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The role of diamonds in fuelling conflict

Note verbale dated 28 November 2014 from the Permanent Mission of China to the United Nations addressed to the Secretary-General

On behalf of the Chair of the Kimberley Process, and pursuant to paragraph 32 of General Assembly resolution 68/128 entitled “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”, the Permanent Mission of China to the United Nations transmits herewith the 2014 Kimberley Process report (see annex) and requests that the present note verbale and its annex be circulated as a document of the General Assembly, under agenda item 31.



**Annex to the note verbale dated 28 November 2014 from the
Permanent Mission of China to the United Nations addressed to
the Secretary-General**

**Report of the Kimberley Process Certification Scheme to the
General Assembly for 2014**

**Submitted by the People's Republic of China, Chair of the Kimberley Process
for 2014**

Introduction

1. In its resolution 68/128 of 18 December 2013, the General Assembly requested the Chair of the Kimberley Process to submit to the Assembly at its sixty-ninth session a report on the implementation of the Process. The Assembly also decided to include in the provisional agenda of its sixty-ninth session the item entitled "The role of diamonds in fuelling conflict". In this connection, the People's Republic of China, as Chair of the Kimberley Process for 2014, submits the following report on the question. The report covers developments since the submission of the report of 9 December 2013 ([A/68/649](#)) by the Republic of South Africa in its capacity as Chair for 2013, including the final communiqué of the plenary held in Guangzhou, China, from 11 to 14 November 2014.

2. The Kimberley Process is a joint initiative by Governments, the industrial consortium, the World Diamond Council (WDC), and the Civil Society Coalition, to prevent conflict diamonds from entering legitimate international trade. Its aim is to sever the link between the diamond trade and armed conflict, particularly in view of the devastating impact those conflicts have on peace, safety and security of people. The Process is implemented by each participating country through national laws and regulations and the establishment of a system of internal controls to exclude conflict diamonds from rough diamonds imported into or exported from its territory. As a result, many countries affected by conflict now have restored peace and stability. With the elimination of illegal trade in conflict diamonds, revenues from legitimate trade are used to finance public programmes, thereby creating favourable conditions for diamond-producing countries to reduce poverty and achieve the Millennium Development Goals. To date, almost all countries that produce, process and trade diamonds participate in the Process.

3. The General Assembly expressed, in its resolution 55/56 of 2000, the need for the creation and implementation of an international scheme for rough diamonds and welcomed, in its resolution 57/302 of 2003, the creation of the Kimberley Process Certification Scheme that had been launched officially at Interlaken, Switzerland, in November 2002. Each year since then, the Assembly has debated the role of diamonds in fuelling conflict and has reaffirmed its support for the Process. In addition, the Security Council, in its resolution 1459 (2003), strongly supported the Certification Scheme as a valuable contribution against trafficking in conflict diamonds.

Contributions to international peace and security

4. Since the implementation of the Kimberley Process Certification Scheme in 2003, there has been a dramatic improvement in the security situation in several diamond-producing countries, largely due to the effectiveness of the Process.

5. As a result of continuous efforts by the Kimberley Process, the United Nations Security Council decided, in its resolution 2153 (2014) of 29 April 2014, to terminate the measures preventing the importation by any State of all rough diamonds from Côte d'Ivoire imposed by paragraph 6 of resolution 1643 (2005), and to encourage Côte d'Ivoire to develop its diamond sector in line with the Certification Scheme standards. In this context, the Chair of the Kimberley Process announced the resumption of the rough diamond trading of Côte d'Ivoire, and encouraged Côte d'Ivoire to implement its transition strategy and post-embargo plan of action, including requesting a review mission so as to prepare for large volume export. In this connection, the Kimberley Process will cooperate with the United Nations Group of Experts on Côte d'Ivoire.

6. With regard to monitoring the trade in rough diamonds and cooperation in implementing and enforcing the Certification Scheme in West Africa, the Process provides continuous support to the Mano River Union (MRU) countries, including support provided by the technical team established earlier and the decision of the Guangzhou Plenary to support efforts of the MRU countries in the mining sector to address challenges associated with the Ebola epidemic.

