

Continued threats to security and prosperity

For all its achievements, the Kimberley Process needs to remain vigilant against rebel movements using diamonds to threaten peace and prosperity. In its first few years, the Kimberley Process has developed good standards for controls but their effective implementation throughout all participating countries remains a major challenge.

West Africa: the last conflict diamonds. The Kimberley Process and United Nations have both worked to address the challenge of conflict diamonds from Côte d'Ivoire. Since the eruption of hostilities in September 2002, the diamond-producing areas in the rebel-held north of Côte d'Ivoire have been the last source of conflict diamonds. Kimberley Process Participants have not been allowed to import Ivorian stones since the Kimberley Process began. In December 2005, a UN embargo extended this to all countries. Kimberley Process experts have monitored production, reported to the UN, participated in a joint field trip to the north with UN experts, and estimated production levels. Following concerns about its weak controls, the Kimberley Process agreed an action plan with neighbouring Ghana to tighten its controls and ensure that conflict diamonds from Côte d'Ivoire cannot be laundered through its territory.

South America: diamond smuggling in the Amazon jungle. The Kimberley Process has recently tackled diamond smuggling in the vast Amazon region. In 2005 and 2006, a massive diamond fraud was uncovered in Brazil, leading to a series of arrests and prompting Brazil to halt diamond exports, reform its regulatory system and reinforce its controls over the diamond trade. The Kimberley Process decided to send experts to the region to assess the risks and to promote regional cooperation between Brazil, Venezuela and Guyana to improve controls and eliminate loopholes that could allow conflict diamonds to enter the legal trade.

The need for vigilance in Central Africa: In spite of progress towards peace in the Central African region, sporadic fighting between national armies and various rebel groups has continued in some parts, including areas rich in diamonds and other natural resources. The Kimberley Process will need to remain vigilant and work closely with relevant authorities to prevent diamonds from fuelling renewed fighting in the region, and to ensure that diamonds instead finance sustainable development in this key region.

The EC Chair's objectives: From conflict diamonds to prosperity diamonds

The European Community will serve as Kimberley Process Chair during 2007. It intends to contribute actively to the fight against conflict diamonds and support sustainable use of natural resources for development. The EC's main objectives in 2007 will be:



- **To enhance the fight against conflict diamonds by strengthening the Kimberley Process** through the implementation of recommendations from the Review, better monitoring of KP rules, stronger internal controls in participating countries and increased transparency;
- **To promote peace and regional security by using the Kimberley Process as an active instrument for conflict prevention**, in conjunction with other diplomatic and political tools. The Kimberley Process has a role to play in supporting peace in fragile, post-conflict situations, such as the DRC and Sierra Leone, and in countries such as Liberia and Cote d'Ivoire where it supports the effectiveness of UN diamond embargoes and contributes to international peace-building efforts.
- **To support development and prosperity through a sustainable use of natural resources.** Although it is not as such an instrument for development, the Kimberley Process can support development by helping governments to manage their natural resources effectively and by reducing incentives for criminality and corruption. The Kimberley Process, as a regulatory instrument, can complement other international initiatives that promote good governance of natural resources, such as the Diamond for Development Initiative (DDI), the Extractive Industries Transparency Initiative (EITI) and the World Bank's Community and Small Scale Mining (CASM) initiative.

To know more about the Kimberley Process:

- The EU and the Kimberley Process (http://ec.europa.eu/comm/external_relations/kimb/intro/index.htm)
- The official Kimberley Process website (<http://www.kimberleyprocess.com>)



EC Chairmanship of the Kimberley Process

From conflict diamonds to prosperity diamonds



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A deadly legacy

During the 1990s, rebel armies in African countries exploited diamond fields to wage horrific civil wars. UNITA in Angola, the Revolutionary United Front in Sierra Leone, supported by Liberia's warlord-President Charles Taylor, and rebel forces in the Democratic Republic of Congo all funded themselves through diamonds. Small, easy to hide and highly valuable, diamonds have proved attractive for warlords and criminals alike, for tax evasion, money laundering, and buying weapons and drugs.

