



Memorandum

Flemish, Federal and
European Elections 2019

The diamond industry in Belgium

Registered
diamond traders



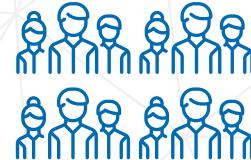
1.600

Direct
employment



6.600

Indirectly
employment



26.000

Import & Export Belgium (2018)

\$ 46 billion



Antwerp is the nerve centre of the global diamond trade



86%
rough
diamond



50%
polished
diamond

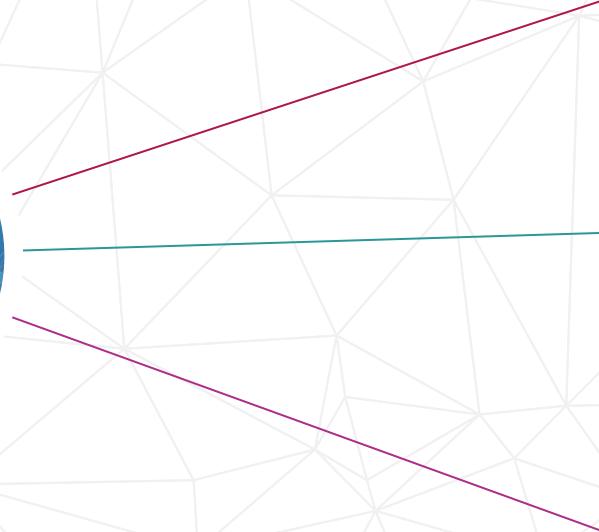
Estimated added value
of the Antwerp diamond industry
for the Belgian economy

€ 750 million



The AWDC is the official umbrella organisation of the Belgian diamond industry and represents the general interests of all the companies that operate in this industry, including the 1,600 registered diamond dealers, polishers and diamond laboratories, as well as specialist service providers such as banks, insurers and value transport companies.

**Make the diamond
trade/industry more...**





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Introduction

On 26 May 2019, regional, federal and European elections will be held in Belgium. This is a most opportune time for the Antwerp World Diamond Centre to publish its priorities for the coming parliamentary term.

Antwerp continues to be the undisputed number one diamond trading centre. Compared with other important centres such as Mumbai, Dubai, Tel Aviv or New York, Antwerp offers a unique trading environment that stimulates business growth, offers sufficient growth opportunities and strengthens interaction between the various key players in the diamond industry. Antwerp's most important asset, however, is its extensive and unique range of diamonds, services and diamond dealers. Moreover, no other diamond trading centre is able to rival the size of the market.

However, the Antwerp diamond industry still faces some important challenges: Dubai,

but especially Mumbai, for example, can count on better financial incentives within their respective diamond centres. Smaller trading centres such as Singapore or Hong Kong, meanwhile, score better in terms of trading environment (such as access to financial facilities as well as the quality of buildings, roads and efficient general mobility). To tackle these challenges efficiently, the AWDC advocates a coherent policy across the various governance levels.

The Antwerp diamond industry continues to be an important strategic industry for Flanders, Belgium and Europe. Political coordination and decisiveness are needed to ensure Antwerp's international position in the long term.

Effective cooperation between the Antwerp diamond industry and the authorities has facilitated a breakthrough in a number of key cases in recent years. The AWDC wishes to preserve this trust, and strengthen it where necessary, to find a structural and forward-looking solution for the existing

challenges, in consultation with the various government bodies.

As such, the government as well as the private sector can contribute to an even more efficient, more resilient and trusted Antwerp diamond industry, which is and remains crucial to the Belgian economy.

In recent years, Antwerp has invested heavily in the so-called ‘fifth C’, which stands for confidence, compliance and corporate social responsibility. These values are key to the AWDC’s long-term strategy. We assume our responsibility and also try to convey it through memberships of various organisations, such as the World Diamond Council and the Responsible Jewellery Council. Consequently, Antwerp is recognised as a centre for best practices regarding sustainable entrepreneurship and transparency. These elements are, and will remain, fundamental core values for the diamond industry. Moreover, inspections by the Diamond Office in Antwerp are recognised worldwide as the best system for monitoring the Kimberley Process (KP) and anti-money laundering (AML) obligations, to name but two examples.





Efficient.

Vital ingredients for a thriving diamond industry and for facilitating the diamond trade include access to flexible banking services and an efficient customs regime.



