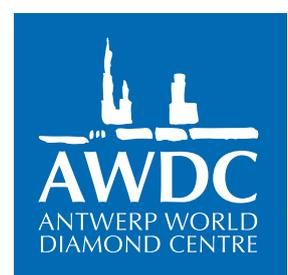


CONFIDENTIAL

**DIAMOND-PRODUCING
COUNTRIES AND THEIR
IMPORTANCE FOR ANTWERP**



VERSION 2018-2019

FOREWORD

By any measure, 2019 was an extremely challenging year for the global diamond trade and the diamond industry in Antwerp was no exception to that rule. Following a stable year in 2018, the entire industry saw its turnover, profits and general level of trade decline significantly in 2019. Antwerp, as the world's leading diamond trading hub, was caught in the middle of this industry-wide recession, the main short-term causes of which were the continuing high levels of rough diamond production and geopolitical instability, which impacted consumer confidence and caused demand for rough diamonds to fall.

Nonetheless, signs of recovery were starting to appear toward the end of the year, with cautious optimism the prevailing outlook for 2020. No one, however, could have predicted what was coming in 2020, as the COVID-19 outbreak has brought the diamond trade – from mining to retail and everything in between – to a virtual standstill. While our focus in this document is on the years 2018-2019, it will be useful to examine what led to the 2019 downturn as well as the early impact of the global pandemic. This will be covered more extensively in the section below: "The International Trade in Rough Diamonds, 2018-2019".

While the Antwerp diamond trade was stable and balanced in 2018, the seeds of a downturn had already been sown. The Antwerp industry traded a total of \$46 billion in 2018, the same as in 2017. It also maintained its position as the world's leading trade center for rough diamonds. The value of rough goods imported and exported remained steady at \$23.1 billion. This would change dramatically in 2019, as Antwerp was swept up in a global diamond industry storm. Consistent with the experience of the major miners, the volume of Antwerp's rough diamond trade in 2019 declined 14% to 184 million carats from 214 million carats; the value earned from its diamond trade fell 25% to \$17 billion from \$23 billion.

Following two years of oversupply of rough diamonds to the market, demand could not keep pace. We remind our readers of the geopolitical tensions between the major global powers, the United States and China, as well the social unrest in Hong Kong. These are three of the most important markets for polished diamonds. The tensions, which led Chinese consumers to travel less to the US and Hong Kong to make their luxury purchases, should not be underestimated. Manufacturers started to reduce their inventories before purchasing new rough; demand for small and lower-quality stones started to fall in late 2018, causing their prices to decline dramatically in 2019; both of these developments hit the miners hard.

Still, the causes of this downturn were viewed as temporary. A study by Bain & Co. commissioned by the AWDC predicted the market would work through its excess supply and diamonds would again start flowing swiftly through 'the pipeline'. They anticipated that while the diamond trade might be in for another difficult year in 2020, it should make a full recovery by 2021. Now, with the impact of the coronavirus pandemic, all bets are off. At the very least, the first half of 2020 looks to be a near total loss: De Beers and Alrosa have cancelled or significantly reduced their monthly sales; containment measures and lockdowns have grounded air travel, halting the flow of diamonds; mines across the globe have been forced to shutter entirely; the Indian manufacturing sector has come to a standstill; consumer diamond purchases are at an all-time low.

Despite these significant challenges, it is important to remember that the Antwerp diamond trade has not remained at the top of the pecking order for decades by yielding to adversity. Change is certainly coming to the global diamond industry, so it is incumbent that the members of the wider Antwerp diamond community and its representatives demonstrate innovative, intellectual and ethical leadership to be the spearhead of new developments and trade strategies.

One such example of this leadership is the **African Diamond Conference (ADC)**. The first edition was organized by the AWDC, facilitated by the FPS Foreign Affairs and took place in November 2017. The first ADC featured a broad range of speakers from across the entire diamond industry, as well as industry stakeholders. The participants included African mining ministers and ambassadors from nine countries, the diplomatic corps, representatives from the global diamond industry, NGOs and the academic world, coming together to discuss the challenges and opportunities for African diamond-producing countries now and in the future.

Following the success of this initial conference, the second edition – organized in cooperation with the South African Department of Mineral Resources and Energy and the African Diamond Producers Association – was scheduled to be held in Durban, South Africa on May 5-6, 2020. It was in the final stages of preparation when the coronavirus outbreak occurred and has been tentatively rescheduled for early 2021.

The objectives of the conference are to build on the momentum of the previous ADC and continue the dialogue with African diamond-producing countries about pressing issues in the diamond industry as a whole. It is designed to promote direct, mutually-beneficial relations between African diamond-producing countries and the (Belgian) diamond industry, linking capacity building with higher revenues for diamond producing countries, as well as promoting good governance in the diamond industry. The topics of discussion include: advancing diamond beneficiation in Africa; greenfield diamond exploration; natural rough diamond marketing and differentiating from synthetic diamonds; the future of artisanal diamond mining, and; the importance of diamond trading centers in the global value chain.

The AWDC continues to lay the groundwork for a prosperous future and to highlight Antwerp's role as a trusted partner for African diamond-producing countries. This is demonstrated by visits to the Antwerp diamond industry from four African leaders over the past two years. In 2018, we welcomed the President of Angola, João Lourenço, and the President of Sierra Leone, Julius Maada Bio. Both leaders turned to Antwerp to facilitate their efforts to reform their respective country's diamond industry to meet the expectations of, and subsequently increase their revenue from the international market. In April of 2019, we welcomed the President of the Central African Republic, Faustin Archange-Touadéra, and in September 2019, it was the turn of the President of the Democratic Republic of the Congo, Félix Tshisekedi, who visited Antwerp in search of a transparent trading partner.

