



WORLD
DIAMOND
COUNCIL

Stephane Fischler, WDC President

Opening Speech

KP Plenary Meeting 2019

New Delhi, India

November 18, 2019

Mr. Swain, KP chair,

Mr. Moiseev, KP vice-chair,

Excellencies,

Ladies and gentlemen:

After three long years and seemingly countless meetings, teleconferences, position papers, and bilateral and multilateral conversations, we have finally arrived in New Delhi at the end of the KP's three-year review and reform cycle.

It's not that we have considered New Delhi as the end of the highway. Like the other great cities that have hosted KP Plenaries, it has always been seen as a momentary stopover in an ongoing journey. But we certainly have marked it on our map as standing at an intersection – a place where we could turn, however slightly, to ensure that we all are headed in the right direction.

Like any odyssey taking place over a period of decades, navigational adjustments are almost inevitable. Landscapes and conditions change, sometimes in ways that were unforeseen. But so, do the people making the journey. When we set out together, we represented a disparate group of interests, bundled together by tragic circumstances. Over the years we have come to know each other, and hopefully developed a stronger sense of common purpose and a trust of one another's good intentions.

So the question is: When we head out once again in five days' time, in what direction will we be traveling? And will we be making the journey together, with our eyes fixed toward the same horizon?

I strongly believe that the future of this remarkable enterprise, the Kimberley Process, will be determined by the decisions taken by you, member countries, and possibly those that will not be taken during this week in New Delhi. Lives and livelihoods of individuals who rely on the work that we do together will be impacted by both your actions and inaction.

And let us be clear – a failure to act does not simply mean kicking the can down the road. It is a deliberate decision not to address those instances of gross abuse and violence causing pain and suffering in certain diamond-mining areas today, surrendering a chance for having meaningful impact on the long-term development in the countries in which this is taking place.

If this happens, the KP, which played an unprecedented part in the ending of civil wars across the African continent, will show itself to be impotent in addressing the causes of localized conflict. Like the rebel uprisings against governments of the 1990s and early 2000s, which the proceeds of the trade in diamonds fueled in a string of countries, these localized disturbances also destroy lives, hope and dignity of entire communities.

Furthermore, they tarnish the reputation of the minerals with which they are associated, eroding their ability to generate revenues in the consumer markets and, as a consequence, economic growth and development in the countries where they are mined.

But this does not need to be the case. We have in this room the countries, the organizations and the individuals who together can ensure that the odyssey of the Kimberley Process continues – that it remains a beacon of light for millions of people, involved and impacted by the extractive sector, often living in the most desperate of circumstances. These people are part of our supply chain.

If we have learned anything over the past two decades it is about the seemingly implausible ability of an unlikely tripartite coalition, involving government, industry and civil society, to coalesce over the regulation of a non-essential, luxury product, and in so doing transform the lives of people suffering from conflict. We know it can be done. We know that we can do it together. We would be shirking our responsibility – as civil servants, business leaders and social activists – if we do not face up to reality and make some difficult decisions this week.

Over the course of the current review and reform cycle, we have clearly delineated those areas in which progress needs to be made. We have also articulated them publicly, providing to the world the benchmarks against which we will be judged.

The Ad Hoc Committee on Reform and Review, in the way it has been structured and in the subjects that each of its sub-committees have tackled, essentially framed for the outside world what is now expected from the Kimberley Process.

- There is a clear and current need for more a stringent Peer Review Mechanism, where we ourselves will be more effective and consistent in enforcing our own standards, while respecting the tripartite structure of the KP.
- There is a clear and current need for the establishment of a Permanent Secretariat to replace the more limited Administrative Support Mechanism (ASM), where a professional, experienced and fully dedicated staff will provide the ongoing non-partisan support that is essential for the operation of the Kimberley Process Certification Scheme (KPSC). Here we have agreement in principle, but we need to settle the modalities and details. The WDC has already agreed to financially support this operation. We're committed, we're looking for your commitment.
- There is a clear and present need to establish a Multi-Donor Fund, because we know that the efficacy of the KPSC is enhanced by the active involvement of all member countries over and above just basic participation and compliance, taking into account, that certain of the countries lack the resources to be fully participant. Civil society, which by definition is comprised of not-for-profit NGOs, also requires financial support to carry out its work in KP. Its role is essential and, in many respects, the presence of civil society is what sets KP apart from other international regulatory systems.
- You will realize that I have left for last the fourth and most sensitive topic on the agenda of the Ad Hoc Committee on Reform and Review, but in almost all respects it is the most important, because it underpins everything else that we do. I refer, of course, to the strengthening of the scope of the KPCS, and more specifically to how broadly we define the concept of "conflict diamonds."

There are a number of proposed amendments to the KPCS core document, some more substantial and others more conservative. The WDC has been candid in what we would like to see happen, and it is that the conflict diamonds definition incorporates all of the most severe instances of violence, whether they be carried out by rebel forces, private or state-run security forces, or criminal elements.

