Illegal trade in natural resources - Lessons learnt from the Kimberley Process

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Introduction: What is the KP?

- Certification scheme for rough diamonds – trade-restrictive.
- 75 members (EU represents 27 MS)
- Members only trade with each other
- UNGA and SC endorsement
- WTO waiver applies
Why needed?
Conflict diamonds

- In 1990s, rough diamonds financed civil wars in Angola, DRC, Sierra Leone/Liberia

- UN sanctions limited effect:
  - need to control *all* diamonds
  - separate “good” from “bad”

- Mandate restricted to conflict? Definition of conflict?
Who?

Representativity

- Tripartite:
  - NGOs
  - industry
  - governments

- Producers, traders and consumers involved

- Technical, legal, industry, trade, customs, geological expertise
How is the KP structured?

- No treaty
- No international organisation
- Rotating Chair/Secretariat
- ‘Virtual’ working groups
- Intersessional/Plenary meetings
- Strong stakeholder commitment
How does the KP work?

- The receipt: Transparency + trade controls + internal controls + administrative cooperation

- The verification: Monitoring system, statistical reconciliation
Success …

- Conflict diamonds less than 0.2% world production – but other factors also relevant

- Deterrence effect

- ‘Incidental’ benefits:
  - Increased transparency
  - Government revenues
  - Technical assistance/training
And challenges …

- Limitations: administrative capacity, uneven commitment,

- Challenges: KP reform? (mandate, institutionalisation, budget, independant monitoring etc)
Lessons?

- Coalition of interests
- Pragmatic/flexible approach
- Mandate creep?
- Tripartite structure
- Peer review / monitoring and verification capacity
- Tailored response to specific issue in particular industry