In 2018, the European Commission was the Chair of the Kimberley Process (KP). The AWDC is an active participant in the World Diamond Council (WDC), the voice of the diamond industry within the KP. The 2018 KP Plenary did not introduce the substantial reform the AWDC had hoped for, but set the stage for India's chairmanship in 2019, the final year of the KP reform cycle. The KP Plenary Meeting was held in November 2019, and while progress was made on certain issues, such as the Peer Review Mechanism and the Permanent Secretariat, Belgium and the Antwerp diamond industry came away disappointed. The most important and at the same time most contested discussion concerning the expansion of the definition of 'conflict diamond' entirely stalled. After the KP's three-year reform cycle, no significant progress was made on this issue.

Despite this major disappointment, one should not forget that the reform agenda underway since early 2017 concerned more than the discussion about the expansion of the definition of conflict diamonds. For instance, efforts were made to professionalize and deepen the KP. In this regard, the subgroup for the establishment of a Permanent Secretariat received five expressions of interest from countries to accommodate it. In future, a single Permanent Secretariat that builds upon the work of the current Administrative Support Mechanism, currently located with the AWDC, will be better able to ensure that countries more strictly observe their KPCS obligations and will have to be a strong voice for the good work that the KPCS delivers.

The Peer Review Mechanism within the Working Group on Monitoring also made progress. For instance, the System of Warranties (SoW), a self-regulation mechanism established by the WDC and then expanded in 2018, is recognized by the KPCS as part of the verified internal control mechanisms on the diamond industry. This means, on the one hand, that the KP recognizes the

WDC's SoW; on the other hand, governments are encouraged to oversee their own industry concerning the application of this SoW. Furthermore, this system of self-regulation also offers guarantees, alongside the current scope of the KP, to other international conventions concerning human rights, labor conditions, anti-corruption and anti-money laundering.

Another significant development in 2019 concerning the debate on responsible supply chains and reducing risks in the diamond value chain was the introduction by the Responsible Jewellery Council (RJC) of its new Code of Practices (CoP), a clearly defined list of auditable standards for accredited members in the jewelry supply chain. One of the most significant changes to the new CoP is the alignment of the due diligence requirements with the Organization for Economic Cooperation and Development's (OECD) five-step framework on responsible supply chains of minerals from conflict-affected and high-risk areas.

This five-step plan is focused on establishing management systems that can identify and evaluate supply-chain risks, so companies can actively manage and report about them. Following an 18-month round of consultations, a committee of experts in the RJC succeeded in integrating the five-step plan into the diamond value chain. All actors in that diamond chain, including the OECD and AWDC, were represented in this committee and all diamond companies that are members of the RJC must now comply with the plan. It is the express ambition of the AWDC to continue to play a leading role in the establishment of a value chain that guarantees the greatest possible transparency and compliance.

At the end of the day, of course, **attracting new streams of rough diamonds** is a top priority for the AWDC, and cooperation with diplomatic missions remains a crucial component of achieving this objective. As a result of the increasing involvement of governments in diamond mining, the role of Belgian diplomatic missions abroad will only grow in importance. We mentioned above the 2019 visit of the DRC President Félix Tshisekedi; eight weeks after his visit, the first tender in years of rough stones from the DRC – 350,000 carats - was held in the AWDC's tender facility. Ten weeks later, they were back to sell another 500,000 carats and were very pleased with the results.

Rough sales using the tender system is very well established in Antwerp, yet there is room for growth. The system provides access to supply for smaller trading companies excluded from contract sales and is also considered to be the fairest and most transparent system for determining market prices – making it attractive to buyers and sellers alike. It can only be beneficial to promote relationships with junior and mid-tier miners and the tender houses with which they do business, as some of these companies may be undecided as to where they may eventually market their goods if and when they reach production.

To this end, we look forward to the continuation of our fruitful collaboration. We hope you find this document enjoyable and informative.

Ari Epstein
AWDC CEO



Nishit Parikh
AWDC President



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INTRODUCTION

THE ANTWERP DIAMOND INDUSTRY

Antwerp is the main trading centre for diamonds worldwide. In 2019 the total value of diamonds imported to and exported from Antwerp was **37 billion USD**. **Approximately 86% of all mined rough diamonds pass through the city**, and approximately 50% of the diamonds return to Antwerp to be traded after being polished.

Hence, it is no surprise that diamonds account for approximately 4% of Belgium's foreign trade and about **11% of all Belgian exports outside the European Union (EU)**.

The four largest diamond **mining companies** – De Beers, ALROSA, Rio Tinto Diamonds and Dominion Diamond Mines – all have branch offices in our city. Moreover, a large number of smaller mining companies – commonly referred to as junior and mid-tier miners – have chosen to put their products on the market in Antwerp. This ensures that the 1,500 diamond traders registered in Antwerp always have access to the best offer in terms of quality, quantity and diversity. For mining companies, the large concentration of diamond trading companies gives them the opportunity to sell their rough diamonds at the highest market price.

The **critical mass** of goods and traders, as well as facilitating services such as banks, insurance companies, diamond laboratories, high-tech polishing units and specialized transport companies, are an essential asset for Antwerp. Because of the considerable heterogeneity and competitiveness of goods and services, Antwerp can always guarantee the best possible price.

Transparency and compliance form the second pillar of the Antwerp diamond industry and are the domains in which our sector wants to distinguish itself from the other diamond centers. Finally, our diamond city is also a unique melting pot of cultures, where traders from all over the world, regardless of their country of origin or religion, can do business with each other in a politically and economically stable environment.

The Antwerp diamond industry directly employs 6,600 people. Including all indirect jobs, such as those in hotels and restaurants, transportation, and general support services, the Belgian diamond industry accounts for approximately **33,000 jobs**.

ANTWERP WORLD DIAMOND CENTRE

The private foundation Antwerp World Diamond Centre (AWDC) was founded in 2007 as the successor of the Diamond High Council (Hoge Raad voor Diamant vzw). The AWDC's main task is to act as the **official representative for the Antwerp diamond industry** in Belgium and abroad.

The AWDC is an organization created for the industry, by the industry: the Antwerp diamond bourses appoint half of the members of the Board of Directors. The other half are elected every two years by the registered diamond companies.