But we also appreciate that our perspective as Observers and members of the industry does not always match the perspective of some of our Participant member-state colleagues, whose life experience is different to the ones that many, although not all of us, were

fortunate to grow up with. We have listened to them, and we hope that they have listened to us.

We are businesspeople, not politicians or diplomats. But we do understand that the KP, particularly through its consensus decision-making system, requires a political process. And as Otto von Bismarck famously said: “Politics is the art of the possible, the attainable — the art of the next best.”

At this, the start of the 2019 KP Plenary, it would be foolish of me to prescribe the final compromise.

But I will say this: if there is no progress reported on the strengthening of the scope of the KPCS – whether it involves actual agreement about how conflict diamonds are defined, and/or agreement about how and over what period of time that definition evolves – then the outside world will characterize this meeting, and the KP’s effort to reform its operation as a failure. This is something we must do our utmost to avoid.

We should also not shift responsibility, claiming that we do not have the tools, or arguing that there are other organizations and systems better equipped to provide solutions, such as the United Nations.

And let it not be said that I am discounting the role of the UN. On the contrary, I strongly believe that it should be our partner in this venture, as it has been in the past in the General Assembly and Security Council, and on the ground in countries like in the Central African Republic.

But in almost all cases where the KP has historically proven itself to be most effective, it has worked together with the UN, and more often, it has been the KP that initiated the action.

We do not seek to supplant the UN, but neither should we relinquish responsibility where we can be more effective.

KP’s role is not to be a sanctions-imposing body. It is rather the operator of a system that prevents violence, supports conflict resolution and facilitates capacity-building in the mining areas, while maintaining and growing consumer confidence in diamonds.

The World Diamond Council, whose membership is made up of some of the largest companies operating at the mining and jewelry-retailing ends of the pipeline, and well as associations representing hundreds of thousands of smaller companies involved in all stages of the chain of value, has a clear vision of what needs to be done to protect the integrity of our product and the interests of our business and all its stakeholders.

In 2018, our Board of Directors approved a new System of Warranties, expanding the scope of the old one so that it now goes significantly beyond just supporting the KPCS through both the rough and polished diamond trades.

Consequently, in addition to requiring that all B2B sellers of rough diamonds, polished diamonds and jewelry containing diamonds include a statement on the invoice or memo document that the goods being sold are in compliance with the KPCS, the new System of Warranties statement also includes a commitment by the companies that they adhere to WDC Guidelines. These expressly reference international conventions relating to human and labor rights, anti-corruption and anti-money laundering (AML).

Furthermore, a special WDC task force is currently developing an online toolkit that will assist industry members abide by the new System of Warranties protocol. We expect it to be rolled out in 2020.

At the same time, some of our largest members, and a substantial and growing number of the SMEs associated with the WDC, have already or are in the process of incorporating strict compliance systems in their own companies. All of these go substantially beyond the current scope of the KPCS, and some require independent third-party monitoring and auditing before certification is awarded.

These decisions have been taken independently, but we very much hope that they will be supported by a strengthened KPCS.

It is in our collective interest that all KPCS-certified rough diamonds being traded be regarded universally as meeting the standards of the market.

We need to do all that we can to avoid a situation by which alternative chains of distribution are created, where one includes KPCS-certified goods meeting much of the market's standards and the other includes KPCS-certified goods which do not meet those standards.

And let us be clear about what we are talking about. About 95 percent of the rough diamonds produced in terms of value are mined by a handful of large, industrialized mining companies, almost all of which have implemented compliance systems that go beyond the scope of the KPCS, among them the WDC's System of Warranties.

Over the years they have contributed to the transformation of entire economies.

The remaining 5 percent is produced by around 1 million artisanal miners, who with their dependents, number close to 10 million people. They make up the groups that are most likely to suffer from the types of violence that we are trying to prevent, living in regions that are in dire need of economic and social development. They and their countries will be the most immediate victims of a two-tier Kimberley Process Certification Scheme, where the lower tier includes goods that have been certified but do not meet the standards of the market.

Whether we can avoid this situation depends largely on what transpires in New Delhi over the course of the coming five days.

A bit more than a month ago, I was in Sochi, where I was privileged to participate in a panel discussion about the developmental potential of the diamond industry. The event was part of the First Russia-Africa Summit organized by the Government of the Russian Federation.

The day after our panel discussion, I attended another exchange at the summit, this one devoted to women and their role in fostering peace and development. An overriding theme of that second session was the general disappointment of the female participants in our traditionally patriarchal systems of government, business and even the family. They criticized our failure to care, our reluctance to address issues of blatant gender inequality within society, and our readiness to adopt short-term and convenient solutions, thereby protecting the existing system but perpetuating the suffering of society's weakest members, who most often are women and children.

This, of course, is the Kimberley Process, and, as much as we may want, we do not have it within us to correct all of society's ills. But within our area of influence we also have a duty to care, and to consider long-term solutions that will protect our weakest stakeholders.

This is what we need to do together in New Delhi.

Thank you.