1. BANKS – restore the cornerstone of the industry

The Antwerp diamond industry relies heavily on the banking industry and needs solid financing and access to banking services. Diamond dealers buy and sell diamonds on a daily basis and pay these transactions by bank transfer. The number of transactions and their value is extremely high. Moreover, goods can only be exported from a diamond-producing country after an advance payment is made by bank transfer. This means a diamond dealer only recovers this money when the diamond is sold to a third party, which explains why diamond dealers are so reliant on banks.

Due to a combination of several factors, banks have reduced their risks in the past five years. As a result, not a single Belgian bank currently provides services to the diamond industry. Instead the **industry is served by a handful of foreign banks**, including ABN AMRO and two subsidiaries of Indian banks.

The strong banking network - including the Antwerp Diamond Bank (ADB) - was one of the cornerstones of our industry. The very limited access to banks may potentially undermine Antwerp's leadership position. Currently diamond dealers cannot establish a new company and operate as a diamond

dealer without a Belgian bank account, which effectively hampers the growth of Antwerp's diamond industry.

To tackle this threat, the AWDC is taking a number of initiatives. Firstly, the AWDC is assisting diamond companies with the implementation of internal reforms, making them more appealing to lenders. In addition to this, the AWDC is actively prospecting for banks and alternative finance providers, as well as seeking ways to expand the range of payment services offered by fintech companies.

The government can also help improve access to Belgian banks. Several initiatives have already been launched. On the one hand, attempts have been made to develop a cooperation protocol that facilitates access to basic payment services of certain Belgian banks for diamond dealers, subject to compliance with strict conditions. On the other hand, a legislative initiative was developed giving businesses the right to open a basic bank account, similar to the right that private individuals already have.

The AWDC still believes in a brokered solution with the Belgian banks. If no agreement can be

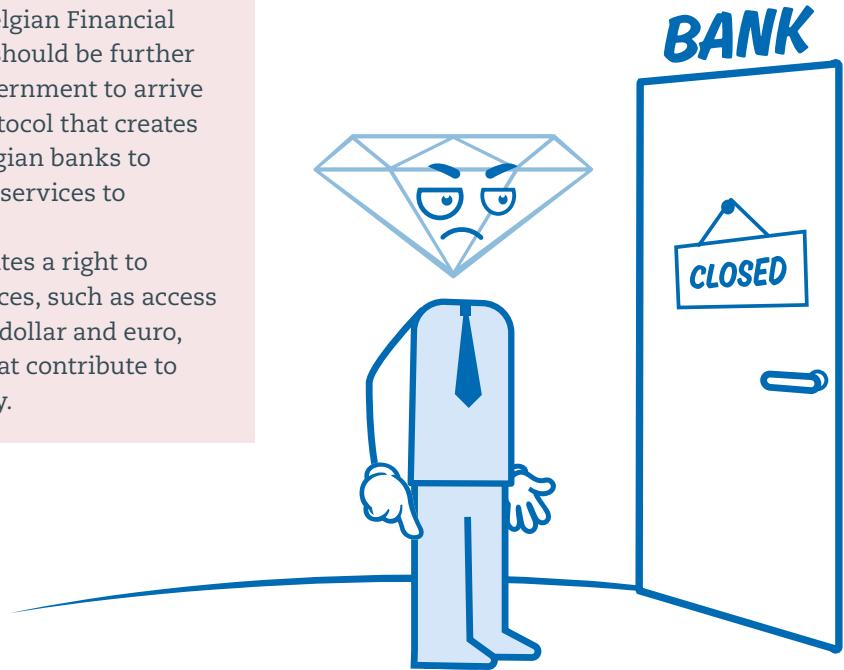


reached, then the AWDC will strive to develop a general legislative framework guaranteeing basic banking services to all Belgian businesses that are subject to the anti-money-laundering legislation.

In recent years, this cornerstone has been eroded, posing the greatest threat to our industry and potentially undermining Antwerp's leadership position.