Conflict diamonds - sometimes called 'blood diamonds' - can be defined as rough diamonds used by rebel movements or their allies to finance conflicts aimed at undermining legitimate governments, as recognized by the United Nations.

The Kimberley Process was born in 2000 when governments, the diamond industry and NGOs gathered in Kimberley, South Africa to examine ways to tackle conflict diamonds. The UN endorsed these efforts, which led to the creation of a certification scheme which launched in 2003.

The Kimberley Process certification scheme requires participating countries to control production of and trade in rough diamonds. On the basis of these controls, participants can issue Kimberley Process certificates guaranteeing the conflict-free origin of rough diamonds they export. Currently some 70 countries, including all major producing, trading and polishing centres, belong to the scheme. Crucially, participants are not allowed to trade with countries outside the Kimberley Process: this helps to keep the legitimate international trade clean.

The Kimberley Process: diamonds make a difference

The Kimberley Process has been remarkably successful in curbing the flow of conflict diamonds during its short life. It is estimated that conflict diamonds today represent a fraction of one percent of the international trade in rough diamonds, down from 4% or more in the 1990s. Many factors contributed to the ending of the conflicts in West Africa, DRC and Angola, including the Kimberley Process which continues to play a deterrent role. That is the Kimberley Process' most important contribution, measured best not in terms of carats but by its effect on people's lives.

But the Kimberley Process has done more than stemming the flow of conflict diamonds: it has helped stabilize fragile countries and supported development. The Kimberley Process has helped to bring diamonds under government control, resulting in increased revenues for development. Some \$140 million were exported from Sierra Leone in 2005,

compared to virtually nothing at the end of the 1990s. The DRC has just recorded its best ever year for official diamond exports - \$900 million - more than any year since the discovery of diamonds in 1907.



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Not surprisingly, therefore, a review in 2006 confirmed that the Kimberley Process has been an effective instrument against conflict diamonds. Participants have agreed to a number of recommendations to further strengthen the system, including by improved monitoring of implementation by participating countries, strengthening of internal controls in participating countries and increased transparency of statistical data.

The Kimberley Process at work

Kimberley Process participant countries trade rough diamonds only with one other and only if each shipment bears a Kimberley Process certificate guaranteeing the conflict-free origin of the diamonds. Participants must also control production and internal trade so they can make this guarantee. To back up the rules, Participants must report annually and provide regular production and trade statistics. Kimberley Process experts regularly conduct review visits to monitor implementation. Going beyond KP rules, the diamond industry has a system of warranties (SoW) to follow stones until they are polished and made into jewellery, so that consumers can have confidence that their purchase of diamonds is not financing conflicts. Overall, it is estimated that over 99% of today's diamonds are conflict-free.



The Kimberley Process is a unique international instrument, involving governments, industry and civil society in partnership. Its leadership rotates: the European Community officially chairs it in 2007, succeeding South Africa, Canada, Russia and Botswana. The Chair hosts the annual plenary meeting, with most work between plenaries carried out, often remotely, through email and teleconference, by working groups. The Kimberley Process operates by consensus, resulting in a sense of 'ownership' and responsibility on the part of participants. Its legal force comes at the national, not international level. This flexible structure has contributed to the nimble and pragmatic approach that has characterized the Kimberley Process since its inception.

The Kimberley Process: Why it matters to the EU?

Since the beginning, the European Community has played an active role in the Kimberley Process, seeing it as a conflict prevention instrument which can promote peace and international security. The Kimberley Process is thus complementary to the EC's development cooperation which promotes sustainable economic and social development and tackles conflicts, corruption and bad governance.

Moreover, the EC boasts, in Antwerp and London, two of the world's largest trading centres. The vast majority of the world's rough diamonds are handled in the EC and it is a major market for the finished product of polished diamonds.

Kimberley Process rules are implemented across the EC by EC Regulation 2368/2002 which sets out controls on the import and export of diamonds and the issuance of Kimberley Process certificates.



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