Author: Ian Smillie

Assessment of the Kimberley Process in Enhancing Formalization and Certification in the Diamond Industry – Problems and Opportunities

1 BACKGROUND

The Kimberley Process was created to end the phenomenon of conflict diamonds, and to prevent it from returning. Ending conflict diamonds meant ending the conflicts they fuelled and the human rights horrors that were the sub-text of those conflicts. The Kimberley Process also aimed to protect the legitimate interests of the diamond industry, and the millions of people who depend upon it for a livelihood, most of them in very poor countries. And it offered a hope: that in these war-torn countries diamonds might be transformed from a negative to a positive, into something that might provide revenue and jobs and hope.

The Kimberley Process has accomplished a lot. The very fact of the KP negotiations helped choke diamond supplies to rebel movements in Angola and Sierra Leone, and contributed to the end of hostilities. The KP has the best diamond data base in the world. And the KPCS is credited by several countries with the growth in legitimate diamond exports and thus of tax revenue. The Kimberley Process is discussed as a model for other extractive industries, and as a model of participation and communication between governments, industry and civil society, all of which play an active and meaningful role in its management.

But there was no provision in the Kimberley Process to do what all regulators *must* do. There was no provision to close loopholes, fix the parts that were not working and adapt the system to new realities. This paper discusses some of the most prominent weaknesses and possibilities for change.

2 WEAKNESSES

2.1 Design Issues

Almost all of the weaknesses in the Kimberley Process derive from its foundation document, which resulted from almost three years of debate among governments, civil society and diamond industry leaders.

Most of the weaknesses were not oversights (although some were); they were deliberate efforts to limit the cost and possible intrusion of the KP into national regulatory systems and the international diamond trade.

The original Dec, 1, 2000 UN General Assembly Resolution endorsing the KP concept[1] reflected the unease that many participants felt about an international regulatory system.

While it expressed “the need to give urgent and careful consideration to devising effective and pragmatic measures to address the problem of conflict diamonds,” the first and second elements of these measures were to be:

- The creation and implementation of a *simple* and workable international certification scheme for rough diamonds;
- Basing the scheme primarily on *national certification schemes*.

The resolution, carefully drafted by concerned governments involved in KP negotiations, recognized the need for national practices to meet internationally agreed minimum standards, the widest possible participation, and the need for appropriate arrangements to help to ensure compliance, but the emphasis from the outset in the minds of many participants was on *simple* (the unacknowledged corollary being *inexpensive*), and on *existing national systems*. (See Annex 1 for a discussion about “conflict” diamonds, “illicit” diamonds and “blood” diamonds”.)

2.2 Internal Controls

The truth is that national systems for regulating diamonds in most countries either did not exist or were wholly inadequate, and the emphasis on *simple* – with *inexpensive* as the sub-text – skewed discussions in the direction of *simplistic* approaches to internal controls and verification.

Where internal controls are concerned, the Kimberley Process *requires* participants to “establish a system of internal controls designed to eliminate the presence of conflict diamonds from shipments of rough diamonds imported into and exported from its territory.” Beyond that,

[1] United Nations General Assembly Resolution 56 session 55 The role of diamonds in fuelling conflict: breaking the link between the illicit transaction of rough diamonds and armed conflict as a contribution to prevention and settlement of conflicts on 1 December 2000

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however, the 21 provisions dealing with how this is to be accomplished are only *recommendations*, contained in an annex. Reviews by the KP and others of the internal controls in many participating countries, but especially those most affected by conflict diamonds have found that internal controls remain weak to nonexistent.

2.3 Monitoring

Monitoring was virtually absent from the core agreement, relegated to a provision for review missions in cases of “significant non-compliance”, a concept that in itself was not defined or explained. A year after start-up, a peer review mechanism was agreed, and most countries in the KP have now had at least one review, conducted by teams that typically comprise members from three other governments along with one representative each from civil society and industry. Some of these reviews have been of a high quality, many have not. All have made recommendations but there has been little or no follow-up on many of the most important ones. The weakness or absence of internal controls in the countries most affected by conflict diamonds – Angola, DRC and Sierra Leone – have gone more or less unheeded for seven years.

