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DECL: 31 October 2005

BACKGROUND

Despite our clear warnings of U.S. action should he persist in fueling the civil war in Sierra Leone, Charles Taylor has continued to arm the RUF and direct RUF operations. With Taylor's support, the RUF has recently expanded its operations along the Liberia-Guinea border. Simultaneously, Taylor is trying harder to conceal his support of the RUF. Over the past month, he has engaged in a diplomatic charm offensive, hoping to convince regional leaders he is working hard to steer the RUF towards a peaceful settlement.

Consistent with the Deputies' August 7 agreement to look for ways to speed up implementation of sanctions against Liberia, an IWG on Liberian sanctions has examined several follow-on measures to the visa restrictions announced October 11. These measures are elaborated on below. They fall into two categories: measures which would be most effectively pursued multilaterally and unilateral measures. We had initially considered awaiting the report of a UN Sierra Leone Sanctions Committee Expert Panel. However, that report has been delayed and Taylor's support for the RUF continues. While we may not obtain UNSC support for all of the proposed multilateral sanctions against Liberia, we should press ahead seeking support for as a broad range of measures as possible in order to hasten the end of Taylor's support for the RUF.

In addition to the multilateral approach to Liberian sanctions, State believes we must also pursue additional unilateral measures. Such sanctions could derive from legal authority provided in the International Emergency Economic Powers Act (IEEPA), the Foreign Missions Act, or the Export Administration Act (State Sponsor of Terrorism). IEEPA provides the President broad legal authority to impose sanctions such as restrictions on Liberia's U.S.-based maritime registry, an import embargo, a financial assets freeze, or a ban on new direct U.S. investment. However, absent a UN resolution calling for international sanctions, some agencies question whether Taylor's continued support for the RUF meets the criteria for a Presidential emergency declaration invoking IEEPA

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Classified by AF A/S Susan E. Rice

Reason: E.O. 12958 1.5 (D)

CLINTON LIBRARY PHOTOCOPY.

remits 15-17 mill of
revenue per yr. to GOL
(25% of revenue)
- freeze on repatriation assets

Who is Designated -
- Taylor + co. inc
- Secondary Designated
L Companies
owned +
Control

In addition to these sanctions, we are pressing aid donors such as Taiwan to end direct assistance to the GOL. State is also seeking ways to support Liberia's democratic opposition and developing a public diplomacy strategy aimed at increasing the pressure on President Taylor to heed our message and end his support for the RUF.

Liberian Sanctions Issues and State Department Positions

- 1 - Diamond Embargo - All agencies support
- 2 - Tighter Enforcement of Arms Embargo - Support, if can make it effective, and after cost analysis [consensus]
- 3 - Internationalize Travel Restrictions
- 4 - Timber Embargo - All agree
- 5 - IEEPA - Assets Freeze, Investment Ban - Treasury opposes as not meeting "unusual + extraordinary threat" threshold
- 6 - Sanctions on Maritime Registry - target to timber industry?
- 7 - Pressing Taiwan and others to cut direct aid to GOL

1. - DIAMOND EMBARGO

DISCUSSION
Oriental Co. has allowed its personnel to become involved in arms smuggling / gets into Taylors pocket. global witness engaged of issue. Not get revenue directly into Taylor's pocket. No impact;

The UNSCR 1306 experts panel on the Sierra Leone diamond embargo will report to the sanctions committee in December. We believe the report will demonstrate Liberian links to the illicit trade in diamonds from Sierra Leone. We plan to introduce a UN resolution on Liberian diamonds immediately following the panel's written report.

Taylor has already requested technical assistance for Liberia to establish a diamond certification regime. In contrast to similar regimes in Angola and Sierra Leone, where Government-issued certificates of origin are intended to inhibit illegal diamond trade by rebel groups, we believe a similar regime in Liberia would simply legitimate Taylor's trade in diamonds. Instead, we should propose an outright ban on the importation of diamonds from Liberia, many of which have been illegally smuggled out of Sierra Leone. While other Council members may note that an outright diamond ban on Liberia would hurt legitimate traders and hurt the Liberian economy, an outright ban is the best means to deprive Taylor of resources with which to support the RUF.

Consigner
China +
Malaysia
are 2
largest
customers
~ 280
mill / yr
in
revenue

STATE POSITION

The U.S. should seek a UN Security Council resolution that bans the importation of diamonds from Liberia. The resolution would permit the lifting of the embargo when the Secretary-General reported to the UNSC that non-government forces had been

Consensus
Enterprise

disarmed and demobilized and that the GOSL had reestablished control over all Sierra Leone territory. We would seek to designate an experts panel to investigate violations of the Liberian arms and diamond embargoes. State believes that an outright ban on all Liberian diamonds is the only effective way to deprive Taylor of resources used to support the RUF.

2. TIGHTER ENFORCEMENT OF UN ARMS EMBARGO

DISCUSSION

*different
circumstances
6 yrs
ago*

UNSCR 788 (1992) established an arms embargo in the midst of the Liberian civil war which remains in force but is flouted by Taylor despite a sanctions committee (chaired by Namibia, which leaves the Council at the end of December) established under UNSCR 985 (1995). Paradoxically, efforts to reinforce this ban could destroy it, as UNSC members may question the need to continue or enforce the ban when the Liberian civil war for which it was enacted has ended.

