



August 7, 2012

Dear Colleagues:

It was a pleasure to meet many of you in person during the Intersessional meeting and I hope to welcome even more of you to Washington for the Plenary November 27-30.

Having witnessed the diverse approaches and intense passion that KP participants and observers bring to any debate, my goal in the second half of our Chairmanship is to sustain the momentum generated in June, direct our collective energy to making decisions on key KP issues, and provide a solid basis for a smooth transition to the South African Chairmanship during the KP's tenth anniversary.

Discussion, if it is to produce compromise, consensus and decisions, needs to be focused and pragmatic. It must also be based on clear, shared information so that differences are not the result of problems of communication or fueled by unfounded fears. It is in this spirit of transparent and clear communication that I set out the Chair's vision of why change is needed and what it might look like.

Greater detail for some items can be found in the FAQs annexed to this statement. This vision is provided to prompt reflection and discussion, with the understanding that it is the Chair's role to provide vision and impetus, whereas the KP Participants have the authority to decide.

I remain fully committed to working toward improving the KP in all priority areas -- particularly enforcement/implementation and economic development -- and I assure you that the Plenary will focus heavily on them. In this statement, however, I will focus on the core mandate of the KP, i.e. the definition of a conflict diamond. This issue is imperfectly understood and its importance demands that we make every effort to ensure clarity and a shared understanding. On that basis I hope we will continue to engage in vigorous discussion about an updated conflict diamond definition.

KP Origins

Adaptation is entirely consistent with the history of the KP. At the start, the KP was trailblazing and had unity of purpose even if then, as now, there was diversity of views. KP founders varied in their assessment of the percentage of conflict diamonds in the market, their value, and how to stop the trade. There was, however, agreement on a single goal: to curtail horrific conflict by cutting off the funds rebel movements obtained from the illicit sale of diamonds. Ultimately, discussions led to compromise, consensus, and the solutions that produced the KP. This remains an exceptional achievement and should also be our inspiration as we mold the KP's future.

In tandem with the moral impetus, there was an economic driver to the establishment of the KP: the desire to ensure the demand for diamonds remained strong by keeping their reputation dissociated from violence. In establishing a global conflict-free supply of rough diamonds, the KP also sought to create a level playing field for KP-certified trade from any part of the world. No matter where rough diamonds are produced or traded, they are subject to the same certification standards, enabling consumers to have confidence that diamonds from artisanal mining areas in Brazil, Guinea, or the Democratic Republic of the Congo and those from industrial mines in Namibia, the Russian Federation, or Australia all met the same requirements.

Why change?

If the framework and infrastructure of the KP remain sound, why change? The Chair's answer is "because the world is changing, and the KP needs to change with it to keep pace, instead of lagging behind."

We in the KP all bear a heavy responsibility for the millions of people -- artisanal diggers and equipment operators at industrial mines, cutters, polishers, and retail clerks -- who depend on diamonds for their livelihoods and for the countries whose development relies in part on diamond revenues. The KP may be only one factor impacting these jobs and revenues, but it is one that we have the capacity -- and obligation -- to affect positively. Failure to change will yield negative effects in contrast to the immediate and long term benefits an updated definition would provide to the entire supply chain.

There is a real risk that demand for, and revenues from, diamonds could be affected if the KP's standard is not updated and consequently no longer provides the assurances sought by today's and tomorrow's consumers.

Some fear that modernizing the definition of "conflict diamond" is essentially a way to impose an agenda that would divert the mission of the KP, possibly at the expense of specific countries. On the contrary, the greatest threat to the diamond revenues of producer nations and the diamond jobs in manufacturing countries is not a change in the definition of "conflict diamond" but rather the refusal to change. Inaction weakens the position of the KP and could create a vacuum that may be filled by a proliferation of initiatives or legislated solutions that could unintentionally skew current conditions and affect KP participants unequally. The surest method to preserve the level playing field for KP-certified rough diamonds is for the KP to collectively agree on an updated definition that reflects global standards and consolidates diamonds' reputation among consumers worldwide.

Although consumers in some markets have been quicker than others to demand greater assurances that the diamonds they purchase are not associated with violence, experience suggests that others will follow. Ultimately, diamonds depend on the associations of purity and connection to positive and desirable images. A decrease in diamonds' reputation and desirability in one market will in time negatively affect other markets, to the detriment of all.

The KP needs to act before consumer concerns reach crisis proportions. No institution can stand still while the market changes around it. Forward-thinking decisions and an updated definition that meets consumer expectations will give legitimate production further reputational protection when crises emerge.

Key elements of an updated definition of "conflict diamond"

My purpose is not to propose specific language. At the Intersessional our Committee for Review (CKR) presented several ideas, and I anticipate that others will surface in the weeks ahead, prior to the recently announced 24 August deadline for submitting such proposals. Any proposal should be not a "take it or leave it" proposition but a basis for discussion and compromise to achieve consensus.


In the attached FAQ section you will find additional detail on the Chair's concepts. But in short, based on months of hearing from participants, industry and civil society, I see the following as key elements of what could be a successful proposed definition:

- The KP focus should continue to be ensuring that rough diamonds do not fuel armed conflict. This alone should remain the universal certification criterion for the KPCS;
- The relevant violence/armed conflict should be demonstrably diamond-related, and the evidence of this must be independently verifiable;
- The definition of violence/armed conflict should not include isolated individual incidents;
- Implementation could be on a mining site or manufacturing site basis, so as to limit unintended consequences and to be consistent with systems currently being instituted for other African conflict minerals, e.g. in the International Conference of the Great Lakes Region certification system;
- Progress on human rights/human security, financial transparency and development related matters should be part of "best practices" and other positive efforts to foster concrete results through mutual assistance among KP participants and observers but would not form bases for certification.

I look forward to your feedback, comments, and ideas on these concepts. I encourage you to engage directly and positively during the next weeks and months by putting forward specific proposals to the Committee on KPCS Review prior to 24 August, either individually or with others, to enable the KP to develop the best approach possible on the issues before us.

In conclusion, I understand that definitional change will not happen overnight, but I firmly believe that evolving to address contemporary challenges is consistent with and essential to remaining true to the original purposes of the KP.

Kind regards,


Ambassador Gillian Milovanovic
Chair, Kimberley Process