, 2013, in Arusha city, northern Tanzania. I used random sampling to collect data from a sample population of 42 through semi-structured interviews. My informants were brokers, dealers and retailers.

Within the category of brokers, I identified roughly two types of brokers according to their financial capacities: big and small brokers. Big brokers have more capital and therefore capacity to buy stones in big bulk. Some of them also have joint offices and small workshops for stone-cutting. However, since big brokers were difficult to reach out to, I was only able to interview 35 small brokers by randomly approaching them on the streets. Small brokers are those with limited capital and often seen wandering on the streets. Although within this category some brokers have slightly higher financial capacity (e.g. they can afford to buy cars), because there is not much difference in their work and social relations, I will simply refer to them as brokers without differentiation.

I relied on the help of my broker informants to find out the whereabouts of the dealers. However, not all dealers were reachable during the time of my fieldwork, since most foreign dealers only come seasonally and many tanzanite dealers are not licensed or even have an office. Moreover, many of them declined to be interviewed because of the sensitive nature of the tanzanite business. Despite our efforts in reaching out to dealers, I was only able to interview 4. Similarly, although I wanted to interview all 5 local retailers in Arusha, I was only able to interview 3 of them.

Note that except for the chairman of TAMIDA and the marketing manager of The Tanzanite Experience who are the public faces of their institutions, I did not ask my informants for their full names and therefore did not include any real names in this paper.

### Procedures

When I started out interviewing brokers, my time plane was 9am-5pm. However, noticing that most brokers looked tired after lunchtime, either because of the heat or hunger (many went without lunch because the business had not been going well), we changed to interviewing brokers in the morning and dealers/ retailers after lunch. Most interviews with brokers were done in restaurants to avoid disturbances from passers-by.

However, since not everyone wanted to talk in a restaurant, some interviews took place on the streets, but I tried to minimize disturbances by doing so in a quiet corner.

Most of the interviews were conducted in Swahili, with a few exceptions when the informant preferred to communicate in English, and consisted of descriptive qualitative data only. I refined my questions after interviewing the first 7 brokers as I figured out what questions worked better. For instance, I realized that simply by asking them what they thought about their social relationships, Tanzanians would always say everything is fine and harmonious – especially to an outsider like me. In light of this, I changed the questions to asking for any particular incidents when things did not go well, and asking the brokers about their perceptions on dealers of different ethnic origins. I kept my questions as open-ended as possible so that my informants could show me their world the way they saw it, not the way I guided them. See Appendices for a full list of questions.

## **Analysis**

This study aimed to employ the global commodity chain sustainability analysis<sup>1</sup> in understanding the *perceived* social relations in the trade network among actors who possess varying degrees of wealth and power. By doing so, I sought to understand the power relations within the Tanzanite industry in Arusha through piecing together their accounts. However, since I was only able to interview a few dealers and retailers, my final product was not quite a multitude of detailed narratives from different actors as I had expected. My analysis therefore shows a partial understanding of the trade industry as described by the brokers. Nonetheless, I seek to understand the data (or lack thereof) through the agency- and conflict-oriented approaches as I expected to find tensions, conflicts and acts of resistance within the trade network. From this theoretical viewpoint, I predicted that within the system (i.e. the tanzanite industry), actors are oppressed to different degrees but they also constantly shape and reshape the structure through interacting among themselves and with the system.

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<sup>1</sup> An analytical framework developed by the International Institute for Sustainable Development (Potts 2006), with some modifications since my fieldwork was not detailed enough to cover all the components e.g. supply and demand statistics and trends. I adopted this model for my study because I feel that it is an effective tool for understanding global commodity chains like gemstones and fits my objectives (i.e. examining the institutional structure, power relations and social impacts, and drafting policy suggestions).

## RESULTS AND DISCUSSION

This chapter is divided into five parts. First, I will look at the public and private policy framework of the tanzanite industry. This outlines the structure that confines the actors within the system. Second, I will describe the supply chain framework, including a monopoly power, commodity flow and an ethnographic account of my encounters with the dealers. This outlines the intertwining relationships among different actors along the supply chain. Third, I will summarize the brokers' and retailers' perceptions on the challenges they face and their relationships with other actors. This allows us to understand the power dynamics of the network through a more actor-oriented approach. Note that a more descriptive account is used for retailers' narratives, since I was only able to interview 3 and they are by no means representative of the sample population. I will then analyze the social implications of the current industry practices. Finally, in light of the discussion, I will draft a list of policy recommendations.

### **Policy Framework**

#### **I. National and International Policy**

At the time of the fieldwork, the Tanzanian government had imposed export quotas on raw tanzanite gemstones and banned all unauthorized exports. The policy is in place because of the proliferation of unauthorized trading activities across national borders that severely harms the national economy of Tanzania<sup>2</sup> (Elinaza 2013).

Dealers are required to register with the Ministry of Energy and Minerals and renew their license annually. Authorized dealers are required to report sales records and file taxes. As of April 2013, the government has ordered all brokers to obtain a license that must be renewed every year by June 2013. In spite of the current brokers' license system, many brokers are not registered and the government is working on stricter regulations on the underground economy of tanzanite and other gemstones.

