



## JEWELERS OF AMERICA

May 6, 2010

Mr. Stephane Chardon  
Chair, Kimberley Process Working Group on Monitoring  
Avenue du Bourget n° 1  
1140 Evere  
B-1049 Brussels BELGIUM

Dear Mr. Chardon,

I write to you in my capacity as President & CEO of Jewelers of America, with the expressed authority to speak for our membership of more than 10,000 retail jewelry stores on the matters currently before the Kimberley Process Working Group on Monitoring (WGM). Prominent among these members are Ben Bridge Jeweler, Birks & Mayors, Cartier, Fred Meyer, Harry Winston, Helzberg, Reeds, Sterling Jewelers Inc., Tiffany & Co., and Zale Corporation, together with thousands of fine guild and independent jewelers throughout the United States.

Jewelers of America participated actively in the development and early years of the KP and led the U.S. industry effort to secure passage of the Clean Diamond Trade Act in the U.S. Congress.

We are gravely concerned by reports in recent days of violations of the Swakopmund Decision and the Joint Work Plan (JWP). Therefore, in order to ensure consumer confidence in the products we sell, we feel it would be a critical mistake for the KP to authorize the resumption of shipments of any goods from Marange until there is renewed assurance by the WGM that corrective measures have been instituted to make certain that the KP rules will be followed in the future.

We are seeking the cessation of shipments until there is renewed assurance because confirmation from the WGM late last week that multiple shipments of rough diamonds moved from Zimbabwe to the UAE during the period December 2009 through April 2010 – in apparent contravention of both the Swakopmund Decision and the JWP – only serves to underscore the very fragile state of the Kimberley Process today. While we are encouraged by the swift action of the chair of the WGM in calling for further investigation, renewed vigilance, and direct KP demarche to the Zimbabwean Ministry of Foreign Affairs, among other steps, we feel it is vital to point out that it is not only the commitment of certain participants that has been called into question, but the very credibility of the Kimberley Process itself. In addition, serious consideration should also be given to UAE actions in this matter, if the alleged shipment of diamonds were not confiscated, because if illicit exports are banned, then so must illicit imports.

As an international trading system, the Kimberley Process is a compilation of rules which have been agreed among a defined group of governments – with concurrence by civil society and industry. Compliance is defined in terms of trade conformity to those rules, and nothing less. To establish an accurate measure of KP achievement to date, we believe we must start by recalling the reasons why the industry supported the establishment of KP in the first place. The rationale was that as long as illicit diamonds were moving

unchecked into the supply chain, the integrity of all diamonds could be called into question. It was not that the vast majority of diamonds were actually suspected of being illicit, but rather that the integrity of all diamonds might be questioned as long as the trading system were not seen as stopping shipments of conflict diamonds, which made up only a small minority of all diamond shipments. That's what KP was to do – to prevent the small minority of illicit exports and to prevent them from entering the trade of a participating country. “Credible and effective measures” became the catchphrase for the concept.

When seen from the perspective of KP's founding purpose, the reports of multiple shipments of goods from the Marange region moving through the KP system of export and import controls in recent months must be seen as something much more than a statistical deviation. The Swakopmund Decision and the JWP are the mechanism KP has chosen to preserve its credibility and the credibility of all diamonds in the face of specific challenges that have presented themselves. Success must be seen in terms of how KP handles the tough challenges that present themselves, otherwise the industry will be in a similar position to that prior to the launch of KP.

Consumer confidence in diamonds has been preserved to this point precisely because KP is largely seen by interested parties as a solution to the original problem – not perfect but substantial. But reports of shipments of goods from Marange repeatedly crossing at least two sets of borders in apparent contravention of the Swakopmund Decision and the JWP, challenges the effectiveness of KP in terms of its founding purpose. If KP is seen to be unable to meet the formidable challenge presented by troubled situations, such as is the case in Zimbabwe, then its high rate of compliance in routine situations will, we fear, be judged as largely irrelevant to its original purpose.

Swift action to date by the chair of the WGM is appropriate and welcomed. It helps to preserve the hope that the credibility of KP – and of all diamonds – may still be preserved. But until more is known about the circumstances that made it possible for these shipments to move without regard to the rules established – and equally importantly until there is renewed confidence that corrective measures have been instituted to ensure that the KP rules will be followed in the future – we feel it would be a critical mistake for the KP to authorize the resumption of shipments of any goods from Marange.

Sincerely,



Matthew A. Runci  
President & CEO