2.4 Sanctions

When cases of apparent “serious non-compliance” arose in Venezuela, Guinea, Lebanon and Zimbabwe, the Kimberley Process debated the issues, sent teams, wrote reports and held extraordinary meetings, but it failed almost completely to deal with the substantive issues:

- Venezuela: 100% non-compliance; all diamonds smuggled out of the country since at least 2006;
- Guinea: complete absence of internal controls for several years; six-fold increase in exports over two years while per carat average prices have declined more than four-fold;
- Lebanon: major discrepancies in import and export statistics;
- Zimbabwe: massive smuggling, collapse of the rule of law in everything from exploration and licensing to basic human rights in the country’s diamond areas.

The Kimberley Process has no credible sanctions for “serious non-compliance” beyond suspension of membership or expulsion. Expulsion has only been invoked once for “serious non-compliance”, in the case of the Republic of Congo in 2004. Since then, the KP’s requirement for 100% consensus on *all* decisions has meant that no punitive action could be taken, even in the most obvious cases of non-compliance.

In seven years the KP has been ineffectual in stemming the flow of conflict diamonds from Côte d’Ivoire, the only country with UN-sanctioned diamonds. Two countries with known diamond production – Cameroon and Gabon – remain outside the Kimberley Process.[2] And at least one country with few known diamond resources and named in Security Council reports as a trafficker of conflict diamonds (Togo), has continued as a participant from the outset.[3]

2.5 Membership Issues

The absence of some diamond producing countries from the Kimberley Process, and the active pursuit for membership by the KP of non-producing transit countries raises important questions about the costs and benefits of participation in the system. For some countries, the costs outweigh the benefits of membership and/or effective compliance. This serious matter for the Kimberley Process is discussed in Annex 2.

2.6 The Cutting and Polishing Loophole

In addition to the KP’s many in-built lacunae, there is one that stands out: the failure to include the cutting and polishing industry in basic KP provisions. This was probably an oversight in the founding KP discussions, but attempts to rectify the problem have been blocked by some participating governments. Essentially, illicit diamonds that bypass the early stages of the Kimberley Process (such as those from Gabon and Cameroon, or those smuggled from Côte d’Ivoire, Venezuela, or Zimbabwe) can be laundered through willing companies in the cutting and polishing industry. Because the KP does not require participating governments to audit or reconcile intake and production in this sector, it remains a black hole through which all manner of illicit goods can be processed. Arrests and the seizure of uncertified rough diamonds in the United States, the European Union, India and elsewhere demonstrate what may be the tip on an iceberg,

[2] Cameroon is currently negotiating membership, but the process has been very slow.
[3] Togolese exports have been minimal for several years, falling to zero in 2009.

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one that the KP has been unwilling to acknowledge or deal with.

2.7 Transparency

The December 2000 Security Council Resolution endorsing the KP concept spoke of the “need for transparency”. The KP founding document has a section on “cooperation and transparency” but the references to transparency are about the sharing of information between countries, not public transparency. In fact it took five years and lengthy debate before the KP would make public some of its trade and production data. All of the compliance reviews of KP countries remain confidential, as are discussions, debates and important outcomes within KP Intersessional and Annual Plenary Meetings. An example of how this plays out occurred at the end of 2010. The final communiqué of the 2010 Plenary, held in Israel Nov. 2-4, 2010, was delayed for a month, in part because of controversy over whether it should mention a discussion about human rights that had been a major part of the proceedings. South Africa demanded that a paragraph on human rights be removed, and so the final communiqué, issued more than four weeks after the end of the meeting, contains no reference to this important discussion. The Chair’s report to the UNGA similarly avoids mention of the topic.[4]

At the November 2010 KP Plenary, an Administrative Decision on confidentiality agreed that many of the documents that are now treated as secret may be placed on the public KP website unless a government explicitly disagrees. This is a step forward, although South Africa’s position on the inclusion of a human rights paragraph in the final 2010 communiqué does not augur well. And the fact that the communiqué couches the extremely difficult discussions about Zimbabwe in euphemism and vagueness suggests that little may change.