In the international marketplace, there is no legally binding trade treaty, restriction or law enforcement against smuggling. However, with increasing consumer awareness on

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<sup>2</sup> Only 100 million USD out of the estimated annual trade volume of 500 million USD was recorded by the Tanzanian government in 2011.

ethical consumption, some international markets such as the U.S. and European jewelers have been working with the mineral industry and governments to certify the origins of their gemstones to avoid importing conflict stones.

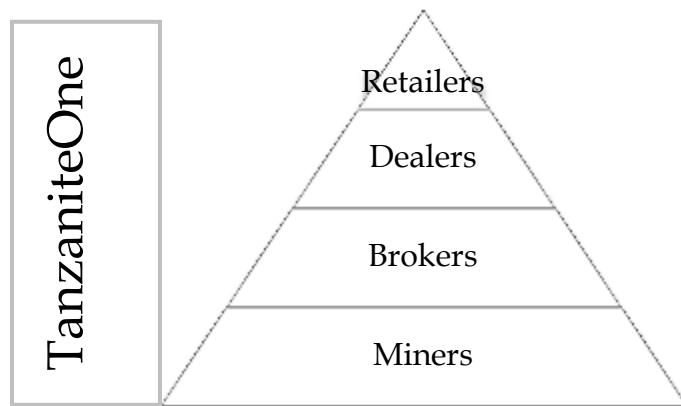
## **II. Industry Codes of Conduct**

The Tanzanite Foundation, founded by TanzaniteOne, plays a major role in setting the industry codes of conduct. It promotes itself as an advocate for ethical mining, which, to the understanding of the marketing manager of The Tanzanite Experience, means practices that “ensure a safe working environment and reasonable wages for miners” (Lloyd, Interview). While no brokers were able to comment on whether the condition of Block C is better than other Blocks, many of them expressed that the condition of other mines has greatly improved compared to a few years ago. Whereas small mines used to be “tough,” “smoky,” and “dangerous,” today there is electricity and ventilation system. TanzaniteOne also demonstrate corporate social responsibilities (CSR) and markets itself as a role model for other companies in the mineral industry.

Besides ethical mining and socially responsible corporate practices, in light of the alleged al-Qaeda link after the 9/11 incident (see next section), the tanzanite industry and the Tanzanian government endorsed a proposal called the Tucson Tanzanite Protocols in 2002 to “protect the legitimacy of the supply chain and restore confidence in tanzanite.” The protocols outline concrete steps to strengthen controls in Tanzania and “to create a system of downstream warranties for all traders who buy, sell, cut, polish, set, or otherwise trade in tanzanite” (Roskin 2002). Major industry stakeholders signed the protocols, with TanzaniteOne being the most enthusiastic proponent of the protocols and the development of an “ethical” route to the market, since TanzaniteOne will be the biggest beneficiary with its positive brand image on the international market and the prospect of combatting the local underground economy of tanzanite trade.

## **Supply Chain Framework**

The tanzanite industry is comprised of small-scale and contract miners, brokers, dealers, local and overseas retailers, and TanzaniteOne. The distribution of the actors involved is as follows:



**Figure 2. Distribution of actors in the tanzanite trade network**

### **I. The Industry Giant**

Before getting at the network structure, note that I singled out TanzaniteOne as a particular actor because of the prominent role it plays in the tanzanite mining industry.

TanzaniteOne is the “wholly-owned subsidiary” of the Bermuda-registered mining corporate Richland Resources Limited and is listed on AIM (Alternative Investment Market) of the London Stock Exchange and Dar es Salaam Stock Exchange (Richland-resourcesltd.com). TanzaniteOne dominates the industry in many aspects. First, the Merelani mines are divided into 4 blocks: Block A to D. TanzaniteOne owns the mining rights of Block C, which is not only of a far bigger area than all the other three blocks combined (Lloyd, Interview), but it also has a rich reservoir of tanzanite stones known by the locals as the “rock chain”. One can imagine that the only reason why TanzaniteOne is able to acquire such a large piece of high-quality mining land is because of its financial capacity and close connections with the Tanzanian government.

Second, like any listed company, TanzaniteOne is owned by shareholders from across the world and possesses an enormous amount of investment capital, which in turn has tremendous influence on both the industry and the Tanzanian government. This reveals the nature of differential development in any industry in the capitalist system: the powerful stakeholders get what they want and, more than often, get to decide the rules of the game. Following the events on 11 September, 2011, the tanzanite industry was boycotted by US jewelers after being accused of funding the al Qaeda network through the international black market (IRIN 2002). Taking advantage of bad press, AFGEM (a

South-African-owned company of Block C before its acquisition by TanzaniteOne) promoted itself as “the only supplier of untainted tanzanite” (Roskin 2004). Although the accusation was later dismissed by USAID (IRIN 2002), the incident taught AFGEM/TanzaniteOne a valuable lesson: brand identity matters. Therefore, in 2003 TanzaniteOne founded the Tanzanite Foundation to market tanzanite as a “conflict-free” gemstone, and promote tanzanite on behalf of the entire industry (TanzaniteOne.com).

