

RJC Chain-of-Custody: Consultation meetings with the diamond industry, November 2011.

Following is a summary of the feedback received about the RJC Chain of Custody (CoC) standard during meetings held with 23 RJC Members in the diamond trading, cutting and polishing sectors in Antwerp during the week of November 7, 2011.

1. Many of the companies interviewed expressed concerns about the CoC Standard and the timing of its implementation. There appears to be consensus that the standard should not be implemented for diamonds in early 2012, and that work on CoC Standard as it relates to diamonds should continue, with more discussion and involvement with the diamond industry.
2. The following general positions were expressed, and in some cases a combination would apply:
 - Willingness to implement the standard, not a problem for their business;
 - Capability to implement the standard, but scepticism about the justification;
 - Willingness to consider the standard, but it needs more discussion;
 - Lack of support for the standard, but not the extent of wanting it scrapped;
 - Diamonds should be taken out of the standard, but discussions should continue.
3. Concerns generally focussed on the following:
 - The Standard could be required by retailers, therefore it may not, in effect, be voluntary;
 - There is a potential for retailers, NGO's and governments to have unrealistic expectations;
 - There is a potential for fraudulent activity to defeat the standard and meet customers' orders, putting honest companies at a disadvantage;
 - A large volume of small diamonds are cut and polished in India by small-scale informal operations (the "cottage industry"), where tracking diamonds would not be realistic;
 - Segregation of CoC from non CoC diamonds handled in parcels may be technically possible, but due to the need to mix and trade, it would be prohibitively expensive and could only be achieved on a niche basis;
 - The Standard has not been adequately tested;
 - To be of interest to diamond companies, retailers would need to demonstrate their interest in CoC diamonds through their buyers, and so far the evidence of this is generally lacking;
 - Uncertainty about the justification for the standard, and that the focus should be on fixing the Kimberley Process instead.
4. There is much less concern from a technical and practical point of view about the standard being feasible for diamonds over a certain threshold size (opinions vary ranging from .25 and .50 pts). The main issues are with smaller diamonds handled, mixed and traded in parcels.

Prepared by Graham Nicholls, consultant to the RJC