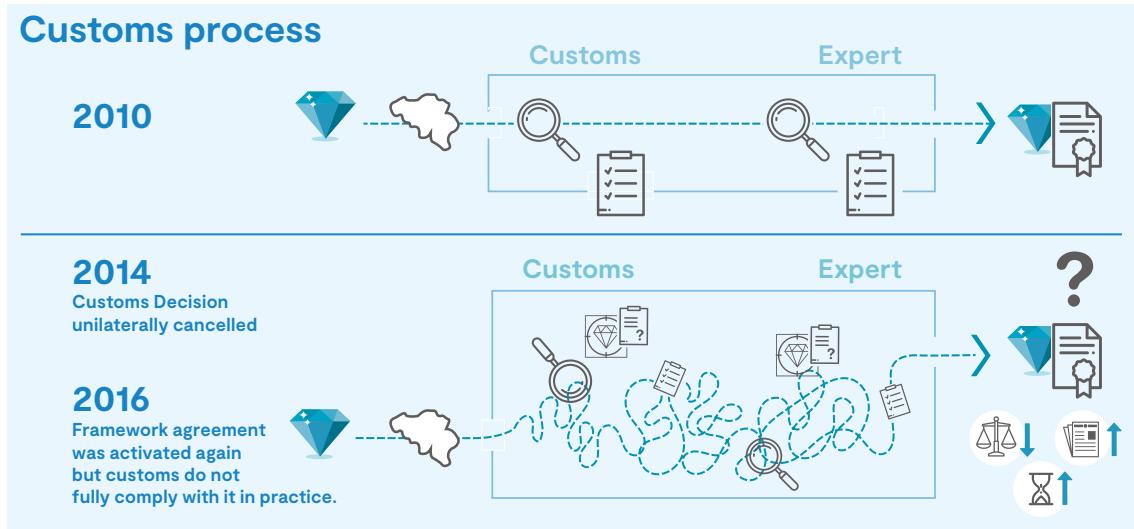
SOLUTIONS

- The dialogue between the AWDC and Febelfin - the Belgian Financial Sector Federation - should be further overseen by the government to arrive at a cooperation protocol that creates a framework for Belgian banks to offer basic payment services to diamond dealers.
- Legislation that creates a right to basic payment services, such as access to bank accounts in dollar and euro, for all businesses that contribute to the Belgian economy.





2. CUSTOMS - return to the agreed framework



Belgium applies an extremely stringent monitoring system for diamond imports and exports, with which we distinguish ourselves from the other diamond centres worldwide, but also from other EU countries. The control measures implemented within the Diamond Office are regarded worldwide as a textbook example. The many international visits and requests for assistance/training, as well as the positive evaluation by the Kimberley Process, are evidence of this.

However, there is still one critical point when it comes to the monitoring of imports

and exports, namely the efficient handling of the controls on the (USD) value of goods.

According to the regulatory framework, which regulates controls related to the diamond trade, sworn experts in the Diamond Office check whether the value of imported and exported diamond shipments conform with their market value, under the supervision of the FPS Economy.

Nonetheless, diamond dealers sometimes purchase or sell goods at a value that is higher or lower than the average market value.

To resolve this issue, a Customs Decision was



issued on 14 June 2010. In the event of a reservation on value by the sworn expert, the diamond company involved must justify the difference between the specified value and the expertise value by means of proof of payment or evidence from the return shipment if the goods were not purchased. Based on this decision, the FPS Economy sends all the files to the General Administration of Customs and Excise Duties - irrespective of the extent of the deviation from the reservation, or whether or not the goods have already been released - so that it can compile a risk analysis for verification of the goods.

In early 2014, this customs decision was unilaterally lifted, meaning any reservation on value systematically gave rise to an – in

some cases extremely high - fine. In 2016, following multiple discussions, we received confirmation that the agreements in the aforementioned decision would be applied once again by both administrations.

In practice, the customs authorities do not fully comply with this framework agreement, however. This gives rise to an administrative burden, legal uncertainty and high fines, and these have a particularly negative impact on the Belgian diamond industry and also affect the efficiency of the control mechanism within the Diamond Office. As a result, we also fear a (further) shift in trade to, for instance, other EU countries where controls are less strict, or to trading centres outside the EU. This will damage Antwerp's position as the largest and most controlled trading centre.

SOLUTIONS

- Full and unconditional compliance with the 2010 framework agreement by all the customs services involved is crucial to ensure the diamond trade will remain in Antwerp in the long term.
- The transposition of European Directive 2017/1371 into law to combat fraud - better known as the PIF Directive - can be used at the Belgian level to develop a more legally secure sanctions policy that is proportionate, takes good faith into account and views administrative sanctions, against which a formal appeal can be lodged, as the norm.





Resilient.

Ensuring the diamond trade in our country becomes even more efficient is one thing. Maintaining and strengthening Antwerp's position as an international diamond trading centre is an entirely different challenge. To this end, it is vital that we make progress regarding tax law, innovation and national and international trade policy.



1. FISCAL MATTERS – fair and competitive

Antwerp’s diamond industry, as an international trading centre, is highly susceptible to tax competition. The high value per weight unit of diamonds and the fact that this product is so easy to transport enables a diamond company to easily relocate its business activities to a competing trading centre such as Dubai, Mumbai, Tel Aviv or New York.