Today, TanzaniteOne owns the exclusive rights to grade and certify the origins of *all* – including those mined in Block A, B and D – tanzanite gemstones to “ensure that the gem had gone from mine to market with complete integrity and was legally exported” (Roskin 2004). Moreover, the job of promoting tanzanite in international gemstone expos and setting global market prices falls entirely on Tanzanite Foundation (Lloyd, Interview). In other words, TanzaniteOne has great control over tanzanite production, certification and sale under the disguise of “promoting ethical mining” through establishing a “non-profit” organization. The impacts of TanzaniteOne’s market dominance, monopoly over grading/certification and ambition to “be the world’s leading premium colored gemstone mining company” (Richlandresourcesltd.com) on local actors will be discussed later.

## **II. Network Structure**

The interactions among actors are not lineal and are more like a web of intertwining relationships. One group of actors – such as dealers – could have direct relationships with all other 4 groups (miners, brokers, retailers and TanzaniteOne). Therefore, a good way to understand the power relations among actors is to “follow the stone” – to see which actors are involved at each level of the production process and how they collaborate or compete – through a commodity chain analysis.

The following table demonstrates the actors involved at each level of the tanzanite production process:

Raw stone (R)	Miners, brokers, dealers, retailers, TanzaniteOne
Cut stone (C)	Brokers, dealers, retailers, TanzaniteOne
Jewelry (J)	Retailers, TanzaniteOne

**Table 1. Actors involved at each level of the community chain**



Raw gemstones are mined by miners and handled by all 4 other actors. Raw stones are then processed either locally by brokers (with simple tools or manual machines), dealers, retailers and TanzaniteOne (with advanced technology), or internationally (such as India). Finally, cut stones are turned into jewelry by TanzaniteOne, some retailers such as Cultural Heritage Center and Glitter Gems and international jewelers like Tiffany & Co. There are 5 possible pathways for a raw gemstone to become jewelry:

- 1) Miner (R) → Dealer (R/C) → Overseas (C/J)
- 2) Miner (R) → Dealer-Retailer<sup>3</sup> (R/C/J)
- 3) Miner (R) → Brokers (R/C) → Dealer (R/C) → Overseas (C/J)
- 4) Miner (R) → Brokers (R/C) → Dealer-Retailer (R/C/J)
- 5) TanzaniteOne (R/C/J)

Dealers and dealer-retailers prefer pathways 1 and 2 because gems purchased from miners are much cheaper. Brokers have the options of buying from miners and other brokers – they also prefer buying from miners directly because “miners do not know anything about the tanzanite market prices.” They are also often too desperate to negotiate prices and satisfied to accept whatever they are offered after going weeks or even months without any income.

The difference between pathways 3 and 4 is that all local dealers export gems to overseas retailers while local dealer-retailers (i.e. Cultural Heritage Center and Glitter Gems in my informant pool) have outlets nation- and worldwide. Dealers do not interact with local retailers. Instead, local retailers acquire gems from their own mines (pathway 2) and/or brokers (pathway 4). Hence, dealers and local retailers are in direct competition.

Finally, pathway 5 shows TanzaniteOne’s secure commodity chain which allows it to claim that its gemstones are the “only guaranteed gems that are ethically mined and conflict-free” (Lloyd, Interview). Despite TanzaniteOne’s active role in setting up the industry codes of practices, establishing a standardized grading system, and influencing the Tanzanian government to regulate the export of raw stones through a legal ban and a new certification system, much of the tanzanite trade still takes place in the underground economy outside of the Tanzanian government’s regulation (Elinaza 2011).

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<sup>3</sup> The 2 local retailers that I interviewed also directly deal with miners and brokers besides owning small mines. Therefore, the “dealer-retailer” refers to this type of retailer.

Therefore, the multiple tanzanite trade pathways show that the network is a web of intertwining social relations. Their relationships could be collaborative, conflicting, or both simultaneously. For instance, although dealers, local retailers and TanzaniteOne are in direct competition, they also work together to combat smuggling through platforms such as TAMIDA (Mollel, Interview). The relationships between miners, brokers and dealers are “complicated” as well: while dealers prefer to trade with miners directly, sometimes they have to rely on brokers for getting the specific kinds of gems they look for when they receive “big orders” from abroad. Meanwhile, brokers need miners and other brokers for getting gems and dealers for selling gems. Therefore, brokers dedicate most of their time to fostering good relationships with other actors. Social capital and interdependence characterize the brokers’ network, which I will elaborate later.

### **III. The Secretive Dealers**

How are dealers related to brokers, miners and retailers? The 4 dealers<sup>4</sup> I was able to interview are by no means representative of the dealer population, but my experience of trying to approach them is telling and unveils part of their world.

One of the things that strike me the most about the dealers is the high security of their offices. All the offices I visited were either barred or protected by automatic locks. The first office I visited was run by Indians and I almost thought I went to a prison by mistake: about 10 brokers were sitting and waiting behind the bars, and yet to enter the office they would need to go through another gated door. Although the brokers greeted me warmly as if we were talking casually on the street, I felt uneasy to be confined in a cell-like space that suggests the possibility of unpredicted violence. If anything happened, it would be difficult or even impossible to escape – for violators and the innocent alike. Similarly, Otu Building, where many dealers’ offices are located, is a maze-like structure with narrow hallways and only one staircase/exit pathway. So if any violence (or fire, for that matter) breaks out, one will have little chance of fleeing the scene.

