

The Kimberley Process: Building on a Decade of Achievement

Gillian A. Milovanovic

Chair of the Kimberley Process

United States Ambassador to the Republic of Mali, 2008-2011

United States Ambassador to the Republic of Macedonia, 2005-2008

The United States assumed the year-long Chairmanship of the Kimberley Process—for the first time—on January 1, 2012. Midway through our year as chair, we are committed to building on the successes of an almost decade-old Process, and keeping the Kimberley Process relevant for decades to come for the benefit of all.

A Unique Process

Established in 2003, the Kimberley Process is named for the mining town in South Africa where southern African diamond-producing states first met to discuss ways to stop the trade in “conflict diamonds.” The Kimberley Process is an international, multi-stakeholder initiative created to increase transparency and oversight in the diamond industry in order to eliminate trade in conflict diamonds, or rough diamonds sold by rebel groups and their allies to fund conflict. Participants in the Kimberley Process Certification Scheme have implemented a system to certify all cross-border shipments of rough diamonds as conflict-free in order to prevent conflict diamonds from entering the legitimate trade. Under the terms of the Scheme, participating states must meet minimum requirements such as putting in place national legislation; establishing export, import and internal controls; and also committing to transparency and the exchange of statistical data. Participants can only legally trade with other Participants who have also met the minimum requirements of the Scheme, and international shipments of rough diamonds in tamper resistant containers must be accompanied by a Kimberley Process Certificate guaranteeing that they are conflict-free.

The Kimberley Process has fostered improved monitoring of the rough diamond trade in the vast range of producing, trading, and consuming countries. Under its auspices, previously inadequate or completely unavailable statistics on the rough diamond trade are now collected in a more systematic fashion, making the trade more transparent. The Kimberley Process has facilitated the design of detailed maps of diamond deposits in producing countries, an invaluable contribution to the capacities of these countries to make the best use of their resources for the good of the general population. Very little is known, for example, about small scale deposits where artisanal and small-scale miners operate and making available geographic information will improve mining efficiency. The Kimberley Process also has provided a platform for focusing on diamond-related development, particularly in communities of small-scale, non-industrial miners.

The Kimberley Process is unique in that it is not treaty-based. Rather, its implementation depends on each Participant government adopting legislation to establish a system of internal controls ensuring traceability of rough diamond shipments. Though taken for granted today, founding the Kimberley Process was in fact a ground-breaking achievement. No other commodity has ever been subjected to a certification scheme applicable to all cross-border shipments worldwide.

Successes of the First Decade

From the outset, the Kimberley Process's effectiveness has relied on a unique collaboration between the public and private sector. Although it is administered by governments through an annual rotating chairmanship, the Scheme could not function without the diligence and cooperation of industry and civil society. Today, the Kimberley Process includes 51 Participant governments representing 77 countries (the European Union being counted as one entity) as well as Observer delegates from an industry umbrella group, the World Diamond Council; a multinational civil society coalition; the Diamond Development Initiative; and the African Diamond-Producers' Association. Decisions are taken exclusively by consensus among the Participants (governments), and Observers play an active role in shaping outcomes.

KIMBERLEY PROCESS PARTICIPANTS AND OBSERVERS

The following States and regional economic integration organizations with the exception of those indicated with an asterisk (*), meet the minimum requirements of the Kimberley Process Certification Scheme

Angola	Guinea	Sierra Leone
Armenia	Guyana	Singapore
Australia	India	South Africa
Bangladesh	Indonesia	South Korea
Belarus	Israel	Sri Lanka
Botswana	Japan	Swaziland
Brazil	Laos	Switzerland
Cameroon	Lebanon	Tanzania
Canada	Lesotho	Thailand
Central African Republic	Liberia	Togo
China	Malaysia	Turkey
Congo (DRC)	Mauritius	Ukraine
Congo (ROC)	Mexico	United Arab Emirates
Côte d'Ivoire**	Namibia	United States of America
Croatia	New Zealand	Venezuela*
European Union	Norway	Vietnam
Ghana	Russian Federation	Zimbabwe

Note: The rough diamond-trading entity of Chinese Taipei has also met the minimum requirements of the Kimberley Process Certification Scheme.

*Venezuela has voluntarily suspended exports and imports of rough diamonds until further notice.

**Côte d'Ivoire is currently under UN sanctions and is not trading in rough diamonds.

Source: Kimberley Process Web site (www.kimberleyprocess.com).

Most recent estimates suggest conflict diamonds compose less than one percent of all rough diamonds traded, compared with up to 15 percent in the 1990s. Although this is truly a formidable achievement, the Kimberley Process cannot afford to rest on its laurels. Looking back, two distinct but related concerns formed the impetus for the Kimberley Process and continue to lie at the heart of it today. One was the moral incentive to end violent conflict and threats against legitimate governments by choking off the ability to fund these conflicts through the illicit sale of rough diamonds. The other was the economic interest in helping safeguard the reputation and legitimate market for diamonds, and the millions of livelihoods supported by them around the world, by providing objective and positive reassurance to the consumer. The same is true today.

Recognizing the Need to Stay Relevant

The first half of the US Chairmanship has engaged Kimberley Process Participants in a variety of ways. We sponsored, for example, a training seminar for customs officers in West Africa in February of this year. We improved communication with the World Customs Organization to close off the use of fake certificates. We have worked to improve the content and accessibility of the Kimberley Process Web site. We are seeking to establish an Administrative Support Mechanism to manage the day-to-day functioning of the Process. The annual June intersessional meeting, held at the Department of State this year, brought together an unprecedented number of leaders from the law enforcement community, experts on natural resource governance, and representatives of development institutions.