In addition to its capacity as the official representative of the diamond industry, the AWDC provides numerous services to the sector. The Belgian Federal Public Service (FPS) Economy (Permits) and the FPS Finances (Customs & Excise) collaborate with the AWDC through the **Diamond Office** to provide support for the import and export of diamonds. Certified experts, supervised by the FPS Economy, physically inspect each shipment of loose diamonds that is imported or exported in the EU. They compare, among other things, the documented origin, the weight, classification and value of the goods with the data on the commercial documents.

Furthermore, the AWDC is also responsible for **promoting** the Antwerp diamond industry in a national as well as an international context. This includes setting up group stands or Antwerp diamond pavilions during internationally acclaimed jewelry fairs. Active market prospecting, organizing B2B events at home and abroad and keeping in touch with numerous governments are some of the other tasks of the AWDC. Finally, companies in the industry can also rely on the AWDC for **legal support**, e.g., regarding compliance with legal obligations arising from the anti-money laundering legislation.

On an international level, the AWDC is very actively involved in the **Kimberley Process (KP)** through the World Diamond Council (WDC). Our organization strives for the correct implementation of the KP worldwide with the primary goal of creating a level playing field where all the actors apply the KP rules in the same rigorous way. It does so, for example, by participating in Review Visits on behalf of the WDC to KP countries. Lastly, AWDC invests in various sustainability projects linked to human rights, labor rights, anti-corruption, money laundering issues and the environment.

THE INTERNATIONAL TRADE IN ROUGH DIAMONDS IN 2018-2019

Following a stable year in 2018, in which the performance of every segment of the value chain improved, the diamond industry in 2019 experienced what are expected to be short-term challenges that ultimately caused mining revenues to decline by 25% and midstream revenues to fall by 10%. At least part of the problem was related to an imbalance between supply and demand, fueled by three consecutive years of near-record production of rough diamonds happening at the same time that jewelry retailers were making structural changes to the way in which they handle inventory and acquire polished diamonds from the manufacturers. Add to this a decline in consumer confidence and a rise in online sales, and 2019 turned into a perfect storm.

The diamond industry has been dealing with an oversupplied rough market since mining production jumped 20% - equivalent to 25 million carats – from 2016 to 2017. From 2009 to 2016, the supply of rough diamonds had fluctuated between 120 and 130 million carats annually. In 2017, that output jumped to 151 million carats, and only fell 2% to 148.4 million carats in 2018. The miners nearly maintained that pace in 2019, with estimates for just a 3% decline. Why is this an issue? Because consumer demand, facing geopolitical and macroeconomic tensions, did not keep pace with the increase of rough supply to the market, causing a ripple effect across the supply chain. As a result, midstream manufacturers were left holding polished diamonds they could not sell.

Eventually, Indian manufacturers were forced to scale back their purchases of rough diamonds. It is important to be aware of this development to better comprehend the situation in the rough diamond trade. The trend of the midstream scaling back rough purchases started in the second half of 2018, and in 2019, amid the slowing demand for rough diamonds, manufacturer's inventories started to rise while prices declined by 3-7%. At the risk of oversimplifying, three considerations should be kept in mind here:

- When inventory is high and prices start to decline, holding polished diamonds in inventory is, quite simply, losing money. The devaluation of a company's stock of goods may also impact their ability to acquire additional financing for future rough purchases. The first motivation to stop purchasing rough and sell off stock is hereby established.
- Until recently, Indian manufacturers have had access to financing whether their diamond polishing activities were profitable or not. This has changed. Not only have traditional diamond banks curtailed their exposure to the diamond sector, but Indian banks have adopted a more conservative approach following the poor performance of the Indian financial sector as a whole. Cutters and polishers reduced rough diamond purchases to off-load inventory and improve their cash flow. In 2019, access to affordable financing became even more challenging for midstream players.
- Jewelry retailers have changed the way they acquire diamonds. They have adopted more sophisticated inventory management systems that require them to purchase much less stock than previously as they move to efficient systems of on-demand acquisition and increasing online sales. The knock-on effect is that the midstream is forced to serve as a sort of standing reserve of polished goods for the retail sector.

The result of these developments is that revenues from India's cutting and polishing sector declined by an estimated 10-15% in 2019. Meanwhile, India's net imports of rough diamonds fell by 3% in 2018 and by approximately 30% in 2019. When the COVID-19 pandemic engulfed the world, matters became even worse.

An Indian credit rating agency in April 2020 projected that revenue from India's diamond trade is likely to be the lowest in a decade, projecting sales in fiscal 2021 (April 2020 - March 2021) to drop to \$13-15 billion, which is 21%-32% lower than the ~\$19 billion in fiscal 2020 revenues and 38%-46% lower than the \$24 billion earned in fiscal 2019. With the global pandemic hitting all the major global consumer markets, polished diamond inventories increased by 15-20% in the latest quarter alone. In May 2020, India implemented a month-long voluntary ban on rough diamond imports. Among the analysts recommending this ban as beneficial to the health of the industry was Chaim Even-Zohar, who estimates that the Indian diamond industry is already sitting on \$1.5-\$2 billion of rough diamond inventory, with another \$5 billion in polished ready for sale – making the need for purchasing new rough redundant.

The impact of these developments on the diamond miners, major, mid-tier and small, has been profound. In 2018, the world's leading miners – De Beers and Alrosa – reported respectively a 2% and 9% rise in revenue despite slight declines in the total number of carats sold. The decline in the volume of sales was compensated by the higher average prices achieved for their rough. By the half-way point of 2019, the situation looked drastically different: De Beers recorded a 21% decline in earnings from rough diamond sales as sales volumes fell by 13% and prices by 7%; Alrosa recorded the same percentage decline and a steeper drop in the average price of rough diamonds sold, mainly due to greater demand for lower-quality stones, whose prices were falling. Both companies pointed to the same difficulties: excessive stocks of rough and polished diamonds in the midstream; the difficulties Indian manufacturers were having in obtaining financing; global macroeconomic uncertainties; falling demand for diamond jewelry.