7. The Security Council, in its resolution 2127 (2013), condemned the illegal exploitation of natural resources in the Central Africa Republic as it contributed to the perpetuation of the conflict, and underlined the importance of bringing an end to such illegal activities. The Council in its resolution 2134 (2014) expressed concern that diamond smuggling and other illicit activities were destabilizing forces in the Central African Republic. Based on its administrative decision in 2013 to temporarily suspend diamond import into and export from the Central African Republic, the Kimberley Process adopted an administrative decision to ensure that diamonds from the Central African Republic do not enter the legitimate trade, encouraging the that country to cooperate with the Kimberley Process, Kimberley Process participants, the African Union and the United Nations Panel of Experts. Meanwhile, the Kimberley Process implemented relevant mechanisms to ensure that the diamonds from the Central African Republic do not enter international diamond trade. The European Union Joint Research Centre and the United States Geological Survey will continue to monitor the situation in selected producing areas through the analysis of satellite imagery.

8. In order to improve capabilities of governments and the industry to identify diamonds from specific sources, Kimberley Process established, within its group of expert, a subgroup in 2009, to study the footprint of Ivorian diamonds, in accordance with Security Council resolution 1893 (2009). In view of the developments in the Central African Republic, the Kimberley Process agreed to expand the mandate of the subgroup to include research on the origin of diamonds from that country.

Achievements in 2014

9. With the People's Republic of China as its Chair for 2014, the Kimberley Process adopted an administrative decision to ensure that diamonds from the Central African Republic do not enter the legitimate diamond trade, and to encourage that country to implement its plan of action and cooperate with the Kimberley Process, the Kimberley Process participants, the African Union and the United Nations Panel of Experts. Meanwhile, the Kimberley Process implemented relevant mechanisms to ensure that the diamonds from the Central African Republic do not enter the international diamond trade.

10. As the Chair for 2014, China adopted a "rule-based and rule-oriented" approach to the development of the Kimberley Process. In November, the Plenary of the Kimberley Process adopted an administrative decision on the participation of observers in the work of the Process (revised), clarifying the right of observers and their representatives to participate in the event or activity of the Process. The Working Group of Diamond Experts, the Working Group on Monitoring, and the Working Group on Statistics also amended their respective terms of reference. The 2015 programme of work of the Committee on Rules and Procedures also includes a discussion on the possible amendment of the administrative decision on the rules and criteria for selecting candidates for Vice-Chair of the Kimberley Process.

11. As an important participant of the Kimberley Process, China has persisted in its efforts to assist Côte d'Ivoire to implement the requirements of Security Council resolutions and relevant administrative decisions, and to move the country towards an early resumption of the international trade of its rough diamonds. The Security Council, in its resolution 2153 (2014) of 29 April 2014, decided to terminate the measures preventing the importation by any State of all rough diamonds from Côte d'Ivoire. As a result, the Chair announced the resumption of the rough diamonds trading status of Côte d'Ivoire, and gave instructions to update the information concerning Security Council sanctions on Côte d'Ivoire on the website of the Kimberley Process. The Chair also requested Côte d'Ivoire to implement its plan of action. Côte d'Ivoire issued an invitation to receive a review mission with a view to creating conditions for the resumption of significant exports of Ivorian rough diamonds.

12. As the Chair for 2014, China continues to make efforts to maintain the integrity and credibility of the Kimberley Process. In 2008, the Bolivarian Republic of Venezuela voluntarily decided to leave the Certification Scheme and stop its import and export of rough diamonds. In 2014, Venezuela expressed, to the Chair of the Process and to the Chair of the Committee of Participation and Chairmanship, its willingness to resume full participation and rough diamond trading. In order to urge Venezuela to fulfil its obligation and resume full participation at an early date, the Chair visited Venezuela in October 2014 to encourage the country to take the necessary steps to meet the minimum requirements, requesting it to receive a review mission as soon as possible. The 2014 Guangzhou Plenary welcomed the Chair's efforts, and expressed the hope that the Chair would continue to inform participants of further engagement with Venezuela on the issue.