Perhaps the overriding theme that has emerged during my brief tenure has been the need to keep the Kimberley Process relevant. Participants and Observers acknowledged the need to keep moving forward in the November 2011 Kimberley Process plenary meeting, which took place in Kinshasa. There, the assembled Participants mandated that a Kimberley Process ad hoc Committee on Review, chaired by Botswana, conduct an overall assessment of the Kimberley Process's core functions and propose reforms as necessary.

Since then, I have heard from US industry, nongovernmental organizations, African governments, and traders in India, Belgium, and China, among others, that the system needs to modernize, learn from experience, and draw from the success of other initiatives. Various actors have expressed their desire to ensure that the Kimberley Process remains an apolitical body. There is broad agreement that the Kimberley Process must ensure that conflict diamonds do not infect legitimate trade. However, there is also broad agreement that the definition of "conflict diamond" must be updated to reflect today's and tomorrow's challenges and that a system to invoke that definition is decided by consensus and implemented in a clear, consistent, and fair manner.

Expanding the Definition of Conflict Diamonds

The second half of the US Chairmanship will focus to a considerable degree on helping the Kimberley Process reach consensus on an expanded definition of conflict diamonds and a system of implementation. A key challenge for the Kimberley Process is to

recapture the courageous and forward-thinking spirit of its founders a decade ago and to modernize the definition of a conflict diamond.

For the term “conflict diamond” to encompass today’s and tomorrow’s challenges adequately, and for it to respond to the expectations of consumers, change is needed. Simply put, the scope of the term “conflict” that underlies the mandate must as accurately reflect today’s concerns as the 2003 definition reflected the concerns of a decade ago. From the perspective of the US Chairmanship, an updated definition of conflict diamond should include other forms of serious armed conflict and violence directly related to diamonds.

The updated definition could apply to conflicts that meet generally agreed-upon standards of armed conflict, such as a resort to armed force between States or protracted armed violence between governmental authorities and organized armed groups or between such groups within a State.

Symbols of Purity and Flawlessness

Even if retailers are not besieged with questions about conflict diamonds from consumers now, the lesson from the past and from other industries is that stakeholders need to adapt to what can be rapidly evolving expectations of consumers and policymakers. There is a real risk that demand for, and revenues from, diamonds could be adversely and permanently affected because the current standard no longer provides the assurances sought by consumers. And, although consumers in some markets may be quicker than others to demand assurances that the diamonds they purchase are not associated with violence and abuse, experience suggests that this reaction can spread to other markets quickly, with disastrous effects on prices and revenue. This is true with any commodity, but particularly so with diamonds, whose appeal stems not just from their beauty but from their association with purity and flawlessness.

Fortunately, the Kimberley Process does not face a crisis at present, but could well in the future. Once such a crisis hits, it will be too late to respond in anything but an ad hoc manner, and this will generate concerns about fairness and impartiality. The Kimberley Process must adopt changes now that ensure uniform and fair action with respect to all situations. In doing so, the Kimberley Process can learn from recent advances in related areas, such as with the OECD Due Diligence Guidelines for Responsible Supply Chains that were adopted in December 2010, or the International Conference on the Great Lakes Region’s Initiative to Establish a Regional Certification Mechanism for Conflict Minerals. If the Kimberley Process does not keep pace with these kinds of initiatives, there is a risk that diamonds will be certified at lesser standards than other resources and all Participants will have to live with the adverse economic consequences.

Millions Involved in the Business

Since the time I accepted the Chairmanship of the Kimberley Process in January, I have developed an increasing sense of the heavy responsibility that the Kimberley Process

bears for the millions of workers and their families around the world who depend on diamonds for their livelihoods. These people range from the artisanal miners digging in the Democratic Republic of the Congo to the traders in Dubai, and from the cutters and polishers in Gujarat to the retailers in Antwerp or New York: all rely on the diamond trade for their livelihoods. But it does not stop there. From a macro perspective, diamond producing countries in sub-Saharan Africa often rely heavily on the revenue their governments collect from the export of diamonds. Revenues from diamonds make it possible for governments to provide improved social services, education, and infrastructure development.

The Kimberley Process thus has the obligation to ensure that the trade in rough diamonds on which so many depend does not risk a consumer backlash. Although the Kimberley Process is but one of many factors that impact the future of these jobs and development revenues, it is one that we and all the stakeholders of the Kimberley Process have the capacity, and the obligation, to affect positively by demonstrating vision and making timely choices.

21st Century Diplomacy

Stepping back, we can see that although the Kimberley Process occupies a relatively small niche in the foreign policy world, it pulls together a number of themes that the US government has consistently highlighted. The Kimberley Process focuses on conflict prevention and on partnering with industry and civil society stakeholders as a means to achieve goals. Our 21st century State Department collaborates with industry and civil society to promote and encourage responsible business conduct and higher ethical standards; the Kimberley Process has played a role in such promotion. Our current task is to help the Kimberley Process keep pace and continue to play that role well into the future. US policy stresses the role of the private sector and of economic growth as a lasting engine of development. The Kimberley Process's relevance is evident in its focus on expanding free and fair markets.