At year's end, despite a modest improvement during the 2019 holiday season, De Beers reported a 25% decline in revenue from rough diamond sales, an 8% decline in volume of carats sold and a 20% fall in rough diamond prices, adding up to their worst year in half a decade; Alrosa also saw its revenue decline by 26% on a 12% decline in the volume of carats sold. Recognizing the precarious situation of diamond manufacturers, both companies granted their contracted buyers greater flexibility on their purchasing obligations, increasing the amount of diamonds they could defer buying until a later date. They did so in lieu of lowering their prices, as both executed a 'price over volume' strategy in managing their supply to the market. Their policy of reducing the supply of rough to the midstream showed their commitment to taking the necessary steps to restore a global supply/demand balance.

The largest miners were not the only ones that felt the impact of the 2019 recession; top-shelf mid-tier miners also felt the pain. Falling prices – with declines of up to 20% in many cases – weighed heavily on them, particularly for those miners that produce a disproportionate amount of small rough stones. Established companies such as Petra Diamonds, Mountain Province and Dominion Diamond Mines, as well as promising upstarts like Firestone Diamonds and Stornoway each face mounting difficulties in the form of rising debt and increasing competition for their market share from laboratory-grown diamond producers. The latter two face perhaps the greatest difficulties: having only reached full production in the past three years, their business models were calculated according to a very different diamond market, to which adjustment is exceptionally difficult. Both obtained financing and built their mines expecting a much higher return for their diamonds; in the depressed market that exists today, they are achieving 40-50% less than anticipated, making it impossible to finance their debt.

While much more can be said in analyzing what has already happened in the rough diamond market, it is also useful to look at what lies ahead, and which trends are emerging. The caveat, of course, is that the coronavirus pandemic has thrown all prior estimates into disarray. It is safe to assume that rough diamond production for the coming year will be exceptionally low, with sales even lower. At this point it is premature to prognosticate on the eventual impact of the pandemic, but even without it, rough diamond supply was projected to start falling in 2021. The main drivers of this decline will be the closure of the Argyle mine in Australia, along with the Victor mine (Canada) and Voorspoed mine (South Africa). A handful of other world-class operations, including the Jubilee mine (Russia) and the Diavik and Ekati mines (Canada) are expected to reduce production. Smaller producers such as De Beers alluvial mines in Namibia and Alrosa's Komsomolskaya mine and Udachniy placers are approaching end-of-life and are expected to close in the next two years.

Current estimates are that rough diamond production may fall from a 2017 high of 151 million carats to approximately 135 million carats in 2021-22 and possibly down to 125 million carats by 2025, though these estimates depend on several variables. The only major mining development on the horizon is the Luaxe project in Angola, which is jointly owned by Alrosa and Angolan state-run company Endiama and could be one of the largest deposits in the world, with approximately 350 million carats and estimated annual production of 10 million carats a year by 2026. Alrosa had anticipated the recovery of one million carats by mid-2020, but that is on hold due to the pandemic.

Aside from Luaxe, there are only two other near-production operations: Stellar Diamonds/Newfield Resources' Tongo Diamond Project in Sierra Leone, which contains at least 7.4 million carats (possibly double that) and is slated to produce 200,000 carats of high-quality rough annually by 2021, which it will market entirely in Antwerp; and Alrosa's Zarya project in Russia, which also expects to reach full production by 2021. The Zimbabwe Consolidated Diamond Company says it expects to ramp up output to about 10 million carats annually from its current level of just over 3 million carats, but it is best to take a 'wait-and-see' approach. It is also uncertain what Alrosa plans to do with the Mir mine, which shut down after a tragic accident in 2017. At the time of the accident, Mir was producing over 3 million carats annually. Alrosa plans to take a decision in 2024 after conducting a thorough feasibility and safety assessment. Should they decide to rehabilitate the huge mine, the process will take an estimated 6-8 years.

Concerning diamond jewelry demand and its connection with rough diamond output, it has long been anticipated that diminishing rough diamond supply coupled with growing global GDP and the increased purchasing power of the middle class in economies such as China and India will generate a positive long-term forecast for the diamond industry. This seems true in the abstract, but several developments deserve watching. Consumers, and particularly Millennials and Generation Z consumers, desire greater transparency and will gravitate to companies that can ensure that the diamonds they buy are sourced responsibly and produced sustainably. Investors as well will demand assurances that supply chains operate in a socially- and environmentally-sustainable manner. Failure to meet these expectations could either lead to consumers turning more strongly to laboratory-grown diamonds or turning away from diamonds as a product altogether. It is therefore the industry's responsibility to respond to their expectations.

Several developments in this regard are promising. The industry has recently developed and is beginning to roll out 'mine-to-market' traceability and transparency initiatives with participation from producers, retailers and grading labs. The initiatives aim to distinguish and enhance the perceived value of natural diamonds over synthetic diamonds by adding a provenance story to the natural diamond product while also fostering consumer trust in the industry's supply-chain practices.

De Beers has invested in a blockchain-based platform called Tracr to establish the provenance and traceability of rough diamonds; they have been joined in this initiative by Alrosa as well as retailers Chow Tai Fook and Signet. Lucara Diamond is rolling out a new platform called Clara, which uses blockchain and diamond mapping technology to match rough stones with polished output on a stone-by-stone basis in an attempt to reinvent the way rough diamonds are sold. Iconic retailer Tiffany & Co. is now providing 'geographical sourcing information' on all its diamonds of 0.18 carats and above, promising to only source diamonds of known provenance and including detailed manufacturing information.

More broadly, mining companies are introducing programs to minimize their negative environmental impact and promote social welfare. The Diamond Producers Association – the representative organization of seven of the world's largest diamond producers – in 2019 released its first independent research report on its members' impact on local communities, employees and the environment. The report, titled "The Socioeconomic and Environmental Impact of Large-Scale Diamond Mining", is the first comprehensive analysis of the contributions of DPA Members, examining socioeconomic and environmental benefits and impacts.

