

WORLD DIAMOND COUNCIL

POSITION PAPER

THREE YEAR REVIEW – KIMBERLEY PROCESS CERTIFICATION SCHEME

The World Diamond Council welcomes the opportunity to contribute to the three year review of the Kimberley Process Certification scheme. From the inception of the efforts to create a mechanism to stem the tide of conflict diamonds, the industry has devoted its time, resources and considerable expertise to ensure that the proposed scheme would successfully achieve this goal.

The results over the past three years have proved to be a successful means by which valuable diamond resources have been applied to the economic development of the countries that produce them. The added value of diamond resources is due to the robust implementation of the KPCS. The industry is proud of its contributions to this effort.

GENERAL OBSERVATIONS

The workings of the KPCS have been easily adopted by industry members around the world. Knowledge of government requirements applicable to the movement of rough diamonds across international borders has been adopted, and applied throughout the diamond trading community.

The means by which the KPCS has been implemented during the three year period have been found to be effective. The regular meetings of the Working Groups, the inter-sessional meetings and the annual plenary meetings have been adequate to implement all aspects of the required elements of the scheme. Members of the World Diamond Council have contributed to all aspects of implementation throughout the period.

The method by which a government can demonstrate its compliance with the minimum requirements of the KPCS should continue. The Working Group on Participation and its requirements is an important “gatekeeper” mechanism which upholds the integrity of the entire system. We support this method of determining satisfactory compliance with criteria for entry into the KPCS, which appears to be working well

The Working Group on Monitoring is another mechanism that has demonstrated its effectiveness over the past three years. Compiling annual reports and facilitating review visits is an important means by which Participants can check

levels of compliance. The review visits over the past three years has proved successful in achieving their aim of encouraging best practices. The number of visits, the care with which the visits are prepared and the manner in which the review visits reports have been received has meant that many Participants have improved elements of their KPCS implementation mechanisms.

The Working Group on Statistics has also proved to be effective. Over the past three years, much has been achieved in improving the quality of the statistics gathered. By comparing statistical reporting from exporting and importing nations through careful study of reported statistics, the KP can achieve the goal of monitoring compliance, always the intended goal of the gathering of statistical information. Therefore, the WDC strongly recommends that the KPCS continue to pursue accurate, complete and timely submission by all Participants of their statistical data. In so doing, the other working groups are better positioned to assess the effectiveness of any other Participants implementation mechanisms. Further use of the data outside the KPCS, however, may not prove to achieve any of the expressed goals of the KPCS, and should be avoided.

INTERNAL CONTROLS

The key to success of the KPCS is in the very important movement of rough diamonds to the point of first export. It is in this area that the work of the KPCS must be concentrated in the period going forward. No more important area of improvement can be identified.

Many practices regarding internal controls within diamond producing nations can be improved with added resources devoted to this element of compliance. The WDC supports enhanced and strengthened internal controls within all diamond producing nations, and stands ready to offer its expertise in this regard.

Although the KPCS has already increased the diamonds being officially exported because of better controls over diamond production, the need for improved internal controls, especially in countries with alluvial production, has been amply demonstrated. Strengthened internal controls will make it more difficult for neighboring with no production to declare exports. This is central to the effectiveness of the KPCS. Donor assistance and industry participation in these improved internal controls is required.

INDUSTRY SELF REGULATION

Over the past three years, the WDC has led industry efforts in creating the System of Warranties that underpins the KPCS. Use of the System of Warranties is wide spread. In fact, it is essentially integrated into the standard methods applied to the trade in polished diamonds and jewelry containing polished diamonds.

This was achieved through a robust education program by the WDC and other trade associations, such as the WFDB and IDMA. This has included numerous seminars, published materials ("The Essential Guide to the Kimberley Process" published by the WDC) and recently a poster for use by the trade to train employees in manufacturing and retail businesses.

Future plans for continuing public (within the trade) education has been assigned to a newly created committee on public relations. This committee, established at the recent annual meeting of the WDC in Catania, Italy, will raise the profile of the System of Warranties by establishing a presence at prominent international trade shows. This presence will add to ongoing efforts to insure that the system of warranties is robustly applied in order to continue to play a role in providing consumer confidence in the diamond trade. A successful diamond trade contributes to the economic health of the nations who produce this valuable resource.

Conclusion

The achievements of the KPCS over the past three years cannot be underestimated. But there is always room for improvement. In the view of the WDC, improved internal controls is the one best means by which the trade in conflict diamonds can be ended. Resources and improved mechanisms should be devoted as a priority to this most important goal. By improving controls over the diamond resources, we not only end the trade in conflict diamonds, but improve the economic rewards to the diamond producing nations. It is in this area of endeavor that the WDC intends to concentrate its efforts in the period to come.