13. In May 2014, the Chair signed a memorandum of understanding with WDC, ensuring that WDC would continue to function as the administrative support mechanism for the Process.

Participation

14. The Kimberley Process Certification Scheme is open to all countries and to any regional economic integration organization that is willing and able to fulfil the requirements of the Scheme. As at 1 December 2014, there are 54 participants representing 81 countries, including 28 States members of the European Union. Greenland participates in the Kimberley Process and implements its certification scheme through the European Union.

15. The Plenary noted that the Republic of Mozambique was in the process of approving draft legislation in order to complete its application for membership of the Certification Scheme. The Plenary welcomed the intent expressed by Principality of Liechtenstein, the State of Kuwait and the Republic of Chile to join the Process. The Kimberley Process will continue to engage with the three countries through its outreach programme.

Monitoring and peer review: a vital tool of the Kimberley Process

16. The Plenary took note of participants' compliance with the requirement of submitting annual reports, which is the most important means of obtaining complete and regular information on the status of implementation of the Certification Scheme. The Plenary welcomed the submission of annual reports on Certification Scheme implementation in 2013 by 52 participants representing 79 countries, and would address two cases of late submission. The Plenary took note of the annual report submitted in accordance with the 2009 administrative decision on activities of observers by the Civil Society Coalition on its activities in support of Certification Scheme implementation. The Plenary welcomed the commitment made by WDC to submit the annual report on its activities in support of Certification Scheme implementation as soon as possible. The Plenary also welcomed the use of a new template for annual reporting and a guidance document as this would enhance the assessment mechanism.

17. One of the main objectives of the Working Group on Monitoring was to implement the system of peer review visits, which were an important tool for enhancing the effectiveness of the Process. The system would ensure that participants identified and remedied compliance issues and facilitated the sharing of best practices. China, Guinea, Australia and Guyana each received a review mission in 2014; review missions are also planned for Côte d'Ivoire, Togo, Armenia, the European Union, the Republic of Congo and the Democratic Republic of Congo. Other participants expressed their interest. The Plenary called upon other participants to continue inviting review missions under the Peer Review System, and requested Lebanon, Liberia and the Russian Federation to include, in their next annual reports, follow-up to the recommendations contained in the report of the review mission.

18. The Plenary commended Côte d'Ivoire for its efforts to implement the Certification Scheme and congratulated the country on the lifting of the United Nations embargo on the export of rough diamonds through Security Council Resolution 2153 (2014). The Plenary encouraged Côte d'Ivoire to further implement its plan of action and accepted the country's invitation to receive a review mission in early 2015.

19. The Plenary took note of additional steps taken by the MRU countries to develop and implement a regional approach to Kimberley Process compliance, and welcomed the continuous support provided to the MRU countries.

20. In the light of the administrative decision in May 2013, the rough diamond trading of Central African Republic was suspended; in July 2014, the administrative decision on preventing diamonds of Central African Republic origin from entering legitimate trade was adopted. The Plenary took note of the progress made by the Central African Republic in implementing of its work plan as well as its efforts to strengthen internal control system, and encouraged its authorities in charge of the Kimberley Process to continue to work closely with the African Union (AU), United Nations relevant bodies, the international community and neighbouring countries in that region on Kimberley Process compliance issues. The Plenary had instructed the Working Group on Monitoring to proceed with the planning of a review mission.

Statistics

21. The monitoring of statistical data on rough diamond production and trading is an essential aspect of the Certification Scheme as well as a source of regular information on implementation. The submission of quarterly, biannual and annual statistics is a minimum requirement of the Scheme. The Working Group on Statistics has completed 29 participant statistical analyses for 2013. The Plenary noted that seven participants did not meet their statistical reporting requirement for 2014. In addition, two participants did not meet their reporting requirement for 2012 and 2013, respectively.

