

*Agenda Item 175: Role of diamonds in fuelling conflict*

*Statement by Mr. Satish Mehta, Counsellor, on December 1, 2000*

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Mr. President,

It is ironic that diamonds, symbol of love, sublimity and purity, have been an object of desire of the rich and the mighty who have used power, influence, guile, coercion and outright violence to acquire these stones. This has been the story since times immemorial. It is also our experience. Some of the best and the biggest stones mined in India, stolen or taken from it by force, today adorn the museums and the vaults of others. The issue is not new. Only it has been brought to the fore now that Savimbi and his ilk have fallen from the graces of their patrons. Nevertheless, better late than never! We, therefore, welcome the consideration by the General Assembly of the issue of conflict diamonds.

We believe that to seriously address this problem we need to have a thorough understanding of the extent to which conflict diamonds fuel armed conflict, its magnitude, the areas inflicted by this problem, the measures that have already been put in place to address this problem, and what more could reasonably be done.

The causes of conflicts between states, as well as within societies, are many. So are the means through which such conflicts are fuelled. Direct financial assistance and state support and sponsorship of armed groups and rebels, drugs, and diamonds are just some examples. The majority of conflicts around the world have nothing to do with diamonds. Nor do most diamond producing countries face armed conflict. This problem is localized to just two or three areas. According to the estimates of experts on the diamond industry, less than 4% of rough diamonds could be classified as conflict diamonds. The remaining 96% of rough diamonds are clean. Diamonds *per se* are not a cause of armed conflict, nor do overwhelming majority of diamonds come from the conflict areas. It is essential to keep this perspective in mind.

The diamond industry makes a very valuable contribution to the economies of the rough producing and processing countries, as well as the exporting and importing countries. In India, which processes nine out of ten diamonds produced in the world, the diamond industry employs about a million persons, mostly artisans and small businessmen.

Nevertheless, though a small part of the overall diamond trade and limited to a few geographical areas, the problem of conflict diamonds still needs to be addressed. Our efforts, therefore, have to focus on keeping these rough diamonds from entering the legitimate diamond trade, to deny financial resources to rebel movements pursuing armed conflict and to protect the legitimate diamond industry from misguided criticism.

Rough diamonds are traded from a handful of major centres. Once mingled at these trading centers, it is not easy to distinguish their sources. Due to these peculiarities of the rough diamond trade, conflict diamonds can best be kept from entering the legitimate market by effective entry controls at the major trading centres. India does not import any rough diamonds from any producing country or from any country in Africa. About 73% of

the roughs imported by India come from Belgium, 19% from London, 7% from Israel and 1% from the US, Thailand and Hong Kong, none of which are rough producers.

We are happy to see that the world diamond industry has, on its own initiative, responded to the concerns about conflict diamonds and has taken a number of measures.

In India, even though we do not import any rough diamonds directly from any producing country, our authorities and the Gems and Jewellery Export Promotion Council, the nodal agency for regulating the diamond trade in India, have taken a number of steps to prevent conflict diamonds from entering the mainstream. Let me recount the important ones:

(i) The import of rough diamonds into India is monitored through a system of import licensing and these imports are sourced only from traditional international trading centres and not from any conflict areas;

(ii) As a measure of transparency, India publishes monthly import/export statistics which are easily accessible;

(iii) All members of the Council have to compulsorily obtain a declaration with every invoice that the diamonds sold do not contain any conflict diamonds;

(iv) The Council has decided that any member found indulging in the trading of conflict diamonds would be expelled, effectively keeping it out of the diamond trade; and

(v) The banks are advised to take a self-declaration that the client commits itself not to deal in conflict diamonds and also not to extend credit to any defaulter expelled by the Council.

Mr. President,

It is important that the principal countries engaged in the diamond industry continue their consultations and their efforts, in close collaboration with the diamond industry, to work out internationally agreed arrangements based on national certification schemes as further steps to prevent conflict diamonds from entering the market. However, it is important that these arrangements should not lead to undue financial or administrative burden on governments or on the industry. Let me elaborate on it a bit. Last year, India imported over 150 million carats of rough diamonds. If each rough diamond was to be accompanied by an elaborate certificate, imagine the financial cost and the administrative machinery required to regulate complicated schemes. As most diamonds processed in India are below the range of US \$ 25 per carat, the per carat cost would be enormously high and could lead to a large number of legitimate diamonds becoming out of the reach of the average buyer. It could have serious economic repercussions on the trade and the industry in diamond producing, processing, exporting and importing countries, without any certainty that the trade in conflict diamonds could still be fully prevented. In fact, complex schemes or systems may actually end up adversely affecting the legitimate trade in diamonds. These would also go against the grain of the dictum "innocent until proved guilty" that all of us follow and believe in. To give an analogy, it would be akin to asking all citizens to carry a certificate of innocence from the police that they are not criminals. We do not know of any

country which imposes such practices on its citizens or on its natural resources. The arrangement to be put in place should, therefore, be simple, cost-effective and easy to implement. Anything else will be a cure worse than the disease. We, therefore, believe that an internationally agreed arrangement, based on national certification schemes and monitoring mechanisms, is the best solution.

Diamonds do not kill people, arms and weapons do. This simple truth should not be lost on us. It is, therefore, important that even as we choke off the finances in the hands of the rebel groups by blocking the sale of conflict diamonds, the major focus of our collective endeavour should be on the arms suppliers and traffickers, who for reasons of greed or politics, purvey arms indiscriminately to rebels and terrorists, often with the connivance of arms manufacturers and states. Until this issue is addressed effectively and comprehensively, efforts at merely reducing financial resources of rebel groups would not be effective. These would, at best, be a distraction. Rebel groups would find other ways of financing their activities, and conflicts would continue.

The international community is working hard to bring peace to areas torn by conflict. While diamonds are forever, hopefully, the conflicts in the diamond producing countries would not be so. Keeping this in view, it is important that the internationally agreed arrangements that are put in place be of a temporary nature, in keeping with the nature of the problem they are designed to address. We believe that the success of any arrangements would depend on the political will and sincere implementation and not on their complexity and elaborateness.

Mr. President,

The concern, the sense of purpose and the determination demonstrated by the diamond producing processing, exporting and importing countries to address the issue.