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WDC President**

**Opening Address to KP Intersessional – Kasane, Botswana**

20 June 2022

Your Excellencies, Honorable Chair, Dear Colleagues,  
Ladies and Gentlemen:

It would be fair to state that I stand before you today with mixed feelings. On the one hand, it is a sincere pleasure to be with you in person for the first time in more than two years in this beautiful part of our world. In so many respects, Botswana is the shining example of how the good fortune to be home to diamond deposits can be properly leveraged to achieve substantial economic and social development for all of a country's citizens. Ultimately, is that not what we are committed to in the Kimberley Process?

On the other hand, we gather at a time when geopolitical events over which we have no real control threaten to split and paralyze this tripartite forum. Such an outcome would endanger the wellbeing and livelihoods of millions of people, the vast majority of whom are far removed from the tragic conflict in Europe. It is incumbent upon us – indeed it is our solemn duty – not to let them down.

The KP does not and has never carried a magic wand, able to solve all of the world's most intractable problems. Its mandate is limited, and its ability to succeed entirely depends on the commitment and good will of every one of its Participant members. But let us not forget that the KP always was a body dedicated to the elimination of conflict, and by doing so, enabling the creation of peace dividends. That is the fire that burns at the center of our soul and this is why we as the World Diamond Council have been calling for a wider definition of conflict diamonds over the years. We remain strongly committed to this and will push for progress.

We need to do all that is humanly possible to find common ground, enabling our work to continue and our mission to achieve its just objectives. Some may ask us why? The reason is very simple - the Kimberley Process is extremely important to the nations whose economies rely on natural diamonds. In fact, Botswana, our Chair, is the perfect example.

Since diamonds were discovered in Botswana in 1967, every child receives free schooling to the age of 13. And beyond primary school, education is 95 percent funded by the government of Botswana.

Since diamonds were discovered, Botswana's GDP per capita grew at an average of 5.9% percent per year – the third highest rate anywhere in the world over this period.

In essence, diamonds are the largest single contributor to the economy here and support, directly and indirectly, one in every 20 jobs in the country.

This isn't a story – it is fact. And the people of this beautiful nation, as well as the conservation efforts that protect its incredible wildlife, rely on natural diamonds and, therefore, on the Kimberley Process to continue its work.

I urge all of you today to remember these facts. I only gave you one example, but there are many more.

The World Diamond Council is the trade association representing the global diamond industry, without an affiliation to any one country. But while the WDC is politically neutral, it is not morally apathetic. We are deeply concerned for the safety of those affected by conflicts such as in the Ukraine and the Central African Republic. We are an organization dedicated to the eradication of conflict and the pursuit of human rights and dignity. We, therefore, pray that peace is restored as soon as possible.

Globally, there is a no uniform set of sanctions governing the trade in diamonds from Russia. So far, the United States of America and the United Kingdom of Great Britain and Northern Ireland among others have imposed clear executive orders and economic sanctions.

However, in practical terms, the flow of goods into the market from Russia has been dramatically reduced. This is a result of a number of factors, among them the reality that the U.S. jewelry market consumes about half of all output by value, and traders around the world understand the U.S.-imposed sanctions. Another is that many industry players have voluntarily ceased trading in Russian diamonds, even in countries where sanctions have not been applied.

This does not mean that, currently, there are no Russian sourced goods in the pipeline. To be clear, on average, it takes diamonds more than six months to move through the distribution chain, from the time they are purchased as rough, to when they are sold as polished in jewelry. Uncut stones acquired more than four months ago, before the start of hostilities are, therefore, still working their way through the system.

But there is little doubt that the sudden absence of up to 30 percent of the industry's regular rough supply will create disruption in the diamond supply chain, which we will have to face. But we are resilient. We have faced many challenges especially in the last few years, and we have done well when we pulled together – just as we did during the height of the COVID pandemic.

Let's pull together and work in a constructive manner to support the work of KP that is needed to be delivered.

Let us not forget for one moment that the natural diamond, whose reputation we are all here to defend, has competition in the marketplace – most notably from laboratory-grown diamonds, or synthetics, as they also are referred to.

Laboratory-grown goods provide no economic and social benefit to nations or their people. Their sole benefit is to a few shareholders.

The government of Botswana's careful investment of the revenues from natural diamonds has seen Botswana transform from one of the poorest countries in the world 50 years ago, to an upper middle-income country today. This is why productive work over the next five days, at this Intersessional Meeting, is so critical.

A case in point where inaction could have dire consequences for its citizens, as well as the KP, is the Central African Republic. A series of technical inadequacies and that the fact that the United Nations only recently appointed a new Panel of Experts will delay a request by the country's government to approve five new sub-prefectures from which KP-compliant exports could be made. Understandably, this directly affects CAR's ability to earn revenue from its diamond deposits. However, under the present conditions, the World Diamond Council is unable to support any move to expanding the green zones, given the uncertainties about the existing ones.

The CAR is considered the true, ongoing example of a conflict diamond situation, as understood according to the current definition and mandate of the KP. Vigilance and support to the structures we have put in place for technical assistance and cooperation are encouraged as the KP carries out its remedial programs. This is why we have, time and again, warned our members to exert extreme due diligence to check on the provenance of goods from the CAR, until such time that the KP and expert partners in CAR can confirm, without a doubt, the CAR's compliance with the KP.

As a KP Observer, representing the entire diamond industry value chain, the WDC remains committed to the Kimberley Process, especially as we know first-hand how diamonds do good to communities when managed properly.

Tearing down the Kimberley Process would be similar to demanding that the world needs to remove traffic lights as they have not succeeded in eliminating road accidents. The unintended consequences would be terribly negative.

We were heartened by progress made at the 2021 Plenary of the KP, where the Frame 7 declaration was accepted, listing the key requirements for responsibly sourcing rough diamonds in our supply chain. We believe more work is required

to reform the KP and have been candid about what we consider to be shortcomings of the KP. Most critically is the narrow definition of “conflict diamonds.”

We and many KP members have advocated expanding the definition over the years. We have long stated that the existing definition was relevant in the year 2000, but its applicability is inadequate today. It does not address many of the challenges taking place in regions that do not fall into the defined framework of civil conflict.

This is important, now more than ever, and will require constructive engagement to move forward.

At present we see a strong growth in industry solutions launched to support the traceability of rough diamonds from the mine to the consumer. I predict that the strong and fast development of these systems, often using blockchain technologies, will lead to a downgrading of the KPCS, leading to a two-tier market for rough diamonds, about which I have warned frequently.

One of the advantages of such proprietary systems is the total elimination of conflict diamonds from their supply chains. The great disadvantage will be that they will not be accessible for all companies. Thus, they will exclude not only certain mining areas but also countries not participating. It also will exclude players in the midstream who cannot find entry to such systems.

That is not what the KP wants and, as we always say, we cannot leave anyone behind.

If we do not change the KP and expand the scope and the working of the KP, what will happen once these initiatives scale up?

So, here I stand with this ominous prediction that the Kimberley process in which we all have invested so much time and efforts will be left behind. Like any industry or organization which is not responding to the evolutions of the times, we can either adjust, or become extinct.

To not change the KP at all is not a choice available anymore. It is a luxury from the past.

I trust that with this realization we shall concentrate this week not on our differences, but rather, on what unites us in the face of a changing diamond world.

Thank you.