

PRESS RELEASE

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Scope of Kimberley Process should remain limited to disassociating conflict from rough diamond trade, WDC President tells KP Intersessional

JUNE 10, 2014 – Speaking this morning at the Intersessional Meeting of the Kimberley Process In Shanghai, Edward Asscher, President of the World Diamond Council, stressed that the mandate of the KP should remain focused on eliminating the trade in diamonds from areas of conflict.

The following is the full text of Mr. Asscher's address:

Vice Minister Wei Chuanzhong, Chair of the Kimberley Process;
Monsieur le Ministre
Your Excellences, ladies and gentlemen,

At the outset, allow me to thank the KP Chair and the Government of the People's Republic of China for their hospitality in hosting us in Shanghai.

China today occupies a key position in the diamonds' chain of distribution, functioning not only as a rough diamond producer, but also as the world's second largest manufacturer of polished diamonds and the second largest consumer market for diamond jewelry. You clearly have a vested interest in the success of the Kimberley Process.

When I look at the history of the World Diamond Council and the Kimberley process we can be grateful for the two organizations that started the World Diamond Council: The International Diamond Manufacturers Association and the World Federation of Diamond Bourses, later joined by CIBJO. The World Diamond Council is especially grateful to its own founding members and the members who support us today by their membership and in manpower although there is an obvious shortage in women who represent our organizations and the World Diamond Council.

The commitment of governments is of prime importance for the working of the KP, as is recognition by governments that the diamond and jewelry industries have important economic and social roles to play on a multi-national basis.

The Kimberley Process was a groundbreaking experiment in international relations, with a coalition of governments from both developing and developed economies, working in tandem with industry and civil society to tackle a problem of massive human proportion.

The bottom line is that the implementation of the Kimberley Process Certification Scheme in 2003 saved many lives. With the cessation of conflicts that had been illegally financed by rough diamonds sales, the future of people in Africa was improved.

The effectiveness of the Kimberley Process inspired further confidence in our product, the diamond. This was a benefit of the Kimberley Process, but an important one for the people of Africa as well, because it provided the groundwork for continuing and sustainable economic opportunity.

As geopolitical circumstances evolve, the Kimberley Process must remain a dynamic system, and should be constantly reviewed to ensure that it is able to meet ongoing challenges, and remain relevant to the situations that exist at any particular point in time.

The KP has updated and upgraded over the years, but as we all know it is a gradual process, in part because it requires agreement of the entire membership. The Administrative Support Mechanism, or ASM, which began operating last year, was part of this process, providing more permanent civil service to an organization in which the reins of leadership shift from country to country, year by year.

Just two weeks ago the Kimberley Process Chair Vice Minister Wei Chuanzhong and myself signed a Memorandum of Understanding that will govern the World Diamond Council's financing and operation of the ASM for another year.

The ASM that we manage has no policy-making function. Its entire role is to serve and support the KP administration.

We are proud to have been involved in the reforming of the KP, and we will support further reforms, including an expansion of the definition of conflict diamonds to include all rough diamonds directly associated with acts of organized and institutionalized violence. We realize that the process of arriving at an agreed definition is a complicated one, but we feel strongly that topics of this sort must be tackled head on. The industry decided so a few years ago, now the KP should continue with the implementation.

An organization such as the KP is a mature one and needs to look critically at what improvements can be made. After all it is the integrity of our products at stake and the wellbeing of all who work directly or indirectly in this industry.

Just as the KP needed to review its structure and operation after 14 years of operation, so did the World Diamond Council.

Our organization is today fully financed by member fees, more transparent, and with a new leadership, which was elected through a system that ensures that all sectors of our industry are appropriately represented.

To a great degree, it is due in part to the success of the Kimberley Process that a debate has been generated in our industry as to how we can further improve the lives of all of our stakeholders, and most importantly those living in areas where the rough materials are located and processed. The issues that are raised often go beyond the more narrow scope of conflict diamonds and include other social and humanitarian challenges faced by the industry.

We are being asked whether we contribute to further improving the lives of those involved in and dependent upon our industry? In other words, should KP's mandate be expanded beyond preventing the infiltration of conflict diamonds into the legitimate pipeline, to include other issues which challenge the integrity of our products and the reputation of our business?

When we look around us there are new initiatives in the diamond- and jewelry industry, some are based on profound Corporate Social Responsibility, others have a commercial and marketing effort. All are meant to prove that our diamonds or those specific diamonds marketed by certain organizations are conflict free and contributing to a wider range of human and social aspects. The same is true today for other initiatives that are close to our hearts.

It is our collective responsibility to assess and consider all potential risks, confront them, mitigate them and work in unison and harmony within the Kimberley Process.

We know that we all have responsible members of society and our main concern is to look out for the wellbeing all of those, who mine, manufacture and deal in diamonds, as well as those who are dependent upon them. We do so by ensuring the integrity of our products and in so doing contribute to the quality of the lives of all stakeholders in our chain of distribution.

The Kimberley Process's scope should remain limited to disassociating conflict from the rough diamond trade. Our focus should be on improving Kimberley Process within this framework.

How should we do this? Through our working committees and review processes, we should look to improve our procedures and documentation, so that any existing weak links and blind spots are eliminated. As mentioned before, we should revisit the subject

of expanding the definition of conflict diamonds, and seek to achieve consensus. And most important, we should do all that we can to assist countries experiencing critical problems, by contributing to their healing processes and assisting in their sustainable development. We should also work for a level playing field. With that I mean that all diamond producing countries, all diamond centers, all government agencies use the same procedures, accuracy and policies.

Let me emphasize that inclusiveness is a principle that cannot be discarded nor diluted. Allow me to stress the World Diamond Council's opposition to any efforts that are designed to introduce new measures in the diamond, gemstone and jewelry industry without consulting the official representatives of the producing countries.

The strong believe we have in the Kimberley Process is that we all understand the principle of a common cause. That cause is that we can defend and protect the integrity of our wonderful product the diamonds which should contribute to the wellbeing and happiness of all involved, from the miner to the polisher to the jewelry industry and ultimately the consumer. That is what I stand for in the coming two years; that is what we at the World Diamond Council believe in.

Thank you.

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The **World Diamond Council** was created in 2000 to coordinate the effort of the international diamond and jewelry sectors to eliminate the trade in diamonds from areas of conflict. Its primary objective is to represent the diamond industry in the development and implementation of regulatory and voluntary systems to control the trade in diamonds embargoed by the United Nations or covered by the Kimberley Process Certification Scheme.