

Blood diamonds v Ethical sourcing - who's winning?

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The All-Party Parliamentary Group for Earth Sciences met in March to listen to presentations given by representatives from De Beers, The Government Diamond Office (GDO, Foreign & Commonwealth Office) and R Holt Co Ltd (Hatton Garden Jewellers) and to discuss the effectiveness of the Kimberley Process Certification Scheme.

“Conflict diamonds” is the term used to describe diamonds that are illegally traded to fund conflicts. Conflicts in some of the poorest parts of Africa have focused on rebels controlling their country's natural resources and assets; about 75,000 people were killed in the West African conflict, which ended in 2002. The release of the Hollywood film “Blood Diamond” has served to bring the issue of conflict diamonds (blood diamonds) to the forefront and highlighted the difficulties of the diamond industry to stop unlawful or unethical behaviour.

The diamond industry, aware of the negative impact that the film might have on diamond sales, took the opportunity to further increase awareness and compliance in the diamond industry and effectively articulate the benefits to developing countries of legally traded diamonds, which contribute about US\$8.4 billion annually to African economies. 65% of the world's diamonds are from Africa, mainly Botswana, South Africa, Namibia and Tanzania. Botswana

The UN Security Council (2001) defines conflict diamonds as “diamonds that originate from areas controlled by forces or factions opposed to legitimate and internationally recognised Governments, and are used to fund military action in opposition to those Governments, in contravention of the decisions of the Security Council”.

produces diamonds worth US\$3.2 billion annually, accounting for 76% of export revenue, 45% of government revenue and 33% of gross domestic product.

The Kimberley Process, diamonds and ethical sourcing

In December 2000 the United Nations General Assembly (UNGA) voted unanimously to support an initiative instigated by the South African Government to include the diamond industry and non-governmental organisations (NGOs) to create a global system to prevent conflict diamonds from entering the legitimate diamond supply chain – the Kimberley Process Certification Scheme (Kimberley Process). The scheme was set up following three years of negotiation between Governments of the major diamond trading and producing countries and representatives of the diamond industry and NGOs, endorsed by the UNGA and the United Nations Security Council (UNSC) and launched in January 2003.

The scheme requires Governments to certify that shipments of rough diamonds are free from conflict (blood) diamonds. Countries that agree to participate must pass legislation to enforce the Kimberley Process and set up control systems for the import and export of rough diamonds. Participants are only allowed to trade rough diamonds with other participants and any rough diamonds transported across international borders are required to be sent in tamper-proof containers with unique serial numbers.

Working groups monitor participants' implementation of the scheme, assess applications to join, gather and analyse statistics, and discuss technical issues. Global Witness, Partnership Africa



Canada (PAC), and other NGOs have been involved in developing and building support for the scheme, helping to write the Kimberley Process Technical Document, and playing an active role in negotiations and implementation. Participants undertook a three year review (2003-2006) to assess the effectiveness of the Kimberley Process.

Andrew Bone, Head of Government Relations for the De Beers Group, spoke about the media attention and the work that the diamond industry has done to help eradicate conflict diamonds and to tell the story of how, as the President of Botswana, Festus Mogae put it: "For our people, every diamond purchase represents food on the table, better living conditions, better healthcare, potable and safe drinking water, more roads to connect our remote communities and much more." He also introduced the Diamond Development Initiative, which aims to accelerate sustainable socio-economic development in the communities around local artisanal diamond mining areas.

In the UK, implementation of the Kimberley Process is centred on the Government Diamond Office (GDO) operating out of the Foreign and Commonwealth Office (FCO). Ben Stride, Manager of the GDO, is responsible for authorising exports of diamonds by issuing the Kimberley Process certificate. Ben described how the GDO monitors imports and issues confirmation of safe receipt to exporting authorities, liaises with industry, collates necessary statistical data, prepares Kimberley Process reports and represents the UK at

Kimberley Process plenary meetings. The Kimberley Process participants (Governments) and observers (the diamond industry, NGOs) meet once a year to discuss the implementation of the scheme.

Jason Holt of R Holt Co Ltd (gemstone and jewellery experts since 1948) gave the industry view, congratulating De Beers, the GDO and others in helping to maintain confidence in an industry that has relied predominantly on reputation and trust.

Who's winning?

The diamond industry is winning in its aim to prevent conflict diamonds from entering the Kimberley Process system and to maintain confidence in the diamond marketing process. However, its ultimate success depends on all participants having strong control systems and procedures for collecting and sharing trade data on

rough diamonds, for inspecting imports and exports of these diamonds, and for tracking confirmations of import and export receipts.

The scheme is voluntary and there are no sanctions or fines for those who are found to be contravening the guidelines. Stronger controls (including government controls) and better systems for identifying suspicious shipments of diamonds through international trading centres are just two of the proposals put forward to increase the efficiency of the system.

De Beers has called on every diamond trader worldwide to:

- Establish absolutely the provenance of the diamonds they purchase
- Refuse to buy diamonds without the warranties required by the Kimberley Process

- Question and double-check the validity of vendors guarantees; and
- Report any suspected breaches of the Kimberley provisions.

Today, 71 countries, including Sierra Leone, are members of the Kimberley Process, ensuring that more than 99% of the world's diamonds are certified to be from conflict free sources. The statistics show that legitimate trade in rough diamonds is winning, but there is still work to be done - one conflict diamond is still one too many.

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