Every effort, including robust funding to increase category marketing for natural diamonds, will be needed to safeguard the industry's market share from laboratory-grown diamonds. The current

supply of LGDs specifically produced for use in jewelry is estimated at about 5-7 million carats of rough diamonds annually, yielding 1.8-2.6 million carats of polished diamonds. However, this figure is forecasted to grow at over 20% annually over the next several years, while the cost of production continues to decline. Detection of synthetic diamonds has always been a key priority, but the line of defense has extended to nomenclature and terminology: it is critical that natural diamonds not only remain separate from synthetics, but also distinguished from them in terms of value.

Despite guidelines provided by the Federal Trade Commission (FTC), which are based on ISO 18323, some synthetic-diamond producers continue to intentionally use deceptive terminology – such as ‘cultivated’, ‘real’, ‘cultured’, ‘above-ground’ or ‘alternative’ – to mislead consumers. Lacking an enforceable legislative framework, however, there is no way to ensure that consumers are able to make informed choices and avoid any deceptive purchases.

A step in the right direction is the October 2019 publication of the new European customs code for synthetic diamonds. This code was introduced into the European combined nomenclature and entered into force on January 1, 2020. It will be applied until January 1, 2022, when the international HS6 customs code will be applied at the European level. This will put a halt to a legal loophole whereby rough diamonds could be illicitly declared as synthetic diamonds, circumventing the Minimum Requirements of the Kimberley Process.

The AWDC argues, however, that this does not go far enough. We urge the EU to transpose the existing ISO 18323 on diamond nomenclature into mandatory and enforceable EU legislation, ensuring consumers will be properly informed and can take a well-informed decision on whether to buy a natural or a synthetic diamond. The new legal framework would aim to differentiate natural from synthetic diamonds by clearly disclosing their respective core characteristics and origin by defining the terminology of each product. We also advocate an obligatory written disclosure of the origin of diamonds sold at the wholesale and resale level. In short: we are in favor of naming, not shaming.

The new legislation should align with the ISO standard. More specifically:

- A diamond comes by definition from the Earth. If not further qualified, a diamond means a natural diamond.
- When selling a synthetic diamond, it is forbidden to use misleading terms such as genuine, natural, precious, cultivated or cultured.
- A synthetic diamond must always be unambiguously defined as synthetic, laboratory-created or laboratory-grown.

Antwerp is home to the largest and most respected diamond trading center in the world. To maintain this respect and the confidence of consumers, we place a premium on transparency and do not want to see it become an endangered species due to the predatory practices of a few unscrupulous dealers. It is therefore imperative to provide effective public information to ensure the integrity of the diamond product.

THE KIMBERLEY PROCESS AND SUSPENDED COUNTRIES

The Kimberley Process (KP) is the international cooperation that governs the rough diamond trade and that severs the link between the sale of rough diamonds and the funding of rebel movements. The KP was established in 2003 and has 85 member states. Belgium is represented in the KP through the European Union (EU). The KP also includes the diamond industry and civil society that have a formal monitoring role within the KP. The AWDC participates in KP activities through the World Diamond Council (WDC). Rough diamonds may only be traded between countries that participate in the KP and each shipment must be accompanied by a KP certificate.

When a country is found to be harboring rebel movements that are funded through the trade in rough diamonds, this country is suspended from the KP, which means the rough diamonds from this country can no longer be imported.

In May 2013, the Central African Republic (CAR) was temporarily suspended by the KP. In July 2015, the KP adopted a supervised phased re-entry program for the CAR, including resumption of diamond exports from production zones deemed compliant. Since November 2016, diamond exports from CAR have under strict KP monitoring been gradually permitted from the sub-prefectures of Berbérati, Carnot, Nola, Boda and Gadzi in the western production zone. Diamonds from the eastern production zone centered around Bria are still embargoed due to a lack of adequate governmental presence and control, active involvement of ex-Seleka militias in the diamond mining areas and continued systemic violence in this area.

CAR had (limited) production in 2019 and is therefore included as a separate country in this report. However, Venezuela has not reported any official production or export to the KP statistical website for 2017, 2018 or 2019, probably due to embargos imposed by the US government, and is therefore not discussed in the present document. In 2018, Gabon became an official member of the Kimberley Process and is estimated to initiate exports in 2020 depending on the COVID-19 development and consequences.

READER'S GUIDE

Unless otherwise indicated, all figures apply to the 2019 calendar year. Values are expressed in US Dollars (USD) as this is the currency used in the global diamond trade. The volume (weight) is expressed in carats (ct).

The production and export figures are taken from the official statistics of the KP. All goods under HS codes 7102.10, 7102.21 and 7102.31 for rough diamonds must indeed bear a KP certificate and trade in these goods is registered and monitored internationally. Due to the fact that Belgium is not an individual member of the KP, but is represented by the EU, this country does not appear in these KP statistics.

After the move of the London branch of mining giant De Beers to Gaborone (Botswana), Belgium (i.e., Antwerp) is in fact the only significant diamond trading center in the EU. It is therefore safe to say that the figures for the EU largely correspond to the figures for Belgium.

Production capacity is an educated medium-term estimate based on information available on the mines and on the geological features of the country.

To capture the importance of the exports of rough diamonds in the exports of all products (cfr. **“Share of rough diamonds in the country’s total export”**), we consulted UN Comtrade and ITC (International Trade Centre) statistics. However, in many cases the KP export data have been compared with the ITC “all products” exports data as the figures for diamonds turned out to be completely out of sync with the KP statistical reports. To flatten out fluctuations, the lowest and highest figure of the last 3 years was recorded.

The import figures for Belgium are provided by the Diamond Office and are based on the country of provenance, referring to the country from which the goods are dispatched to Belgium as stated on the customs clearance declaration. In other words, only direct imports are included. All directly imported goods – regardless of whether for purchase, consignment, refinement or return – are included in the statistics of the Diamond Office.