The presentiment of direct violence was omnipresent whenever I visited the dealers. Once, I was detained for more than half an hour in the office of a gemstone exporter who

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<sup>4</sup> They were TAMIDA chairman Sammy Mollel, a Japanese dealer who has been living in Tanzania for 23 years, an Afghan dealer who came to Arusha 2 years ago and a group of Indians with a mix of national origins who have been in the tanzanite business for 8 years.

was very suspicious of me. The office door was automatically locked and only he could open it with a switch behind his chair. Above me was a screen display of 4 surveillance cameras installed in the office area. Between me and the dealer was an exceptionally huge desk – I could only imagine guns and piles of cash in the drawers. As the dealer kept questioning us, I became growingly uneasy about what he might do next: if he did not want to be interviewed, he could just let us go, but instead he talked to us for more than half an hour despite the fact that he must be a busy man. He asked for all my contact details and still would not believe that I am only a student and not a commercial spy.

Even on the very few occasions where I could interview the dealers, they gave me very brief answers and were unwilling to tell me much about their businesses. These incidents led me to wonder why the dealers are so protective about their work while the brokers, who unlike them are mostly unlicensed and considered “illegal traders,” are much more friendly and open. What can be said about the dealers’ world?

To begin with, it seems that the nature of social relations among dealers is very different from that of the brokers. Both the Indian and Afghan dealers expressed that there is “no direct competition” among dealers because “it is just business as usual.” By this they mean that “brokers bring their stones to you, and if they are not what you are looking for, then you simply turn them away. They will go to other dealers, and that is fine.” However, it also seems that they have little contact with each other, as I was told by the Indian and Japanese dealers. It is not surprising given the spatial arrangement of their workplace. The compartmentalization is therefore not only spatial/physical but also symbolic. Compared to the brokers who need to rely on each other for information, rapport and partnerships (short- or long-term), dealers work in a much more independent environment. In short, whereas the brokers’ network is characterized by interdependence and cohesion, dealers’ relationships are characterized by segregation and aloofness.

Second, the difficulty of getting permission to interview increases as I go up the supply chain (with TanzaniteOne being an exception since it cares about its public image), because big brokers, dealers and local retailers have more to lose where bigger money is involved. The dealer who detained us in his office told us that the Ministry of Energy and Minerals has warned them to be careful about giving out business information especially to foreigners. This may suggest the competitiveness of the international mineral industry.

With the high volume of unauthorized export between Tanzania and countries such as India, the government and exporters like TanzaniteOne are anxious about international smugglers and keen on promoting a vibrant, formal local economy (Elinaza 2011).

Finally, it is possible that these dealers are involved in unauthorized export of raw gemstones or trading under the counter, and are therefore reluctant to be interviewed. In short, the segregation among dealers, competitiveness of the global market and possible smuggling activities for tax evasion may explain why the dealers were so secretive.

#### **IV. The Invisible Miners**

My study left out an important group of actors: the miners. It is because in the Arusha trade network, there are very few miners and I was not able to find any of them during my fieldwork. There used to be many miners selling gems in Arusha, but because there are much fewer gems being mined these days, brokers and dealers go to the mines to buy from them instead. Moreover, many miners are hired by TanzaniteOne or small investors who directly take away any gems mined (miners get bonuses for finding gems).

However, a few things can be said about the miners that may piece together the whole picture. Over half of my broker informants have worked in the Merelani mines ranging from 4 months to 3 years. Most of them left the mines to become a broker (or work in another industry before returning to the tanzanite industry) because of the rough working conditions. Some quit after saving up some money while others left after working for months without finding any gemstones. 2 brokers left the mines because of health concerns such as chest pain caused by the lack of ventilation system at that time (10 and 8 years ago). Entry into the broker's niche is not easy, mainly because 1) newcomers have no prior knowledge or training in tanzanite, and 2) networking is the key to finding business opportunities and it takes time to accumulate social capital. Nonetheless, the advantage of having worked in the mines is that former miners are more knowledgeable on tanzanite and hence reduce the risk of being cheated.

Another advantage of working in the mines is the possibility of becoming rich overnight. Many brokers pointed out to me that while their work is safer and less harsh compared to mining, the profits they make are small and the risks of loss are high, since it takes a long time and many years of experience to become an expert in tanzanite. Indeed,

some brokers do return to work in the Merelani mines from time to time. Some rely on their miner friends to call them when they find a lot of gemstones and need extra labor. But, as TAMIDA Chairman Sammy Mollel said, mining is like gambling, “a game of chance,” while dealing is a calculated game in which one can be certain of getting some profits, however small, in return.

## **Local Perceptions on the Network**

### **I. Social Relations among Brokers**

When asked what they consider the key to success in the tanzanite trade business is, almost all brokers answered that it is crucial to maintain a good relationship with one another. Their answers are consistent with their opinions on their social network: relationships among brokers are mostly harmonious. Yet, aware that in Tanzanian culture people always say that things are good, I asked them for specific examples when things did not go well. Some brokers gave me a general example of brokers running away with the gemstones after being entrusted to sell them<sup>5</sup>. Some of them would return to ask for forgiveness – and the brokers who were cheated would actually forgive them. While no one was able to give me any specific example, their general example was consistent. A broker explained why forgiveness is common: “You have to forgive them. In this industry you don’t make enemies, because anyone could give you businesses tomorrow.”

