

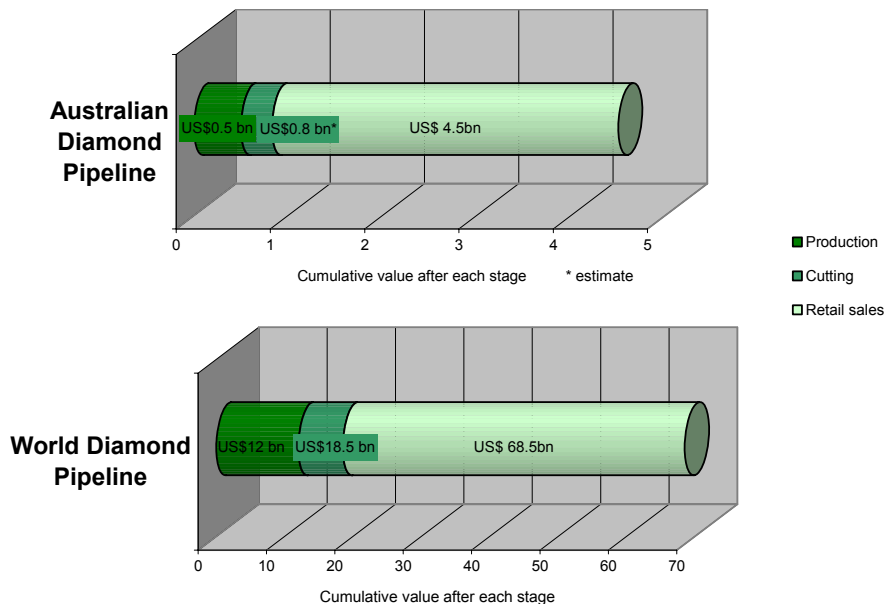


Trade Topics Spring 2007Spring 2007

Australian Diamonds and The Kimberley Process

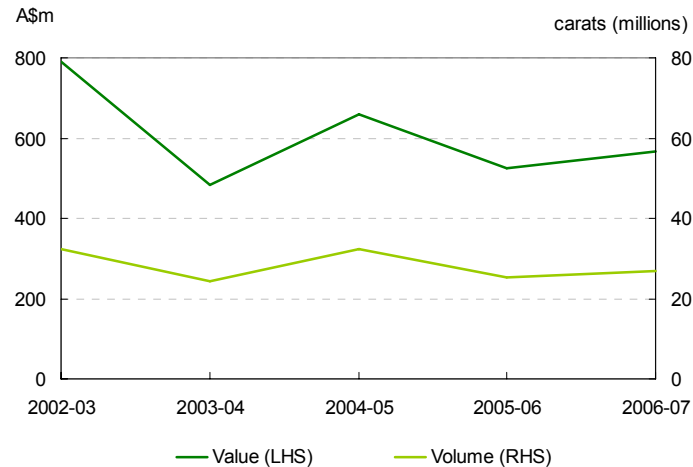
- In 2006 around US\$12 billion of rough diamonds were mined from around the globe before being cut, polished and sold in a retail market worth nearly US\$70 billion.
 - The flow of transactions taking the diamonds from mine to market is known as 'the diamond industry pipeline.'

The Industry Pipeline



- **Australia** is the world's third-largest producer of rough diamonds by volume, and the seventh-largest by value.
 - In 2006-07, Australia exported 27 million carats of rough diamonds valued at \$565 million.
- Australia has four diamond-producing companies—Argyle Diamonds, Blina Diamonds, Kimberley Diamond Company NL and North Australian Diamonds.
- The majority of Australia's rough diamond production is exported, as Australia's cutting and polishing activities are limited. Most of Australia's rough diamonds go to India for cutting and polishing.
- At the consumer end, the Australian market for diamond jewellery is worth around US\$4-5 billion a year.

Australian exports of rough diamonds



- In the 1990s, it became apparent that rebel movements in Africa were exploiting the diamond trade to finance their wars against legitimate governments.
 - The term '**conflict diamond**' was coined to describe rough diamonds sold for such purposes.
- At the urging of concerned governments and non-government organisations (NGOs), the United Nations-backed **Kimberley Process Certification Scheme** was established to curb the illicit trade in conflict diamonds. The Scheme relies on a series of certificates that effectively guarantee rough diamonds are not conflict diamonds.
 - The Kimberley Process includes all of the world's significant rough diamond-producing and trading countries, as well as the diamond industry and NGOs.
 - It has assisted in reducing the percentage of rough diamonds used as conflict diamonds to 0.2 per cent of total world production down from 4 per cent at the height of diamond-funded conflict of the 1990s and early 2000s.
- As a significant rough-diamond exporter, Australia has in place rough diamond export controls that are designed to minimise the burden on Australian diamond producers, while being consistent with the Kimberley Process.
 - The import and export controls applied by the Australian Government are in accordance with its broader agenda of reducing regulatory burden on businesses and reducing unnecessary compliance costs.
 - A recent peer review of Australia confirmed that Australia was meeting its Kimberley Process obligations.
- **Australia is an original member of the Kimberley Process** and considers that, in conjunction with other international efforts, the Kimberley Process has contributed to building peace in areas of long-standing conflict in Africa.