Goods moved within the EU Single Market do not have to pass through the Diamond Office when arriving in or leaving from Belgium. Diamonds that are first imported in another EU Member State and subsequently sent to Antwerp, are therefore only registered by the Diamond Office when voluntarily presented. However, to complement these direct imports with those that arrive through other EU Member States – indirect imports – the trade statistics of the National Bank of Belgium have been added as well. It should be noted that only purchases, i.e., transactions, are recorded and are country of origin-based.

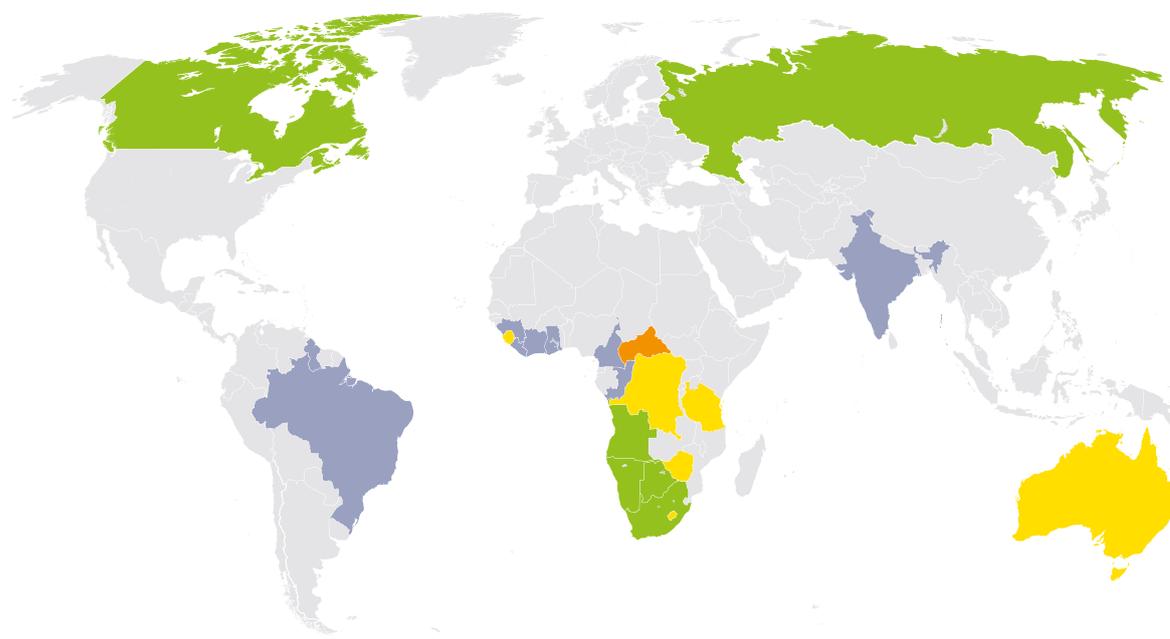
The information on the **relative importance of rough diamonds in the total Belgian import** of goods from a specific country is taken from the trade figures for 2019 according to the community concept of the National Bank of Belgium (**NBB**), and indicate transactions based on the country of origin. Both direct and indirect trade are included. The online application of the National Bank of Belgium trade figures was consulted in September 2019.

For a number of frequently used terms and concepts, the reader can consult the glossary at the back of this document.

CLASSIFICATION

Diamond-producing countries have been classified into three groups based on the production of rough diamonds expressed in their monetary value. The average value per carat, the market share of the exports to the EU and the share of rough diamonds in the total Belgian imports for a given country are indicated per country.

	Country	Production, Value (US\$)	US\$ / Ct	Exports, Share to EU	Share rough diamonds in total Belgian imports	
Large producer (> 500 million USD/year)	Russian Federation	3,983,226,836	92.29	58%	25%	
	Botswana	3,534,741,705	145.00	23%	92%	
	Canada	2,097,723,338	90.44	46%	12%	
	South Africa	1,228,346,438	123.97	22%	13%	
	Angola	1,223,725,185	145.53	3%	93%	
	Namibia	1,125,198,529	469.36	11%	20%	
Medium-sized producer (50 to 500 million USD/year)	Lesotho	377,263,476	291.48	100%	100%	
	Zimbabwe	209,977,430	64.51	83%	7%	
	Australia	181,320,596	12.89	96%	0.3%	
	Sierra Leone	157,063,757	211.79	42%	47%	
	Congo DRO	136,125,280	8.31	31%	49%	
	Tanzania	81,653,849	211.73	98%	38%	
	Brazil	54,942,694	218.95	4%	2%	
Small producer (< 50 million USD/year)	Liberia	31,870,136	401.77	37%	68%	
	Guinea	17,982,006	61.43	37%	13%	
	Guyana	11,219,036	180.63	74%	15%	
	India	8,486,262	215.12	56%	4%	
	Congo (Republic of)	2,068,227	43.47	0%	0%	
	Ghana	1,836,877	34.29	56%	1%	
	Cameroon	472,829	261.91	36%	0.04%	
	Côte d'Ivoire	330,024	58.13	12%	0.03%	
	CAR	307,597	22.66	6%	41%	
	China	40,000	404.04	12%	0.03%	
	Total		14,465,922,107			