A female broker who has been in the tanzanite business for 2 years told me about her experience when she first entered the industry. She partnered with an experienced broker, but both of them were cheated (fake stones) by other brokers. She then worked with another broker, who this time cheated on her (kept portion of the money behind her back). Finally, she found an experienced and reliable broker. Yet, she is still friend with the 2 brokers she previously worked with, for the same reason that “you don’t make enemies in this industry.” She also stresses the importance of keeping an active social network: “Cheating is common if you are not smart enough. That’s why you need to keep talking to people and checking up on your partners. Even if it’s your day-off, you still need to call them and ask them about every detail of the transaction.” Her story reveals

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<sup>5</sup> It is common for brokers to work in groups to maximize resources (e.g. capital, social network).

that cheating is common and, perhaps paradoxically, forgiving is also common because of the practical reason of keeping good relationships in order to succeed in the business.

However, outbreak of violence is still possible. During my fieldwork, two brokers shot each other somewhere in Arusha, leaving one dead and one injured. From what everyone was talking about at that time, the broker who killed the other broker ran away with some tanzanite a few months ago, but decided to come back to kill his friend. While what really happened is beyond my knowledge, the fact that brokers and dealers carry guns with them reveals the looming violence and hidden distrust among them.

Therefore, social relations among brokers are paradoxical. While brokers make a conscious effort to build social capital and maintain a cohesive, harmonious network as they depend on each other to succeed in the business, they do so in the shadow of betrayal, distrust and violence. Brokers work in an environment where you have to trust other brokers while knowing that they can lie to you anytime. If Mollel likens mining to “a game of chance” and dealing “a calculated game,” then from this analysis, dealing is both a calculated game and a game of chance – not with nature but humans this time.

## **II. Broker-Dealer Relationships**

Brokers also have close ties with dealers. In order to understand their relationships, I asked them for their opinions on dealers of different ethnic origins. Indian dealers account for the majority of the tanzanite dealers in Arusha. The following chart shows the most frequently mentioned characteristics of Indian dealers by brokers:

They do not pay immediately.	26
They do not like to negotiate/bargain.	17
They give good offers/prices.	15
They do not want to be friends with us.	11
They do not trust us.	6

**Table 2. Most frequently mentioned characteristics of Indian dealers by brokers (n=28)**

Chinese dealers are the second most common dealers in Arusha, but unlike Indian dealers, they are not available all-year round. During my fieldwork, there was no Chinese dealer around. Below is a chart the shows the most frequently mentioned characteristics of Chinese dealers through the eyes of Tanzanian brokers:

They give good offers/prices.	28
They make payment (cash) immediately.	24
They cannot speak Swahili.	22
They are willing to discuss/negotiate with us.	16
They are willing to be friends with us.	13

**Table 3. Most frequently mentioned characteristics of Chinese dealers by brokers (n=28)**

The differences in perceived characteristics between Indian and Chinese dealers are significant and telling. Chinese dealers are generally considered generous, friendly and more desirable to do business with while Indian dealers are mostly considered mean, cold and not the most desirable dealers to work with. However, because there are more Indian dealers who are available all-year round, brokers often have no choice but to do business with them. However, an advantage of dealing with Indian dealers is that they are not as picky about gemstones as other dealers, reflecting the current market trend where most markets are very specific about the color and size of tanzanite while the Indian market, the main importer of raw tanzanite, is less discriminant (Mcadams 2013). With the large number of Indian residents and increasing Chinese investments in Tanzania, such differences may to an extent reflect the local perceptions on the two ethnicities.

Compared to Indian and Chinese dealers, other dealers – European, American, Thai, Kenyan, South African, Zimbabwean, among others – are considered the most desirable dealers to do business with, because they “offer very good prices and do not usually reduce the price we suggest.” These dealers, however, only come seasonally and their orders depend on the every-changing market trend. The global tanzanite/gemstone market fluctuates widely and brokers have little control over their businesses.

### **III. Brokers’ Challenges**

The biggest challenge that brokers face is the lack of market – almost all the brokers I talked to mentioned the lack or unpredictability of market as one of their challenges. The lack of access to information such as market prices and buyers’ profiles is also a common challenge among brokers. This reveals the inequality in the network as some actors – local dealers and, to a larger degree, international exporters – have more access to information and control over resources. For brokers, the barrier to entry to the market is therefore not only affected by the number of brokers in the industry but also the

presence of more powerful actors. Below are the most frequently mentioned challenges faced by brokers (see Appendices for a full list of responses):

Unpredictability and lack of market	31
Lack of access to market information	26
Lack of experience/formal training	25
Lack of capital for buying gemstones or expanding the business	24
Difficulty of getting gemstones	23

**Table 4. Most frequently mentioned challenges faced by brokers (n=35)**

#### **IV. Retailers' Challenges**

The 4 local retailers I interviewed face different challenges than the brokers. One main issue is the underground economy that sustains gem smuggling and circulates fake gemstones in the industry, which harms their businesses. Mollel expressed the same concern, but with a more socially-conscious outlook: legal and illegal export of raw gemstones harms local employment and the development of local talent in gemstone processing. Another issue is the increasing difficulty of finding tanzanite, recognized by both TanzaniteOne and Cultural Heritage Center (both own mines in Merelani).