UNSCR 1132 (1997) established a Sierra Leone sanctions committee (chaired by Bangladesh) which was subsequently charged with monitoring the arms embargo imposed on the RUF in UNSCR 1171 (1998). This committee is also concerned about links between illicit arms and diamonds trafficking as noted in UNSCR 1306 (July 5, 2000), which imposed a diamond embargo on Sierra Leone. The report of the experts panel, which has traveled to Europe and Africa, will guide the committee's efforts to curb the illicit trade. We will work with both committees to tighten the arms embargo on Liberia.

Taylor has proposed allowing border monitors to investigate reports of arms shipments to the RUF from Liberia. Our initial assessment is that this would be prohibitively costly and difficult to perform. Monitors dispersed in remote locations would be dubiously effective and make an easy target for hostage taking.

On the broader question of border monitors, however, the October 3 ECOWAS Mediation and Security Council ministerial agreed to deploy a military observer mission along the borders of Guinea, Liberia, and Sierra Leone to quell tensions in the region. Such a deployment requires a decision by ECOWAS Heads of State, at either an Extraordinary Executive Session or regular Summit (currently scheduled for December). It would also require significant external financing.

Taylor has requested technical assistance to enhance monitoring of Liberia's air and seaports. We could counter-propose that international monitors be placed at Liberian air and seaports. As an adjunct responsibility, some monitors might be able to provide the technical assistance Taylor has requested. Funding would, however, have to come from voluntary contributions. The program could be conducted under UN auspices or, alternatively, through ECOWAS.

*depend
author
of
UN/ANSI
to do
things*

USUN reports that Council members are likely to oppose monitoring as costly and ineffective, citing previous attempts at international arms monitoring and the FRY. An ineffective system of UN (or ECOWAS) monitoring would likely be easy for the Liberians to circumvent, and Taylor could use it to reinforce his claims that Liberia is not involved in illicit arms trafficking.

STATE POSITION

We should approach Security Council members with sanitized information to demonstrate Taylor's role in supplying arms to the RUF and build the case for tightening the existing arms embargo on Liberia. State should prepare a series of strong bilateral demarches to countries wittingly or unwittingly involved in sanctions violations.

The USG should decline Taylor's offer of border monitoring as impractical and counterpropose placement of international monitors/trainers at air and seaports. If Taylor accepts our counterproposal, USUN will seek to include in a UNSC resolution authorization to place monitors at Liberian air and seaports to enforce the arms embargo. This effort would need to be funded by voluntary contributions (need to identify source of U.S. contribution and consult with Congress) and might be UN-administered. While costly, we believe these monitors would send an important signal to Taylor that the UNSC is serious about enforcing the embargo, would raise the costs to Taylor and arms traffickers, and would help curb arms trafficking in the region.

3. TRAVEL RESTRICTIONS (VISA BAN)

DISCUSSION

We have begun pressuring Taylor and other RUF supporters with a unilateral visa ban, under authority of the U.S. Immigration and Nationality Act, announced October 11. The ban applies to those who support the RUF, regardless of nationality. We have instructed selected Embassies to approach key governments to try to internationalize travel restrictions on RUF supporters

STATE POSITION

We should seek a UN embargo now on Liberian timber exports and try to enforce it at the point of export by use of UN or UN-funded monitors placed in Liberia's timber processing ports. If needed, we could also encourage and support NGO efforts to gather the information necessary to enforce such an embargo. We believe the UNSC must deprive Taylor of the revenues he uses to support the RUF and sow terror in the region. Failure to do anything to cut this apparent revenue source to Taylor will most likely lead to an escalation of regional instability and the humanitarian crisis that already exists.

5. IEEPA - ASSETS FREEZE AND BAN ON NEW DIRECT U.S. INVESTMENT

DISCUSSION

- ① Seize assets in US of Taylor + co. etc, same law as v. 34 from
- ② multilateral
- ③ ban US investment into Liberia

The International Emergency Economic Powers Act (IEEPA) provides broad legal authority for a range of possible economic sanctions, including a financial assets freeze, restrictions on the maritime registry, and halt to new investment. To invoke IEEPA, the President must issue an Executive Order declaring a national emergency based on "an unusual and extraordinary threat . . . to the national security, foreign policy, or economy of the United States" and identify prohibitions on economic activity by U.S. persons. To be effective, the scope of the Order should be broad enough to cover all assets under the control of Taylor, his advisers, and the GOL. Treasury/OFAC can subsequently license activities (such as the maritime registry) we might want to allow to continue while the Order is in place. Treasury requests that we defer further consideration of IEEPA and an assets freeze until discussed and approved by a Deputies meeting which includes Treasury.

As of 1998, cumulative U.S. direct investment in Liberia was \$228 million. We are seeking information on annual investment levels in recent years to quantify possible impact of a ban on new investment. We would need to seek information on the owners of Liberian assets in the U.S. that might be subject to the asset freeze.

STATE POSITION

The President should invoke IEEPA to institute a Liberian assets freeze, a ban on new U.S. direct investment in Liberia, and possibly other economic sanctions.