1. DIAMOND REGIME – further application

The introduction of the Diamond Regime strongly improved our tax competitiveness.

Since 2016, recognised diamond dealers - companies as well as natural persons - that hold a diamond stock must comply with the System. The Diamond Regime is mainly limited to fixing the gross margin from diamond trading for tax purposes by replacing the actual cost price of sold goods with a fixed calculated amount of 97.9% of turnover from diamond trading. Furthermore, there is a minimum business manager remuneration requirement and a so-called ‘minimum floor’ provision. The latter specifically means that the taxable base related to the diamond trading activity can never fall below this floor, which was established at 0.55% of turnover achieved.

This tax system, which was approved by the European Commission, offers diamond dealers the necessary competitiveness, stability and predictability, following frequent, lengthy, and tough discussions in the past with the Belgian tax authorities regarding the valuation and monitoring of diamond stocks. **In exchange for this legal security, diamond dealers are currently paying more tax than before. This is a clear example of good governance and creates a win-win situation between the authorities and the private sector.**

In 2021, the Diamond Regime will be subject to an evaluation. It is clear that this System has been extremely successful. Based on a high-level statistical study of publicly available information, the total tax contribution in 2016 is estimated to be between 57.9 million euro and 83.4 million euro. Compared to the total tax contribution in 2015 (approximately 24.0 million euro), this would mean an additional yield of between 33.9 million euro and 59.4 million euro.



SOLUTIONS

- The best option is the continued application of the System in full.
- The current formula, including the previously fixed gross profit margin, will also provide the best possible tax regulation for the government and the diamond industry in the coming years.

2. INTEREST DEDUCTION LIMITATION - with flexibility

The announced new interest limitation rule is disruptive to the diamond industry.

This measure was laid down at the European level through the so-called Anti-Tax Avoidance Directive (ATA Directive), subsequently transposed into Belgian tax law, in the Corporate Income Tax Reform Act (Law of December 25, 2017, Belgian Official Journal, 29 December 2017).

According to this new interest deduction limitation, net interest charges (the so-called financing cost surplus) are not tax-deductible to the extent that they exceed the higher of two threshold amounts, namely a) a de minimis threshold of €3 million or b) 30% of the taxable EBITDA as defined for tax purposes. This new measure targets intra-group interest payments as well as interest

paid to third party lenders, such as financial institutions. The European Commission is aware of the fact that **an overly strict application of this new measure may lead to specific, albeit unintended, adverse tax consequences. This is evident from the various mitigating measures that the Directive itself prescribes**, and from which the Member States involved may choose:

- On the one hand, there is the equity escape provision, which makes it possible for group companies that can demonstrate that the ratio between their equity amount and their balance sheet total equals at least the one of the group as a whole, to fully deduct their exceeding borrowing costs for tax purposes, even if this would mean that the deduction exceeds 30% of taxable EBITDA.



- On the other hand, there is the fixed group ratio rule, which allows group companies to additionally deduct their exceeding borrowing costs to the extent that the ratio of exceeding borrowing costs/taxable EBITDA on a stand-alone basis does not exceed the same ratio on a consolidated group level.

Belgium has not yet included any of these flexibilities, which were explicitly foreseen in the ATA Directive. As a result, Belgian companies are affected more severely than necessary, despite the explicit promise of the 2014 coalition agreement not to engage in gold-plating.