[4] Text of the deleted paragraph: *On the issue of human rights of artisanal miners, the WGAAP discussed various aspects of the subjects, including: economic rights (fair salaries and fair prices for diamonds), child labour (and need for children to work) and violence in mining areas. The Plenary was informed by the WGAAP that the Diamond Development Initiative (DDI) and civil society members will make recommendations to WGAAP with regards to education and sensitization programs needed to sensitize and educate both population on governing laws and state agents on human rights.*

2.8 Management

The Kimberley Process has no formal secretariat. Its chair rotates every year and its day-to-day business is conducted by working groups of participating countries, industry and civil society. These working groups ensure broad participation, but because membership is voluntary, some governments play a much larger role than others, with badly unbalanced burden-sharing for civil society and industry. The same is true of review teams: membership is voluntary and all members pay their own way. Efforts to create and coordinate technical assistance to requesting participants have been patchy. The same is true of support for African civil society participation in meetings and reviews. The KP has no capacity, financial or human, for independent research and investigation. Because of the constant rotation of the Chair and participant representatives – and the KP’s dysfunctional decision-making procedures – reform is slow and *important* reforms on most of the issues described above have been blocked. Almost all of the debates have been polarized by the political agendas of various participating governments. Venezuela has been protected by allies with political or commercial interests in that country. The same has been true of Zimbabwe. Human rights cannot be discussed in the context of the diamond industry because some governments fear a precedent that might lap over into other contexts. Change in the decision-making arrangements is blocked because few are willing to concede the power to intervene on any and all subjects.

3 THE OPPORTUNITY

3.1 The Zimbabwe Debacle

The KP has grappled in a chaotic fashion for more than two years with the problem of Zimbabwe, culminating in a “disaster” in December 2010 which could turn out to be a major opportunity in disguise.

In capsule form, the story is as follows:

- Zimbabwe, a member of the KP since 2004, became the centre of a major diamond discovery at Marange on its eastern border in 2008. A large influx of illicit artisanal diggers was met with violence by the government, in which 200+ people were killed;
- During 2008, major smuggling operations developed – cross-border into Mozambique and

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farther afield, with large seizures in Dubai and India;
- The Zimbabwe government cancelled existing leases in Marange, reissuing them to two companies with ZANU-PF connections and ignoring its own High Court rulings;
- Militarization of the Marange fields continue with accompanying violence, and “syndicates” of Zimbabwean military have been involved in diamond smuggling;
- The KP has sent two review teams to Zimbabwe, and in November 2009 created a “Joint Workplan” that would require a KP monitor to “certify” that diamonds produced by two companies in Marange were mined and shipped in accordance with KP minimum standards. This did not deal with the fundamental problems and resulted in the arrest of a Zimbabwean human rights activist who gave the KP monitor information on military collusion in smuggling;
- By June 2010, Zimbabwe had failed to meet some of its own undertakings in respect of the JWP, but promised to do so by the time of the November Plenary. Against this promise, a major export of Zimbabwean diamonds was sanctioned by the KP;
- By November, Zimbabwe had still not met its obligations under the JWP and serious corruption within the two Marange companies had become apparent. Zimbabwe demanded the right to unsupervised exports but no agreement could be reached. A watered-down proposal, negotiated by the KP’s Monitoring Working Group in Brussels two weeks later, was rejected by Zimbabwe;
- As a result, diamonds that had been improperly “certified” by the KP monitor in the preceding days were halted en route to cutting and polishing industries.

In effect, it appears that the KP has at last done the right thing. In fact, throughout most of the debacle, it did not. It made several basic mistakes:

- Instead of seeing its role as certifying Zimbabwe *as a diamond producing country*, it sank to the level of trying to certify *individual mining operations*. This set a risky precedent, opening the door to all manner of special pleading by companies in countries where national compliance is an issue. It turned out to be especially problematic in the case of the two companies in question, where fraud, corruption and ZANU-PF vested interests were on open display;
- It bent over backward, in the face of continuing Zimbabwean truculence and a refusal to meet agreed benchmarks, to allow Zimbabwe to export diamonds in June 2010; it did the same in November-December;
- It was unable to hold a serious discussion about human rights in the wider diamond industry or in Zimbabwe in particular, an issue that had been on the table for at least four years. The KP was, in fact, willing to endorse a second set of exports in December, regardless of criminality, smuggling and ongoing militarization in Marange.

To the media and interested outsiders, all of this has completely devalued the KP as a meaningful regulatory body. It created major ructions inside the Kimberley Process and seemed to create a divide which had not previously existed between African participants and others. The situation was so bad at the time of writing that Zimbabwe’s threatened refusal to endorse the United States as Vice Chair of the Kimberley Process in 2011 had led to the absence of a vice chair (and chair-in-waiting for 2012).