LIST OF 50 LARGEST DIAMOND MINES

Nr	Mine	Location	Production 2019 Carats	Production 2019 Million USD
1	Jwaneng	Botswana	12,000,000	2,443
2	Orapa	Botswana	11,000,000	1,033
3	Jubilee	Russia	6,500,000	943
4	Debmarine	Namibia (offshore)	1,400,000	767
5	Catoca	Angola	6,600,000	705
6	Diavik	Canada	6,700,000	699
7	International	Russia	2,900,000	624
8	Gahcho Kué	Canada	6,800,000	512
9	Nyurbinskaya	Russia	4,900,000	501
10	Ekati	Canada	5,300,000	387
11	Udachnaya	Russia	3,700,000	386
12	Almazy-Anabara Placers	Russia	5,100,000	383
13	Marange	Zimbabwe	4,100,000	334
14	Butuobinskaya	Russia	4,100,000	317
15	Grib	Russia	4,400,000	282
16	Letšeng	Lesotho	116,000	252
17	Venetia	South Africa	2,000,000	246
18	Arkangelskaya/Karpinskogo 1	Russia	3,900,000	216
19	Verkhne-Munskoe	Russia	1,800,000	211
20	Karowe	Botswana	315,000	189
21	Mirny Placers	Russia	890,000	186
22	Renard	Canada	1,950,000	185
23	Cullinan	South Africa	1,655,000	182
24	Victor	Canada	421,000	165
25	Finsch	South Africa	1,635,000	155
26	Murowa	Zimbabwe	1,200,000	150
27	Argyle	Australia	12,000,000	146
28	Nyurba placers	Russia	1,400,000	143
29	Aikhal	Russia	2,700,000	132
30	Namdeb	Namibia	250,000	130
31	Koidu	Sierra Leone	400,000	122
32	Zarnitsa	Russia	710,000	120
33	Kimberley (Tailings)	South Africa	970,000	109
34	Kao	Lesotho	230,000	94
35	Williamson	Tanzania	335,000	85
36	Komsomolskaya	Russia	350,000	85
37	Somiluana	Angola	135,000	74
38	Liqhobong	Lesotho	750,000	53
39	Braúna	Brazil	220,000	46
40	Letlhakane	Botswana	400,000	41
41	Koffiefontein	South Africa	80,000	40
42	Lulo	Angola	20,000	27
43	Damtshaa	Botswana	250,000	24
44	Mothae	Lesotho	21,000	16
45	Merlin	Australia	35,000	11
46	Udachniy Placers	Russia	120,000	11
47	Namaqualand	South Africa	80,000	11
48	Krone-Endora	South Africa	50,000	8
49	Kareevlei	South Africa	13,000	5
50	Trans Hex	South Africa	8,000	4
Total				14,913
Artisanal production				
		DRC (incl. MIBA)	17,000,000	138
		Angola	2,200,000	459
		Others	1,000,000	87
Total			22,400,000	558
Total Global Production			142,144,000	14,677

Source: "Zimmisky"

ANGOLA

- Large producer (classification)
- 5th largest producer (in value)
- Increasing production of medium-high quality diamonds
- Production and trade are state-dominated
- Currently limited direct exports to EU
- Great potential

FACTS

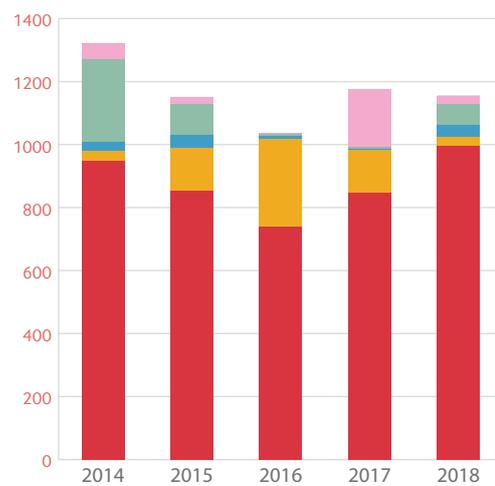
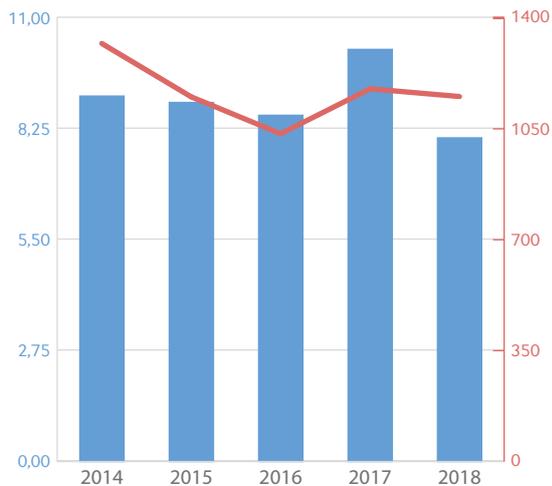
GENERAL FIGURES



- **Production:**
8.4 million ct (1.2 billion USD)
- **Ranking:**
#7 (volume) and #5 (value)
- **Share of global production:**
5.71% (volume) and 8.47% (value)
- **Average value of production:**
between 120 and 150 USD/ct
- **Production capacity:**
10-12 million ct/year (1.3-1.9 billion USD/year)
- **Share of rough diamonds in the country's total exports (last 3 years):**
between 2.7% and 3.7%

PRODUCTION 2013-2017

Million ct | Million USD



EXPORT 2013-2017

Million ct | Million USD

EXPORT DISTRIBUTION

United Arab Emirates | Israel
European Union | Switzerland
People's Republic of China | Rest of World