Unlike brokers, the changing market trend or unpredictability of market did not come up in the interviews. While it is by no means representative of the retailer/ exporter population, this at least indicates that certain retailers, with greater access to the global market and information, are less affected by the issue of market fluctuation.

### **Social Implications of Current Industry Practices**

#### **I. Formal and Informal Economy**

In the informal economy, brokers receive little support from the local government. When cheating occurs, they cannot turn to the judiciary system. There is no practice of signing legal documents to protect them either. As a result, brokers have developed informal strategies to solve the problem: building trust and social capital. Many brokers expressed that building personal credibility is the key to securing business partners. The agency shown by the brokers is a positive response to the structural challenges they face.

However, violence and hidden distrust also characterize the underground economy,



especially between dealers and brokers. It seems that the more the money is involved, the tenser the relationships between actors are. The contrasting characters of brokers (highly social, emphasis on harmony) and dealers (segregated, aloof) intensify these tensions.

On the other hand, the formal economy, led by TanzaniteOne, is trying to combat the informal economy through influencing the government to impose licenses and strict export control. In 2010 when the Tanzanian government announced the ban on all exports of raw gemstones in the interest of its local employment pool, major stakeholders such as TanzaniteOne were quick to object the ban and force the government to partially lift the ban to give them “exemption depending on [their] stone-cutting ability” 3 months later (Mwakalosi 2010). Local dealers and brokers who have small stone-cutting workshops continue to be marginalized by the government’s concession for international exporters.

## **II. The Role of Tanzanian Government**

Besides the partial ban on export of raw tanzanite, the Tanzanian government has plans to enforce the licensing of brokers in June 2013. Brokers complained that the government has done nothing to help them but is asking them for money. As mentioned, the tanzanite business fluctuates widely and brokers do not always make enough profits for making ends meet. Meanwhile, the government has recently increased the dealers’ license fees (Mollel, Interview). However, Mollel commented that the current fee is too high considering the decreasing profits they are making. According to Mollel, the tanzanite business is not going well even for well-established dealers. But unlike the loose network of brokers, TAMIDA members are trying to pressure the government to reduce their license fee. This once again shows the differences in influence and self-perpetuating power inequality between brokers and dealers.

## **III. The Role of Market Forces**

Brokers suffer the most from price fluctuation inherent in the neoliberal market, since most brokers are geographically limited with little or no access to information about the market. Meanwhile, exporters and TanzaniteOne/The Tanzanite Foundation attend international expos regularly to connect to jewelers worldwide and have great influence over the market price. The uneven access to information perpetuates and widens the gap

between small, local investors and large stakeholders in the tanzanite industry.

Second, the issue of conflict stone continues to be a point of contention especially among the international community. While the alleged al-Qaeda link of tanzanite was eventually dismissed by USAID, the unfounded fear at that time does highlight the problem of market deregulation in the neoliberal economic system. The issue continues – gemstones are smuggled out of Tanzania to tax-free ports like Hong Kong where any gemstones can then be traded freely in the open global market. As a result, TanzaniteOne actively promotes a certification system that proves that their gemstones are “conflict-free” and other international exporters/retailers follow suit. While this is good news to ethically-conscious consumers, the system monopolized by TanzaniteOne further marginalizes local brokers and dealers who either have to pay TanzaniteOne for certifying their gemstones, or take the risk of exporting gemstones illegally.

Finally, ecological destruction from mining is a major concern to environmental groups. In response, TanzaniteOne prides itself on investing in ecological rehabilitation projects. Again, this exacerbates the power imbalance between TanzaniteOne and small investors (Block A, B and D investors) who do not have the same image-building capacity. In short, from regional security to social/environmental justice, global concerns ironically help support the existing uneven system that threatens local livelihoods.

## **Policy Recommendations**

Below are some policy suggestions after examining the challenges to the industry:

- 1) The government should encourage brokers to obtain licenses by reducing the license fee and providing financial, technical and legal support for registered brokers and small investors, such as low-interest loans and vocational training.
- 2) The government should stimulate local economies of mining, dealing and cutting through policies that favor local people rather than the rich and powerful.
- 3) The government should improve the safety standards in Block A, B and D, set up a specialized agency that grades and certifies all tanzanite gemstones, and promote the good conduct of the tanzanite industry *as a whole*.
- 4) The government should allow/encourage small-scale miners and brokers to organize themselves formally to voice their needs and concerns.

## POST-DISCUSSION

### **Everyday Violence, Hidden Violence**

Violence characterizes the tanzanite industry. Direct violence can be found in the mines where small to fatal fights among miners are common, in the guns and knives that brokers, dealers and retailers use to protect themselves, in the security guards, automatic door-locks and bars for preventing robbery, and ultimately in the national army that enforces laws to protect the interests of the private industry and the government elites.

To the miners, brokers, dealers and local retailers, direct violence is an integral part of the network and an everyday practice. It is a means of resolving conflicts in a place where a reliable judicial system is not an option and individuals have to find their own ways of protecting themselves. When a broker gets cheated by another broker, he cannot turn to the police because a) local people do not trust Tanzanian police, b) they do not have any legal document of proof as it is not a common practice, and c) he may not have a license that gives him full rights. He has to solve the problem himself through various strategies as previously discussed, and direct violence is among one of them. Because the system works in such a way that favors a few actors (government elites, major industry stakeholders), most actors have to find their own ways of working around, with and against the system. In other words, direct violence is a result of structural violence.