While highly problematic, all of this could perhaps be viewed as an opportunity in disguise, because it is hard to imagine how matters can become worse. Zimbabwe’s refusal to accept the KP’s minimal demand that it submit new shipments to external scrutiny – even the irrelevant scrutiny that was on offer – has created a de facto suspension of Zimbabwe from the KP and a situation and process that has pleased nobody. The KP could use this opportunity to go back to basics and re-examine the purpose of the KP and the methodologies that have been chosen to achieve it.

3.2 DRC as Chair

The need for a conclave to re-examine the Kimberley Process is made more urgent by the assumption of the Chair in January 2011 by the Democratic Republic of the Congo. The DRC’s own internal control systems are negligible and its ability to steer the Kimberley Process through the Zimbabwean legacy of 2010 is not promising. It will certainly need a great deal of assistance and

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goodwill if the situation is to improve. But this too could be seen as an opportunity. On a more positive note, DRC officials at the 2010 Plenary spoke of the KP's need to "re-imagine itself" and its role in the overall commodity chain. If DRC is willing and able to lead on an exercise that will "re-imagine" the purpose and modalities of the Kimberley Process, this could be an opening for reform that has not hitherto existed.

3.3 The Dodd-Frank Act

The Dodd-Frank *Wall Street Reform and Consumer Protection Act*, passed in the United Sates in July 2010, contains a small but extremely important section on conflict minerals that originate in the DRC.

The Act mandates the Securities and Exchange Commission (SEC) to create rules that address potential conflict materials (tantalum, columbite, tungsten, wolframite and others, *but not diamonds*), to assess whether materials originating in or near the Democratic Republic of the Congo are benefiting armed groups in the area, and if yes, to prevent their importation. The Secretary of State and the Administrator of USAID are required to develop a strategy to address the linkages between human rights abuse, armed groups, mining of conflict minerals, and commercial products, and to promote peace and security in the DRC.

The Dodd-Frank Act has dramatically and rapidly changed the way companies mining, trading, smelting and using the named minerals do business. Big-name mining firms and manufacturers are rapidly putting together a variety of standards, supply chains and monitoring systems that already put the Kimberley Process to shame.

Diamonds were excluded from the Dodd-Frank Act because it was assumed, incorrectly, that the KP was managing its mandate adequately. In fact, however, while diamond regulation during the first part of the 2000s was well ahead of most other extractive minerals, it is now set to be left far behind.

There is an opportunity here: the first is that Dodd-Frank could be extended to include diamonds. This would require a chain of custody for DRC diamonds from mine through to US importation. There is currently no credible chain of custody *within* DRC, and the diamond industry is not equipped or structured in a way that would allow for a chain of custody system *between* DRC and the United States, even if internal controls were in place. As soon as diamonds arrive in London or Antwerp or Dubai, they are sorted, mixed with others and passed on to cutters and polishers worldwide. To track DRC diamonds through the system would require massive changes in the way diamonds are traded. The threat that this might become a requirement through the addition of diamonds to the Dodd-Frank Act might persuade the Kimberley Process to take the action that has so long been missing, requiring effective internal controls and chains of custody, not just in the DRC but in all participating countries.

A second opportunity is that legislation in respect of conflict minerals, including diamonds, and similar to the Dodd-Frank Act, could be enacted in other jurisdictions, adding pressure to the movement for KP reform. A bill was recently presented in the Canadian Parliament, for example, on this subject.[5]

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Disclaimer: This paper reflects the author's opinion and does not necessarily reflect the position of GIZ or BMZ.

[5] See http://www2.parl.gc.ca/HousePublications/Publication.aspx?Language=E&Parl=40&Ses=3&Mode=1&Pub=Bill&Doc=C-571_1&File=27

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ANNEX 1

CONFLICT DIAMONDS, *BLOOD* DIAMONDS AND *ILLICIT* DIAMONDS

The purpose of the Kimberley Process Certification Scheme (KPCS) was to halt the phenomenon of conflict diamonds and prevent its recurrence. When it began, the Kimberley Process needed a working definition of “conflict” diamonds. The following definition was agreed:

> CONFLICT DIAMONDS means rough diamonds used by rebel movements or their allies to finance conflict aimed at undermining legitimate governments, as described in relevant United Nations Security Council (UNSC) resolutions insofar as they remain in effect, or in other similar UNSC resolutions which may be adopted in the future, and as understood and recognised in United Nations General Assembly (UNGA) Resolution 55/56, or in other similar UNGA resolutions which may be adopted in future.[6]

Although UNSC resolutions were seen as the basis of the definition, diamonds have been the subject of such resolutions in only four countries – Angola, Liberia, Côte d’Ivoire and Sierra Leone – and today only one country, Côte d’Ivoire, is subject to UNSC diamond sanctions.

