

## **FINAL COMMUNIQUE**

### **Kimberley Process Plenary Meeting, Gatineau, Canada 29 October, 2004**

The Participants of the Kimberley Process met in Plenary in Gatineau, Quebec, from October 27-29, 2004, to review progress on the implementation of the Kimberley Process Certification Scheme (KPCS). Forty-two governments and one regional economic integration organization (the European Community) are now implementing the KPCS. The World Diamond Council and representatives from civil society attended the meeting as Observers, together with Applicant countries. Participants and Observers expressed their gratitude to Canada for hosting the meeting and for the warm hospitality they received.

#### *Chair's Report to Plenary*

In its annual report to Plenary, the Chair noted the significant progress made during 2004 in the implementation of the Kimberley Process Certification Scheme. In particular, it noted that the Kimberley Process Participants now encompass the overwhelming majority of the production and trade in rough diamonds. In 2003, Participants reported that more than \$8.5 billion in rough diamonds were produced and that 47,598 certificates were issued for more than \$20 billion in trade. The Chair noted the positive impact that the KPCS had in enabling conflict diamond-affected countries to increase the volume of their official rough diamond exports substantially and reiterated the value of the KPCS as a mechanism for conflict prevention.

#### *Peer Review*

The Plenary welcomed the impressive progress made in 2004 in implementing the peer review system adopted in October 2003 at the Sun City Plenary. The Plenary noted that eight Participants had already received review visits and that a further seven will do so prior to the end of 2004. Plenary endorsed the report of the Working Group on Monitoring, including a provisional schedule of review visits for 2005 and 2006 and a roster of more than 60 experts nominated by KP Participants and Observers. Plenary noted that thirty-three Participants have now invited a Kimberley Process review visit and encouraged the remaining 10 Participants to do the same. Plenary reiterated its strong support for the continuing implementation of the peer review system on the basis of the decision adopted at Sun City.

#### *Statistics*

During the past year, important progress has been made in improving the database of Kimberley Process statistics. Plenary noted the remaining shortcomings in data completeness, quality and timeliness of submission.

Plenary underlined the importance of the ongoing analysis of statistics by the Working Group on Statistics. In order to improve the comparability of statistics submitted by Participants, as well as to limit the potential for misuse of Kimberley Process Certificates issued, Plenary adopted a decision establishing the maximum period for the validity of Kimberley Process Certificates at sixty calendar days from date of issuance. Plenary encouraged Participants to derive their statistical reports from Kimberley Process Certificates and tasked the Working Group on Statistics to study, in consultation with concerned participants, the aspects of national methodologies which constrain statistical reporting on this basis and present options to the 2005 Plenary.

### *Technical Issues*

The Working Group of Diamond Experts reported to Plenary that it had fulfilled the mandate it received in Sun City to address the misclassification of rough diamonds in the context of the Harmonized System (HS) customs codes. Plenary welcomed the adoption by the World Customs Organization of revised Explanatory Notes which came into effect on 1 August 2004. The Plenary adopted three new technical guidelines related to confirmation of imports of rough diamonds, and to the definitions of diamond powder and “country-of-origin.”

Plenary discussed the use of varying methodologies for the valuation of rough diamonds which result in discrepancies in KP statistics. The Working Group of Diamond Experts and the Working Group on Statistics received a strong mandate from Plenary to study the issue and propose practical ways of harmonising existing practices.

### *Participation Committee*

Revised terms of reference for the Participation Committee were agreed by Plenary. The revisions require the Chair of the Kimberley Process to seek the advice of the Committee on matters of non-compliance by Participants, as well as on the assessment of applications to join the Kimberley Process. In order to meet the requirements of this enhanced role, Plenary agreed to increase the membership of the Committee through a more equitable geographic and industry balance, and by including the Vice-Chair of the Kimberley Process in the revised composition. In future, the Participation Committee will be chaired by the outgoing Chair of the Kimberley Process.

### *Review of the KPCS*

Participants established a framework for the three-year review of the certification scheme called for in Section VI, Paragraph 20 of the KPCS document. Plenary decided to create an *ad hoc* Working Group to develop options for the three year review process for consideration at the 2005 Plenary Meeting. The *ad hoc*

Working Group was further mandated to carry out the review and provide a report of the findings and recommendations in advance of the 31 July 2006 deadline as set out in the Sun City Plenary Final Communiqué. The current Chair of the Kimberley Process accepted the proposal from Plenary to chair this body. The Working Group will include the Kimberley Process Chair and Vice-Chair, as well as the Chairs of the Kimberley Process Working Groups and Committees. The remaining composition of the Working Group will reflect an equitable geographic and industry balance as well as civil society representation and will be determined through consultations by the Chair.

#### *Internal Controls, Industry Self-Regulation and Capacity Building*

Plenary noted with appreciation the work carried out by industry and civil society on internal controls and the effectiveness of industry self-regulation, and encouraged Governments and Industry to work towards further enhancing the effectiveness of these mechanisms.

The Kimberley Process benefited from the attendance and contributions of representatives of the United Nations, the World Bank and the International Monetary Fund during the Plenary Meeting. Plenary recognized the important contributions that these organizations can make to the realization of the objectives of the Kimberley Process and look forward to continued collaboration.

Plenary noted that many Participants would benefit from targeted international assistance to reinforce their capacity to implement the requirements of the Scheme. Particular attention should be given to strengthening the regulation of artisanal production and to bring small-scale miners into the formal sector. Plenary encouraged the Chair and the relevant subsidiary bodies of the Kimberley Process to work with Participants and other donors (including the international financial institutions) towards effective follow-up of requests for such assistance.

Plenary mandated the Working Group on Monitoring to establish an ad hoc sub-group to address the challenges facing alluvial producers and promote the exchange of best practices. Membership of this sub-group should be drawn primarily from alluvial diamond-producing countries. The ad hoc sub group should report back to the 2005 Plenary meeting through the Chair of the Working Group on Monitoring.

#### *Chair and Vice Chair*

The Plenary welcomed the Russian Federation as incoming Chair for 2005. Russia expressed its intention to advance effective implementation of the certification scheme, with a focus on the improvement of statistical reporting, data assessment and on the continued implementation of peer review. The Russian Federation declared its commitment to effective cooperation with the

Vice Chair and other Participants, and with representatives of civil society and industry.

The Russian Federation explained to the Plenary that the submission of their production and trade statistics had been delayed for internal administrative reasons. In this context, Russia indicated that it would provide the necessary statistical reports before 31 December 2004. Russia assured Participants that it would assume its duties as Chair during 2005 having first met its commitment to its statistical reporting obligations as set out in Sections IV (e), V (b), and Annex III of the KPCS Document.

The Plenary selected Botswana as Vice Chair for 2005. Botswana will therefore become Chair of the Kimberley Process on 1 January 2006.

#### *Official Languages*

The decisions taken by the Plenary will only be considered to have been formally adopted once they have been translated into the official languages of the Plenary (English, French, Portuguese, Spanish and Russian), in accordance with Rule 26 of the KPCS Rules of Procedure, and made available to all Participants.

#### *Commitment to Implementation*

Participants reaffirmed their commitment to continue active and rigorous implementation of the KPCS. Participants and Observers also extended sincere thanks to the outgoing Canadian Chair for providing effective leadership to the KPCS throughout 2004.