Structural violence is found in every layer of the trade network. It is resulted from “institutions and policies [that] are designed in such a way that barriers result in lack of adequate food, housing, health, safe and just working conditions, education, economic security, clothing, and family relationships” (McGregor 2001). While this description does not apply to all miners and brokers, it highlights the idea that although structural violence is invisible, it has real life consequences: social inequalities, constraints of human agency, systematic impoverishment and suffering.

All actors – miners, brokers, dealers, local retailers, exporters, TanzaniteOne, the Tanzanian government – are constrained by the system to different extents. However, those with a higher financial capacity have more power over others and can exercise this power to perpetuate inequalities for their own benefits. Power is “the ability to define” (Matthews, pers. comm. 2013): the more powerful get to redefine the system. At the local

level, registered dealers and retailers organize themselves through TAMIDA to request a reduction of the dealer's license fee. Exporters were able to pressure the government to partially lift the ban on export of raw gemstones. Miners and brokers, in contrast, are in a much lesser position that allows actors in the higher tier to exploit them.

However, much of the structural violence occurs through transnational political-economic processes. TanzaniteOne, the industry giant, has a lot of power and control over the industry and influence over the government. For instance, it is able to define the industry code of conduct and influence the Tanzanian government to tighten regulation over brokers and dealers. The use of moral language such as "ethical mining," the mandatory certification system, the establishment and control of a marketing agency, and image-building through CSR projects disguise and legitimize TanzaniteOne's aggressive plan of "wiping out small-scale tanzanite miners on the international market." Because what all these measures imply is that "stones *without* the firm's imprimatur had illegal or unethical origins was infuriating to ASM miners and traders" (Schroeder 2012: 101; author's emphasis). In short, TanzaniteOne defines how the game is played, what role everyone plays and *appears* to play. As a TNC, TanzaniteOne

faces the dilemma that, no matter how much good work they do, no matter how many schools they fund or roads they build, no matter how much they promote tanzanite as a whole, they will always be regarded with suspicion. The locals understand that [...] they have come to this land solely to make money. When the profit is gone, they will leave. Native Tanzanians are different. This is their land, their home. Even if the money is gone, they will remain. They have nowhere else to go. (Pardieu & Hughes 2008)

This neatly sums up the tensions between the transnational political-economic system, embodied by TanzaniteOne, and local trade network. The free global flow of capital may benefit a few people in Tanzania, but is far from sustainable in the long run.

Violence is many-faceted: it exists in fights and guns, in systematic impoverishment, in structural oppression, and in labels like "ethical mining" and "conflict-free stones" that stand in contrast with labels like "black market" and "smuggling." It is a subtext in the current policy framework that perpetuates the uneven power relationships at the local, national and transnational levels. Understanding violence allows us to rethink our role as consumers and reimagine the space in which we can apply change.

## LIMITATIONS AND RECOMMENDATIONS

“They think you’re hired by some foreign company, even though I kept telling them that you’re really just a student. Not everyone understands it.”

Towards the end of my fieldwork process, my translator finally confessed to me that one of the main reasons why many brokers and dealers refused to be interviewed is that they thought I was a commercial spy. This doubt among my potential informants is not something that can be dismissed over a period of time as short as the 20-day data collection timeframe of ISP. Given the short timeframe, I was not able to be in my site long enough to establish enough rapport to get at such sensitive topics. Establishing friendships take time. This also touches on the ethics of doing fieldwork: I should not approach them with the attitude of extracting information *from* them but *with* them. For this project, I could only use semi-structured interviews to get information and need to ask more informants to cross check and to get a good picture of the social relations in the trade network. Using participant observation in addition to my current method would reduce some biases, since most aspects of power relations are hidden and not easily articulated by oppressors and the oppressed alike. In other words, the study of power dynamics requires a lot of time and efforts. Ideally, this would be an ethnographic work – a documentation of a particular group of brokers and their interactions with other actors (for instance, I may actually get to see instances when someone who ran away with the gemstones or money comes back to beg for forgiveness, and then I will get to see how people actually handle the situation) – so that I could have a better understanding of the structure that confines them as well as their agency and acts of resistance that may not be revealed simply through their own narratives.

Moreover, my identity as a young woman further put me in a disadvantageous position. The first week of fieldwork was painful: I drew a lot of attention as I wandered on the streets. Many thought I was a potential buyer and enthusiastically showed me their raw gemstones; but others simply wanted to ask me relentless questions about who I am and if I want to marry them. This is especially the case among Maasai or Warusha men, many of whom simply laughed and walked away when my translator explained to them that I was there to work and collect data. However, as I talked to more people and

showed up in my site every day, many of them got used to me and treated me as a friend. Moments like this were extremely rewarding, and I am very grateful for that. That said, even though I made more and more friends each day, I would still not venture into the area without my translator's company – not when I am an unmarried woman (and, of course, when I do not speak fluent Swahili). A limitation of having a translator (who actually knows some of the people around because he used to work for a travel agency in the area) all the time is that some people might be hesitant to give us information, since my translator could be a potential competitor or a spy for his other broker friends.