“Conflict” diamonds are in all cases “illicit” in that they break UN sanctions and the laws of the countries in which they are mined. Not all “illicit” diamonds, however, are “conflict” diamonds. Diamonds have an enormous weight to value ratio, they are small, highly portable, easily hidden and so they lend themselves to theft, money laundering, tax evasion and as a medium of exchange for contraband such as weapons and drugs.

At its outset, there was some confusion as to whether the KPCS could or should take an interest in the illicit trade, and in trade that is clearly designed to enhance transfer pricing for the purpose of tax avoidance if not evasion.

But ignoring the illicit trade has not been possible. From the outset, there was an overwhelming desire to keep the KPCS simple and inexpensive. Early discussions about expensive tagging, marking or diamond “fingerprinting” schemes were dropped in favour of a “wholesaling” approach. Instead of trying to track every diamond, *parcels* of diamonds would be tracked internationally, based on domestic certification that traced the goods back to non-conflict production sources. This less expensive wholesaling regulation, however, meant that *all* diamonds had to be included in the scheme.

Fraudulent Lebanese diamond exporters from Brazil were found in 2006 to be closely linked to Lebanese diamond families in DRC and West Africa. Easily identified Zimbabwean stones have shown up as far afield as Sierra Leone and Guyana. Seizures of rough diamonds in the US, Canada, the EU, Dubai and India show that diamonds are clearly flying under the KPCS radar, and the KP has still not been able to discover how diamonds emanating from Côte d’Ivoire are entering the legitimate stream.

All of this has meant that while there are no “conflict” diamonds per se in countries such as the United States, China or Mexico, they must enforce basic KPCS standards as rigorously as any other KP participant in order to ensure that the system is as leak-proof as possible. Containing illicit goods became a key element in the process.

Although human rights abuse is mentioned in the second paragraph of the KP core document, there was no provision in the KPCS for dealing with human rights abuse in the diamond trade because it was simply not foreseen that participating governments themselves might become the perpetrators of human rights abuse. In recent years, several artisanal diamond miners were shot to death by Venezuelan armed forces. The expulsion of tens of thousands of illicit Congolese diamond miners from Angola has been accompanied by violence, rape and theft perpetrated by Angolan armed forces. And the well-documented killing of artisanal miners by Zimbabwean armed forces was part of a systematic and violent effort to exclude them from newly-found diamond fields.

Attempts by civil society and some governments to include respect for human rights in KPCS minimum standards have been blocked by a number of countries, including South Africa, India, China and Russia. The diamond industry has come grudgingly to a recognition, however, that it is an important issue and cannot be ignored. For the

[6] KPCS Core Document; Section I, Definitions.

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KP to certify Zimbabwean or Angolan diamonds as “conflict free” may be technically correct within the formal definition of “conflict diamonds”, but it makes no sense to consumers or the media.

Martin Rapaport, a prominent member of the international diamond trade and a founding member of the World Diamond Council resigned in anger in 2010 over the debate about the meaning of the word “conflict” and the inability of the Kimberley Process to see that the issue is critical to the reputation of diamonds as a symbol of love and fidelity.

Rapaport devised his own definition of “blood diamonds” – a term that the industry had tried to avoid from the beginning of KP negotiations: *“Blood diamonds are diamonds involved in murder, mutilation, rape or forced servitude.”*

Rapaport explained: “The KP definition of conflict diamonds does not address human rights violations and does not include blood diamonds. It is a legal definition established by governments to limit the scope and authority of the KP. The KP is a highly politicized process controlled by governments, for governments. Its primary function is to protect governments and their revenue – legitimate or not – from rebel forces and consumer boycotts. The KP is essentially agnostic when it comes to human rights. As Human Rights Watch concluded in its November 6, 2009, report: ‘This diamond monitoring body has utterly lost credibility.’”[7]

