

## **World Diamond Council applauds the start of the KP reform cycle kicked off at the 2017 Kimberley Process Intersessional Meeting in Perth**

### **WDC hosts second Observers Forum and achieves an agreement on important KP review Issues**

**NEW YORK, NY, May 1, 2017** — World Diamond Council (WDC) members representing every sector of the diamond industry, join together on May 1 – 4 at the 2017 Kimberley Process Intersessional Meeting in Perth. The focus of this year’s meeting is the start of the Kimberley Process Certification Scheme (KPCS) review cycle in order to strengthen the Kimberley Process.

For the second year in a row the WDC held an Observers Forum alongside the KP meeting, where WDC members, African Diamond Producers Association and civil society partners (CSC, DDI) met to discuss their common goals and joint efforts to promote further evolution of the KPCS and improve its efficiency.

“In light of the KP Reform, the Observes Forum achieved a common understanding on the following issues: Strengthening KP internal controls, Policy on Conflict of Interest and Establishment of a KP permanent secretariat.

“The WDC continues its efforts to improve the System of Warranties, designed to extend the confirmation of non-conflict origin down through the diamond pipeline,” states Andrey Polyakov, president of the WDC and vice president of ALROSA. “We understand that the existing System of Warranties is far from being perfect, but we hope that by the end of this year we shall be able to present an updated System of Warranty. The creation of an effective system will be a significant industry contribution to strengthen consumer’s confidence and grow the excellent reputation of our product.”

“We launched the first Observers Forum alongside the 2016 KP Plenary in Dubai and it was a great success,” Polyakov continues. “Yesterday we hosted it again and had a fruitful discussion on the minimum requirements for reform and the issues surrounding origin guaranties. The main challenge of this work is the regulation and accounting of small-scale artisanal mining. The DDI and development agencies have so far initiated remarkable progress but we will request the support of other major organizations as well, in particular African Institutional Stakeholders, to jointly study and address this issue. African countries need to get maximum benefit from artisanal mining to develop the economies and improve the living conditions of their people. But they will not be able to achieve this without complying with all business and social responsibility standards.”

The opening session of the Intersessional meeting included a speech by WDC President Andrey Polyakov. You can find the speech below.

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## Opening Remarks WDC President Andrey Polyakov

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“Honorable Guests, Ladies and Gentlemen,

It is an honor for me to address you today.

I would like to start by welcoming Australia and Mr. Owen-Jones to the distinguished post of KP Chair. Australia is one of the largest diamond producing countries in the world, well known for its rich history of mining and famous pink diamonds. I am confident that the history of Australia’s work in the industry will benefit the work of the KP this year.

I would also like to thank the Department of Foreign Affairs & Trade for their warm hospitality and excellent organization of this KP Intersessional.

A famous proverb says ‘whatever happens, it’s already tomorrow in Australia’. Looking ahead is precisely what we shall be doing here this week and during the rest of 2017, as we enter the three-year cycle of KPCS review. This review will determine not only the future of the Kimberley process, but also the future of the entire diamond industry for years to come.

Last year, once again, proved the effectiveness of the Kimberley Process. We continued to perform our main task – to protect the market from conflict diamonds. To date, diamonds which used to fuel conflicts are almost fully removed from conflict zones, thanks to the KPCS. We must nevertheless remain vigilant.

Diamonds from the Central African Republic, a country still facing enormous challenges, are slowly returning to the market under strict supervision of the KP appointed monitoring team. We must continue to ensure the full support of the CAR authorities to ensure the successful and full reintegration of the CAR into the diamond world. We all realize the enormous potential contribution that diamonds represent for the CAR people and its treasury. We must continue to strictly ensure that diamonds mined there are not diverted to further fuel conflicts and destabilize the country.

Today, the Industry faces another challenge – the issue of origin guarantees. The Industry as always must continue its efforts to ensure best practices within the whole diamond pipeline. But industry representatives cannot do this alone.

We call upon all diamond mining countries, especially the most vulnerable ones, to also ensure the implementation of best practices. It's only together that we shall gain and maintain the full confidence of the consumer.

Today the World Diamond Council conducts continual efforts to improve the System of Warranties, designed to extend the confirmation of non-conflict origin down through the diamond pipeline. We understand that the existing System of Warranties is far from being perfect, and we welcome the constructive criticism that we hear from colleagues within the industry.

We hope that by the end of this year we shall be able to present an updated System of Warranty for your consideration. The creation of an effective system will be a significant industry contribution to strengthen consumer's confidence and grow the excellent reputation of our product.

Last year, many other interesting proposals, to improve the KP, were introduced. Two of them specifically struck my attention: the proposal to establish the KP permanent secretariat and the multi-donor fund. As the industry representative, WDC recommends to carefully consider these proposals, because they could significantly improve the KP activities if they were rightly implemented.

Regarding the KP Secretariat, the WDC has partially carried out similar tasks in the framework of ASM and we are happy to share our experience. The creation of such a body could organize and structure all the processes and make them more predictable.

As we discuss KP development, we must look beyond narrow administrative arrangements. All components related to origin of consumer products are rightfully questioned today. Science is constantly progressing in such a way that new technologies able to determine the mine origin of each diamond with a very high probability, could well become reality quite soon.

These new technological methods would then improve the control over the origin and trafficking of rough diamonds and may be the basis for the future development of the KP. The multi-donor source of financial support and the creation of a professional secretariat will help industry and governments establish these processes.

As part of improving the tripartite structure of KP, last year we introduced the WDC Observers' forums. I am pleased to announce that yesterday we held another meeting, involving ADPA, DDI and CSC. We had a fruitful discussion on the minimum requirements for reform and the issues surrounding origin guaranties. The main challenge of this work is the regulation and accounting of small-scale artisanal mining. The DDI and development agencies have so far initiated remarkable progress and we call on all state and non-state actors in the relevant countries, to continue making a difference for all involved. This critical issue for the KP can only succeed if sustained in the long term and enjoy full support.

In this regard, we will request the support of other major organizations, in particular the African Union, to jointly study and address this issue. African countries need to get maximum benefit from artisanal mining to develop the economies and improve the living conditions of their people. But they will not be able to achieve this without complying with all business and social responsibility standards. If we do not pay attention to this matter, African economies will soon lose artisanal mining as the source of funds, and it won't be an administrative decision - the consumers themselves will turn away from it.

In conclusion, I'd like to once again call on the diamond community to collaborate. Over the last 10 years, diamond-trading countries, market participants and civil society representatives managed to create a structure that changed the performance of the diamond market completely. Today, we take a close look, we weigh, we map and we create a plan. Through polishing we will bring perfection, it's certainly a delicate process, as I'm sure we're all aware, but the result is what counts.

Thank you again, Chair for hosting us in your beautiful country.

I wish all of us a productive and successful week.”

#### **About the World Diamond Council**

*Established in 2000, the primary objective of the WDC is to represent the diamond industry in the development and implementation of the regulatory and voluntary systems to control the trade in diamonds embargoed by the United Nations or covered by the Kimberley Process Certification Scheme. Visit <http://www.worlddiamondcouncil.org> to learn more.*