Nevertheless, on the positive side, women were very friendly to me. Although I was only able to interview 2 female brokers because most women were afraid of giving out information (for the aforementioned reason that I might be a spy), they gave me much more detailed information than most of my male broker informants. While I cannot make any generalizations about the female broker population based on my interactions with these 2 female brokers, I suspect that if I stayed in my site for a longer period of time, I would gain enough trust from particularly the female brokers who would be willing to show me their worlds and offer me valuable perspectives on working in the industry as a woman. Therefore, I advise any female researcher interested in the topic to try to gain rapport with the women – even if one only has 20 days of data collection, making a point of befriending the female brokers from day one may enable one to harness fruitful results by the end of the fieldwork.

Here is my final piece of advice to anyone who wants to examine the exploitative practices of the mineral industry: by all means, go to the Merelani mines. Study the plight of the miners, the ecological impacts of mining, the interactions between miners, brokers and managers of the big and small mining companies, the issues of public health and women's subjugation, the presence or absence of the Tanzanian government in the industry – I believe there will be a lot to learn from venturing into the area, which will give a much fuller picture of the local, regional and global tanzanite trade network that I was only able to get a glimpse at in the heart of Arusha city.

## CONCLUSION

The tanzanite trade network in Arusha is characterized by violence. Within this network, actors are related to each other differently. The brokers' network is highly paradoxical: while they dedicate their time to maintaining harmonious relationships and building social capital, they do so in the shadows of betrayal, distrust and violence. Outbreak of violence is not common but is a possibility. In contrast, the dealers' network is more straightforward, in the sense that it is characterized by high security, confinement, aloofness and the threats of violence. Broker-dealer relationships differ depending on the ethnic origins of the dealers. Indian dealers are less well-perceived than Chinese and other foreign dealers. Finally, at the end of the commodity chain, retailers have a more international outlook and are concerned about the presence of a local underground economy that competes with them. One can easily see the tension between transnational market forces and local economy in Arusha.

Violence is found at the local, national and transnational levels. In the local trade network, direct violence is common. But rather than a "problem" to be solved, the use of direct violence is an integral part of the network and a conflict resolution strategy. It is resulted from the systematic marginalization created by the national legal system that offers no support to traders labeled and alienated as criminals, and by the monopoly power that openly and aggressively outcompetes and marginalizes smaller actors under the disguise of moral language and neoliberal free trade. The marginalized respond to this structural violence with direct violence. Violence, therefore, is a subtext in the current policy framework that legitimizes and perpetuates the uneven power relationships at the local, national and transnational levels.

In short, although there is no proof that tanzanite industry funds any war activities, tanzanite is still a source of conflicts and injustices. It is, ultimately, a conflict stone. Understanding violence allows us to rethink our political-economic system, reevaluate our role as consumers, and reimagine the space in which we can apply change.

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## APPENDICES

### A. Interview Questions

#### General questions to all brokers

- 1) What are the issues/challenges you face?
- 2) How do you think the challenges can be improved?
- 3) What are the benefits of working in this industry?
- 4) Which actors do you have direct relationships with?
- 5) Could you describe what these relationships are?
- 6) What do you think about [Indian/Chinese/European/American etc.] dealers?
- 7) Please give specific examples about when things did not go well: what happened and how was it solved?
- 8) Are you satisfied with your business? What will you do to succeed?

*In addition to the general questions:*

#### To brokers who used to be miners

- 1) What were the conditions in the mines like?
- 2) What do you think the factors for the tough conditions there are?
- 3) Why did you quit? How did you become a broker?

#### To female brokers

- 1) Why did you become a broker? How did you become one?
- 2) What are the challenges you face in the trade industry as a woman? How did you overcome them?

#### General questions to dealers and retailers

- 1) How and where do you get gemstones?
- 2) How and where do you sell the gemstones?
- 3) What are the challenges in the industry you face as a dealer?
- 4) How do you think the challenges can be improved?

## B. Detailed Tables of Responses

### I. Brokers' perceptions on dealers of different ethnic origins (n=28)

#### **Indian**

They do not pay immediately.	26
They do not like to negotiate/bargain.	17
They give good offers/prices.	15
They do not want to be friends with us.	11
They do not trust us.	6
Some are open to negotiation/bargain.	4
They are willing to buy stones of poor quality/low values.	4
We have good relationships.	3
They discriminate us.	2

#### **Chinese**

They give good offers/prices.	28
They make payment (cash) immediately.	24
They cannot speak Swahili.	22
They are willing to discuss/negotiate with us.	16
They are willing to be friends with us.	13

#### **Others**

They only come seasonally and irregularly.	25
They give <i>very</i> good price.	16
They give good offers/price.	9

### II. Brokers' examples of conflicts (n=19)

Cheating e.g. brokers run away with money or gemstones	14
Fighting among miners in the mines	3
Division e.g. big brokers refuse to talk to small or new-comer brokers	2

### III. Brokers' perceptions on the challenges they face (n=35)

Unpredictability and lack of market	31	Small profits	13
Lack of access to market information (e.g. prices, buyers' profiles)	26	Cheating (e.g. fake stones, dishonest brokers)	12
Lack of experience/formal training	25	Dealers' dominance of the industry	8
Lack of capital for buying gemstones or expand the business	24	Little support from the government	9
Difficulty of getting gemstones	23	New government's regulation on license (effective from June 2013)	7
Difficulty of price estimation	16		