SOLUTIONS

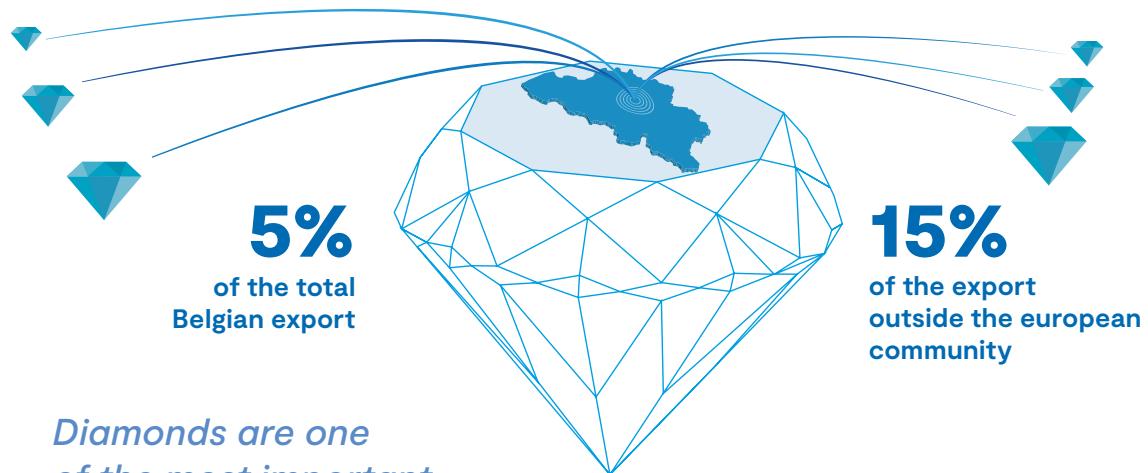
- Make the interest deduction limitation more flexible than it was when it was transposed into the Corporate Income Tax Reform Act. It would still be desirable to explicitly include one of the two potential flexibilities in our Belgian tax legislation: either the ‘equity escape’ rule, taking into account the ratio equity amount/total balance sheet at group level, or the ‘fixed group ratio’ rule, based on the ratio exceeding borrowing costs/taxable EBITDA on a consolidated group level.
- The implementing Royal Decree should specify that the 3 million de minimis capacity, in the event there are several Belgian group companies, may be freely attributed amongst the Belgian affiliates, as opposed to the ‘proportionate allocation’ method as currently foreseen in the legal provisions.



2. TRADE POLICY – open for business with an attractive business climate

1. BELGIUM AND FLANDERS

The diamond industry is a strategic industry, and thus a very important area in Flemish and Belgian diplomacy. As a Flemish and Belgian product par excellence, diamonds also contribute to Belgium's appeal. Defending the interests of the diamond industry therefore merits a prominent place on the agenda of Flemish and Belgian external economic policy. The latter's strategic development preferably takes place in close consultation between the government and the AWDC.



Diamonds are one of the most important Belgian export products. That is why we want to be a strategic partner in determining external policy.



The following points for action are very important for the AWDC:

1. Africa strategy in partnership with the AWDC

Bearing in mind the preparations for the new Post-Cotonou partnership between the EU and ACP countries after 2020, **developing a specific strategy for Africa that weighs on the formation of the new relationship between these two continents at the European,**

the federal as well as the Flemish level, is crucial. Priorities include the development of the private sector, improving the business environment and promoting business in the context of sustainable and inclusive economic growth. The diamond industry would like to add the responsible management of natural resources to this list.

SOLUTIONS

- Strive for a specific reference to the judicious management of natural resources in the new agreement between the European Union and the ACP countries.
- The diamond industry aspires to be a strategic partner in determining the strategy for Africa developed by Flanders Investment & Trade (FIT). In concrete terms, the AWDC hopes to be involved in the specific development of the policy strategy, as well as in consultations regarding the implementation of the diplomatic network.
- Following the successful first African Diamond Conference in November 2017 at the Egmont Palace, this dialogue about the challenges within the diamond industry must be further developed, with the support of the government. A first step in this regard involves organising this conference for the second time, on the African continent. Let us however set our sights further than this event and develop this concept into an established value in our dialogue with African diamond-producing nations, with the support of the Flemish and federal authorities.



2. A strong Kimberley Process

Belgium must continue to play an important role in international institutions related to the responsible management of natural resources. The Belgian government already

weighs heavily on policy-making within the Kimberley Process. **Ensuring the Kimberley Process remains fit for purpose with regard to the challenges of the 21st century is a priority for the diamond industry.**

SOLUTIONS

- A continuation of this constructive partnership between the AWDC and the Belgian government within the Kimberley Process is crucial.
- The AWDC wants to jointly continue to strive for an expansion of the scope of the Kimberley Process, the establishment of a Permanent Secretariat and an Assistance Fund, together with the Belgian government. It also wishes to tighten KP controls to guarantee a level playing field for all countries active in the diamond industry.
- A strong Kimberley Process is ideally accompanied by congruent and mutually reinforcing regulations on natural raw materials at various levels, such as the European Union, the OECD and the UN Security Council. The objective should be a pragmatic, efficient and effective policy that supports companies in the practical implementation of political decisions - such as the implementation of due diligence obligations - and is not exclusively focused on having a punitive effect.
- Gold-plating, in which stricter regulations are unilaterally imposed on the business community at European level, must be avoided at all times.



3. Involvement of the private sector in trade missions and state visits

Belgium and its regional governments have a strong tradition of trade missions and state visits. **These visits are of highly significant**

strategic importance for the Belgian diamond industry, enabling it to position itself and its assets, to develop the necessary trade relations and to create goodwill among trading partners abroad.