22. The Working Group on Statistics initialized the iteration of the annual Data Anomaly Questionnaire (DAQ) Process, and made significant progress in identifying the various charts and tables that would be automated to improve the efficiency of the annual statistical analyses.

Technical issues and traceability

23. As an expansion of the mandate of the Sub-Group on characterization of Ivorian diamonds, the Plenary welcomed the arrangement to transfer a shipment of rough diamonds from the Central African Republic to South Africa to promote research on the foot printing and fingerprinting of diamonds from the Central African Republic.

24. The Plenary encouraged the establishment through the Kimberley Process website of a digital photo database of past and future diamond shipments. The Kimberley Process 2015 inter-sessional meeting will receive a progress report.

25. The Plenary welcomed discussions on the use of Technical Certificates and Letters of Comfort, and took note of the survey on rough diamond forfeiture/confiscation procedures conducted by Kimberley Process participants as well as plans to restart the research on valuation methods.

Artisanal/alluvial production and technical assistance

26. The Plenary took note of the presentation on development of diamond standards by Diamond Development Initiative to the Working Group on Artisanal and Alluvial Production, encouraging participating members to adopt these standards on a voluntary basis.

27. The Plenary was informed of support provided under the Property Rights and Artisanal Diamond Development (PRADD) project co-funded by United States and the European Union to the regional contact mechanism developed by the MRU countries. Furthermore, the Plenary took note of efforts undertaken by civil society and the Government of Côte d'Ivoire in accordance with the Washington Declaration to integrate small scale artisanal mining into the implementation of Kimberley Process.

28. The Plenary proposed that the Mano River Union Technical Team of the Working Group on Monitoring work with the MRU countries to make a list of technical assistance needs and post it on the Kimberley Process website.

29. The Plenary call upon participants to consider providing technical assistance to the Central African Republic and its neighbouring countries, with a view to enhancing their capacity-building and strengthening their internal controls over diamond production and trade.

The way forward and future challenges

30. The Kimberley Process Certification Scheme has been implemented for 12 years and has played an important role in stemming the flow of conflict diamonds. With rough diamonds being the most tightly controlled commodity in the world, conflict diamonds are now under effective control. The Kimberley Process and its Certification Scheme need to be maintained and further improved.

31. The Plenary instructed the Administrative Support Mechanism to monitor the Internet to enable participants to detect and stop the use of the Kimberley Process logo for commercial purposes in accordance with the administrative decision on protecting the Kimberley Process logo and the guidelines for its use.

32. The Plenary noted that the Chair and some working bodies of the Kimberley Process had received a letter from the Chair of the Financial Action Task Force (FATF) concerning the Egmont Report of 2013. The Plenary welcomed the recommendations of the working bodies to consider the relevant recommendations in the report of FATF on risks associated with the supply chain of rough diamonds, and agreed that those working bodies should consider the recommendations in the context of their ongoing efforts to further strengthen the Certification Scheme implementation while highlighting measures already developed by the Kimberley Process to mitigate such "vulnerabilities" and risks.

33. The Plenary took note of the impact of the Ebola epidemic in Liberia, Guinea and Sierra Leone. The Plenary regretted that due to the Ebola crisis, some Kimberley Process focal points were unable to attend the Plenary. Those focal points were later informed of discussions and the outcome document of the meeting. The Plenary reaffirmed its commitment to continue working closely with the MRU

countries in order to support their efforts to respond to challenges in the mining sector associated with the epidemic, including any needs for technical assistance.

34. The Plenary reaffirmed its commitment to continue the dialogue on the voting procedure and the definition of “conflict diamond” in accordance with paragraph 33 of the Johannesburg Plenary Communiqué (November 2013).

35. Angola would succeed the People’s Republic of China as Chair of the Process, effective 1 January 2015. Both the United Arab Emirates and Australia offered to serve as the Vice-Chair. However, no consensus had been reached at the Plenary as to which country should serve as the Vice-Chair. The issue was reverted to the Chair for further consultation.