[7] http://www.diamonds.net/news/NewsItem.aspx?ArticleID=29578

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ANNEX 2

COST-BENEFIT CONSIDERATIONS IN MEMBERSHIP IN THE KIMBERLEY PROCESS CERTIFICATION SCHEME FOR ROUGH DIAMONDS

Costs Related to Membership in the KPCS

- Adjusting or creation of legislation and regulations to conform to KPCS minimum standards;
- Administration and enforcement of KPCS minimum standards, including coordination with customs, trade and law enforcement departments;
- Appointment of a KP “focal point” (office or individual(s)) for KP communications and liaison
- Designation of import and export authorities for issuing KP export certificates and for regulating, inspecting and confirming receipt of imports;
- Recording all details of rough diamond shipments on a computerized database;
- Establishment of an internal control system for tracking rough diamonds;
- Printing KP certificates with appropriate security features;
- Providing quarterly trade and semi-annual production data and posting them on the KP statistics website;
- Submitting an annual report on the country’s diamond production and trade, along with details of significant events and changes on the domestic scene;
- Hosting review visits approximately once every three years;
- Optional:
    - Ensuring that all purchases of rough diamonds are routed through official banking channels, supported by verifiable documentation; Ditto international payments;
    - Ensuring that diamond mining operations and miners are subject to licensing;
    - Keeping a database of all diamond buyers, sellers, exporters, agents and courier companies, ensuring that they are registered and subjected to occasional spot checks and audits;
    - Ensuring verification of production against known capacities and geological surveys; checking the production of individual mining sites against known capacities and sales;
    - Attendance at KP Plenary and Intersessional meetings;
    - Participation in KPCS Working Groups;
    - Participation in review teams of other KP participating countries.

Benefits

- A better regulated domestic diamond industry, resulting in
    - Better knowledge of actual production and trade capacities;
    - Improved tax revenue;
    - Reduced illegality;
    - Reduced likelihood of conflict diamonds domestically and internationally;
    - Improved prospects for greater formalization of the informal sector which may, in turn:
        - reduce social and environmental disruption caused by unregulated mining;
        - improve prospects for greater investment in the sector;
- Unfettered access to world diamond markets;
- Reduced reputational risks to the domestic and international reputation of the diamond industry.

Discussion

Opportunity Costs

Except for the possibility of increased tax revenue, the costs of joining the Kimberley Process may seem to outweigh the benefits for small producing countries. Liberia, for example, is currently exporting $10 million per annum worth of rough diamonds. The export tax derived from this is only $300,000, arguably less than the cost of participating in the Kimberley Process and the KPCS. There are, however, additional benefits:

- revenue from exploration, mining, trading and export licenses;
- reduced social and environmental damage from unregulated mining;

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- a better climate for investment in the sector, possibly bringing about more production and tax revenue and more employment opportunities.

These benefits may still seem small in relation to the cost. The opportunity cost to the Kimberley Process and the diamond industry at large in Liberia *not* being a fully-functioning KP participant, however, is significant. Small producing countries and their neighbours have historically acted as smuggling entrepôts, causing great damage to regional diamond economies and to the industry at large. The fact that Swaziland did not apply for KP membership until 2010, and that Gabon and Cameroon – both diamond producing countries – remain outside the KP suggests that for some countries, the costs of membership outweigh the perceived benefits. Non-participation, however, means that their diamonds are being smuggled into the legitimate diamond trade without detection by the Kimberley Process, and they become a potential stream into which other diamonds can be dropped.

A case can, and perhaps should be made for creating a top-up fund that would enable such countries to participate fully in the KPCS without actually losing money in the process. In other words, small producing countries in the developing world should not necessarily be expected to subsidize the effectiveness of the KPCS and the wider diamond industry.

Why Should Small Diamond Trading Nations Join the Kimberley Process?

It is known that large amounts of diamonds are being smuggled from Zimbabwe through Mozambique, which is not a member of the KP. Other countries are suspected of serving as transit sites for companies or individuals. These include Burkina Faso, Niger, Mali, Panama and Uganda. The KP has approached some of them in an effort to persuade them to join the KPCS.

In most cases, this is simply unrealistic. As long as diamonds entering a country do so according to that country's own laws and regulations, they can be taxed, processed and/or re-exported without causing damage or disruption. The costs of joining the Kimberley Process would, in the case of several of the countries now being pursued for membership, far outweigh the very small benefit. If the Kimberley Process is serious about having counties like Mozambique, Niger or Mali become fully functional members of the KPCS, it will have to think hard about how to make membership financially as well as politically attractive, or it will need to develop less onerous "associate membership" requirements that do not create unrealistic burdens for them.