SOLUTIONS

- This is why, in determining the outlines of state visits, royal missions and trade missions, it is essential that the private sector is actively involved at all times, so that the missions optimally serve the trading interests of the Belgian economy.
- When selecting relevant countries and regions, the most relevant countries for the Belgian economy must be considered. For the diamond industry, these are Canada, Russia, African diamond-producing countries, the United States, China and the Gulf states.

Antwerp's diamond industry relies heavily on free trade to retain the critical mass of diamonds in Antwerp.



2. INTERNATIONAL

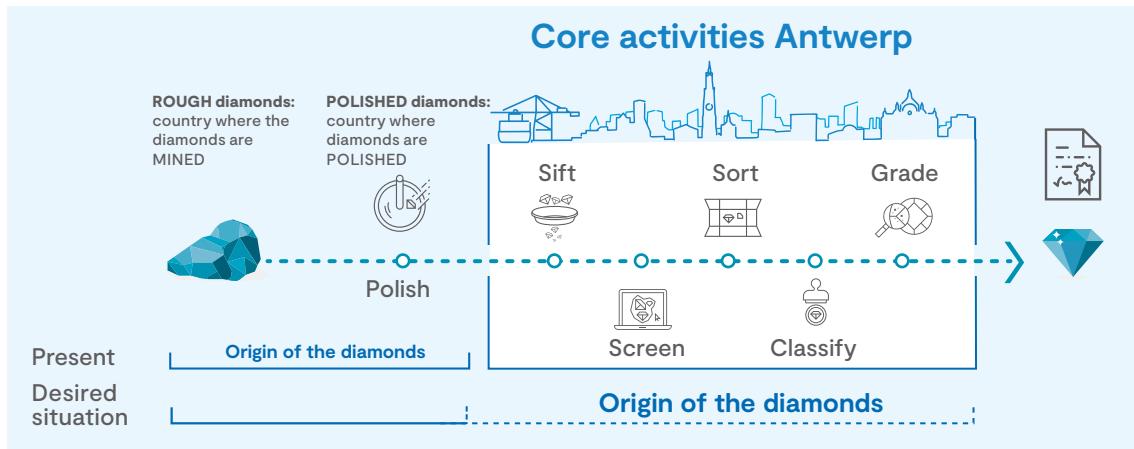
Antwerp's diamond industry plays an **important role as a global diamond distribution centre, and thus stands to benefit from a free and open international trade system.**

Support for international free trade and globalisation is coming under increased pressure, however, which is why it is vital that the EU argues in favour of using WTO-compliant instruments to tackle and solve trade-related issues. Falling back on unilateral measures, which conflict with the spirit of the WTO Agreement may potentially undermine the multilateral free trade system.

The consequences of a more protectionist and closed global economy will be markedly negative for our industry. Antwerp's diamond industry relies heavily on free trade to retain

the critical mass of diamonds in Antwerp. The EU must thus continue to advocate a liberal trade order by concluding comprehensive free trade agreements.

Currently the diamond industry cannot take advantage of the preferential rates that are being negotiated as part of free trade agreements due to the current provisions on rules of origin. Without a fundamental review of the rules of origin in European trade agreements, these agreements have no relevance whatsoever for the diamond industry.





The AWDC is of the opinion that economic sanctions are undesirable and often have an adverse effect. **In the diamond industry's case specifically, European sanctions often are detrimental to the European industry,** rather than the economy in the third country for which the sanctions were developed. These parties can shift their diamond exports (more) easily to other countries, whereas Antwerp's diamond industry loses out on significant diamond volumes.

Brexit is also an important point for attention in this respect. It is in the Antwerp diamond industry's interest to ensure that trade relations between the United Kingdom and the European Union remain as flexible as possible.

It is crucial that potential new customs checks are as efficient as possible, causing minimum disruptions to the trade flows between the United Kingdom and the European Union. With regard to the diamond industry, some large mining companies clear their goods in the United Kingdom before releasing them for free circulation and dispatching them to the rough diamond market in Antwerp. In the possible absence of a comprehensive trade agreement with the United Kingdom, there is a significant risk that these companies might send their goods directly to India for processing purposes. In the event that this happens, **Antwerp potentially stands to lose a goods flow to the tune of 1 billion euros.**

SOLUTIONS

- The EU must continue to pursue free trade and negotiate more free trade agreements to improve access to third markets, such as the Mercosur Region, India and the Middle East.
- The policy framework on rules of origin in free trade agreements must be modernised because the European economy is rapidly evolving from a manufacturing economy to a service economy.
- The EU and the United Kingdom must pursue a far-reaching customs cooperation and simplified customs procedures, to ensure trade between the EU and the UK can continue without disruption.



3. INNOVATION – stimulate and protect

No change means no progress, a maxim that also applies to the diamond industry. The AWDC therefore continually invests in sustainable innovation that guarantees the future of the diamond industry in Antwerp.

Innovation also ensures that Antwerp can remain competitive with regard to other diamond trading centres. **Continuously searching for new technological and digital applications takes significant time, effort and money. Furthermore, it is vital**

that our patents continue to be protected internationally.

The AWDC also notes, however, that certain technological applications, digital applications and new product innovations can have a seriously disruptive effect on our business model. Making our economy agile, but above all resilient, is therefore paramount. The government must also assume its responsibility for this.

Innovation also ensures that Antwerp can remain competitive with regard to other diamond trading centres.

SOLUTIONS

- Continuous incentives for innovation at various levels, such as through fiscal measures and subsidies. Existing support measures for innovation, such as the investment deduction for certain R&D investments and the deduction for net innovation revenues should also be tailored more to SMEs so that innovation can also be supported on a small scale.
- The Belgian government must continue to encourage the competent European institutions to update the existing patent legislation. This is the only way we can sustainably combat cheap reproductions of technology and protect Belgian innovations.
- It is vital that incentives are developed to regulate disruptive innovation, if necessary.





Trusted.

The Antwerp diamond industry distinguishes itself from others because of its trustworthiness and transparency. That is why the AWDC advocates an even tighter anti-money laundering, security and consumer protection framework.



1. ANTI-MONEY LAUNDERING POLICY – consolidate

1. INCIDENT REGISTERS

The AWDC has been examining for some time how the use of incident registers can best be enshrined in Belgian legislation. **Compiling incident registers is one of the preventive measures that the AWDC wishes to adopt to support diamond companies in complying with the Law** of 18 September 2017 to prevent

money laundering and the financing of terrorism, and to limit the use of cash. The AWDC wishes to use incident registers to bundle data from organisations, companies and/or individuals that may pose a specific and serious risk in terms of money laundering and/or funding terrorism.

SOLUTIONS

- The transposition procedure of the fifth European Anti-Money Laundering Directive constitutes the ideal opportunity for drawing up a legal framework that could regulate the use of incident registers for all sectors that fall under the Law on the prevention of money laundering.



2. INTERNATIONAL

In 2015, Belgium was subject to an evaluation by the Financial Action Task Force (FATF). The related Mutual Evaluation Report (MER) was harsh with regard to the Belgian legislative framework that regulates the diamond industry. Together with the government, the AWDC has taken the necessary initiatives in the past three years to further strengthen this legislative framework. For example, the recommendations of the FATF were included in the Royal Decree on measures related to the supervision of the diamond industry. A sector-specific risk analysis was also compiled by the government and the private sector, which objectively presents the risks linked to the diamond trade and lists the available measures to mitigate these risks.

The increased effectiveness of the supervision of the diamond industry can also be demonstrated through, among other things, the following measures:

- The existence of the Diamond Office, a highly effective tool to combat money laundering;
- The increasing number of reports of suspicious transactions within the diamond industry. These reports are also very relevant in substantive terms, as a large number of them are forwarded to the public prosecutor's office;
- The greatly increased number of AML inspections by inspectors from the FPS Economy in the industry, which has led to more fines and notifications to the CFI.

In 2019, Belgium will once again be subject to an evaluation by the FATF.

SOLUTIONS

- It is crucial that the efforts made are reflected in the new FATF evaluation report. To this end, the competent government services must devote the necessary attention to the diamond industry during the evaluation by the FATF. This will be a much-needed step towards facilitating access to financial services for Antwerp diamond dealers and making the Antwerp diamond industry more competitive with regard to its international competitors.



2. SECURITY - guarantee

Although the diamond industry needs an accessible and open image to conduct its national and international trade, **security measures are essential to protect people, goods, information and our reputation from criminal and terrorist threats.**

Information exchange is crucial in this framework. In addition to the deployment of the police force, military personnel play an important role, protecting the diamond district and its communities pre-emptively and reactively against the terrorist threat. Every year, the buildings and offices, including the AWDC, invest millions of euros to ensure their safety.

SOLUTIONS

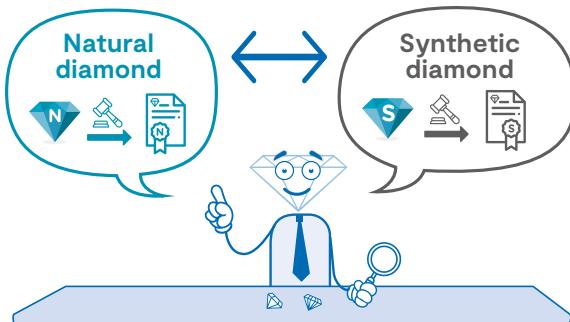
- A structural and sustainable expansion of consultations with the various federal authorities, and more specifically with the Federal Public Services Internal Affairs, Justice, Defence and Economy, is vital. A more structured consultation and a real-time exchange of information by developing a formal protocol with the government is desirable in this regard.
- Structural maintenance of the current position and deployment of military personnel in and around the diamond district, without moving, reducing or bringing it to an end. Alternatively, military personnel could be replaced with Federal Police staff.
- A tax deduction for security measures given that these investments are directly related to the nature of the product and the criminal and terrorist threat assessment.



3. CONSUMERS – inform and protect

Consumers have the right to decide for themselves whether they wish to purchase natural or synthetic diamonds. They must make an independent and conscious decision, with full transparency. Diamond dealers and jewellers who sell diamond jewellery must also clearly indicate which diamonds they sell. **The lack of a solid legislative framework for the differentiation between natural diamonds and synthetic diamonds has caused some jewellers to exploit this legislative vacuum by not clearly communicating the nature of their goods to the consumer.**

Consumers have the right to decide for themselves whether they wish to purchase natural or synthetic diamonds.



The value of a diamond is largely determined by the fact that it is rare, since it is formed by a geological process that takes billions of years. However, synthetic diamonds can be produced 'on a production line'. If end consumers are not informed about the nature of the product they are purchasing, this undermines consumer confidence in the product and fundamentally threatens the business model within the natural diamond value chain.

SOLUTIONS

- At the B2B level, a framework has already been developed by means of an amendment to the Royal Decree concerning measures related to the supervision of the diamond industry. The same reasoning should be applied to B2C transactions through national and international legislation. It is therefore crucial that new European legislation comes into force that sets out mandatory guidelines on specifying the nature of diamonds (natural or synthetic), based on the ISO 18323 standard (CEN / TC 410 in the European context).

Fit for the future – a sustainable industry

This memorandum touches upon the main challenges for the diamond trade and industry. In it, the AWDC proposes specific measures which are necessary to keep the beating heart of the global diamond industry in Antwerp under the next legislature. We have already discussed those themes that will help us consolidate our position in the short term and would like to conclude this memorandum with a reflection on a long-term sustainable future for our industry.

The AWDC is working hard in the diamond industry to devise sustainable solutions for risks within the diamond value chain linked to human rights, labour rights, anti-corruption, money laundering issues and the environment.

For example, within the WDC (World Diamond Council), the AWDC supports the expansion of the System of Warranties. This system offers guarantees in terms of human rights, labour rights, anti-corruption and anti-money laundering throughout the diamond and jewellery value chain. The AWDC is also a driving force with regard to the implementation of the OECD's Due Diligence Guidelines within the certification mechanism of the RJC Code of Practices. It is essential that the government

continues to provide companies with the necessary tools so they can assume responsibility. A regulatory framework would be counter-productive in this regard. Companies must be able to take responsibility themselves instead of being confronted with legislation imposed on them.

The AWDC is also developing a preventive policy for the industry at the national level. The AWDC actively participated in the study the Flemish government conducted to map the risk profiles of its strategic sectors for example. **However, the AWDC is convinced that self-employed persons and small-scale SMEs often do not have the financial resources and manpower to identify the risks within their value chain and implement sustainable solutions.**

The diamond industry is a very international industry and the AWDC invests in various sustainability projects in (African) diamond-producing countries. We are currently investigating the possibility of launching a project in Guinea for example, in which the formalisation and certification of

small-scale artisanal diamond mining plays a key role, and in which the income effectively benefits the local community. The AWDC continues to invest in order to implement a comprehensive code of ethics within the global diamond value chain.

SOLUTIONS

- More resources are needed to implement the National Action Plan for Business and Human Rights in practice. Although the business community is actively interested in cooperating, it is currently not even acknowledged as a strategic partner, even though it does in fact have the adequate knowledge and manpower for this. The AWDC is therefore striving for increased coherence, more opportunities for consultation and a better exchange of information between businesses and the government, to jointly establish a sustainability agenda.
- The government can provide assistance for the AWDC's projects, so they can generate more training opportunities and capacity building, thus supporting the WTO's Aid for Trade strategy.



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