PRODUCTION

- Alluvial and kimberlite deposits. 25% artisanal and 75% industrial production (open-pit mining).
- The average quality of diamonds is high, especially in the case of alluvial production.
- The **Catoca** mine (as from end of 2018: 41% Endiama, 41% ALROSA, 18% LL International Holding (China Sonangol)) is the 3rd largest diamond mine in value in the world (produced 8.4 million carats, at an average price per carat of 110 USD), represents 80% of the official production of Angola and has an expected lifespan of at least 15 years. In December 2018, Catoca's Director General Paulo Benedito announced an extra investment of 330 million USD in the Catoca mine.
- The **Cuango** mine (Endiama, ITM Mining & Lumanhe) is the most important alluvial mine in Angola.
- The **Lulo** mine (40% Lucapa Diamond Corporation, 33% Endiama and 27% Rosas e Petalas SA) is an alluvial mine that started commercial production in January 2015. Lulo's value has increased significantly following the discovery of five diamond-bearing kimberlites within the concessions and the presence of large and colored diamonds (fancy colors). In February 2016, Lucapa discovered the largest diamond ever recorded in Angola, a 404-carat white gem. According to Lucapa's reports of March 2019, overall sales of Lulo diamonds reached 141 million USD at an average price per carat of 2100 USD. In June 2019, Lucapa announced the launch of the next exploration phase to locate the kimberlite source of these high-value alluvial diamonds.
- There is also the **Somilulana** alluvial mine (33% Trans Hex, 39% Endiama and 28% local companies). Carat production for 2019 is estimated to be in the order of 145,000 carats.
- The new **Luaxe** project in the province of Lunda Sul, managed by a joint venture between the Russian miner ALROSA and Endiama, will result in the opening of a new kimberlite mine comparable to Catoca or even Argyle (Australia). The Luaxe deposit is considered one of the most promising in terms of production volumes. Geological research shows a potential of 350 million carats and a mining lifespan of 30 years, with the potential to produce over 10 million carats annually at an estimated total value of US\$35 billion. Catoca, in which ALROSA and Endiama each own 41%, has a 50.5% share in the Luaxe project, and ALROSA will acquire another 8% directly. In December 2019, Alrosa announced that commercial operation is planned for mid-2020.
- In April 2016, the new diamond mine Tcheji (Sociedade Mineira do Tcheji) was inaugurated. They initially expect to extract 3,000 carats of diamonds per month, with estimated revenues of 1.5 million USD, but production would be raised rapidly to 6,000 carats per month.

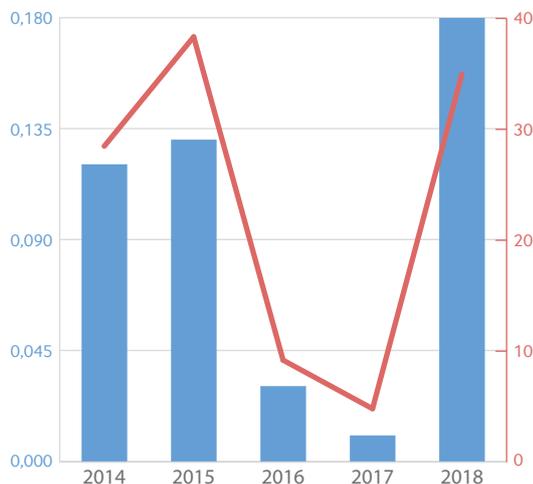
- There are also a number of ongoing exploration projects such as, for instance, the **Dala** alluvial project in Lunda Sul (Gem International Resources). Two additional diamond mining concessions in the Lunda Norte and the Lunda Sul provinces were introduced during an international roadshow which may lead to additional exploration projects.

MISCELLANEOUS

- The state-owned company **Endiama** has exclusive diamond mining rights and has joint ventures with every diamond producer. In July 2019, Minister Diamantino Azevedo, Angola's Minister of Natural Resources and Oil announced that the company will be privatized and its capital will be partially floated on the stock exchange.
- Since the arrival of the new government, Sodiam** (since June 2017 an independent Empresa Publica (Public Company) and no longer a subsidiary of Endiama) lost its monopoly on rough diamond sales, but still acts as the single channel in diamond exports.
- The secretariat of the **African Diamond Producers Association (ADPA)**, that has the role of observer within the KP, is located in Angola.
- In 2015, Angola was the Chair of the **Kimberley Process**.
- In February 2020, the government of Angola posted a tender for independent valuers of rough diamonds, with the capacity to handle Angola's entire national diamond output which, in 2019, reached 9 million carats and 1.3 billion USD. This highlights the country's efforts to bring greater transparency and accountability to the new diamond marketing policy.

IMPORTANCE FOR ANTWERP

RELATIONSHIP WITH ANTWERP



DIRECT IMPORT IN BELGIUM 2013-2017

Million ct | Million USD



DIRECT & INDIRECT IMPORT 2013-2017

Million ct | Million EUR

- Belgian (direct) imports:**
179,393 ct (35 million USD)
- Share of total Belgian (direct) imports of rough diamonds:**
0.19% (volume) and 0.33% (value)
- Share of rough diamonds in the total Belgian imports of goods from Angola:**
92.6% (1st place).

- Since the 2008-2009 crisis, direct exports to Belgium plummeted. However, when indirect imports are included, it has been shown that about 28% of the total Angolan production (in volume) is exported to Antwerp.

OPPORTUNITIES

- ALROSA and Endiama are developing the **Luaxe** kimberlite project in Lunda Sul together. The strong link between the AWDC and ALROSA opens an opportunity for ALROSA to sell its Angolan production from Luaxe and Catoca in Antwerp.
- There are opportunities in Angola for the AWDC to provide **technical support** and, thus, gain better control of artisanal production. For example, a technical capacity building project could be organized in collaboration with or through the Diamond Development Initiative (DDI), which is supported by the Angolan government. The African Diamond Producers Association could be a facilitator of this project and has already expressed its willingness to support such initiatives.
- In April 2016, the Deputy Prime Minister and Minister of Foreign Affairs, External Trade and Development Cooperation, Didier Reynders, visited Angola and discussed diamond-related topics with a number of Angolan officials, including Endiama.
- Sodiam started organizing rough diamond tenders in Antwerp, attempting to sell a small part of the Angolan production on the Antwerp market, so far without success.
- President Lourenço has showed a clear ambition to reform the domestic mining industry. In June 2018, the President visited the Antwerp diamond industry and the AWDC, accompanied by Minister of Mines Diamantino Azevedo. Subsequently, on 27 July 2018 the Presidential Decree n° 175/18 regarding the Diamond Trading Policy (Comercialização de Diamantes) was officially gazetted in the Angolan Diária da República. This document, issued by President Lourenço, elaborates on the new strategy regarding Diamond Marketing and sales of Angolan diamonds, and opens up the possibility for private miners to sell up to 60% of the total production of mining projects on the free market. In May 2019, a delegation from Angola paid a visit to Antwerp as a part of the country's ongoing efforts to restructure and reform the functioning and reputation of its diamond industry, and to learn more on the way Antwerp implements the Kimberley Process. Subsequent to this visit, a memorandum of understanding was drafted between the Angolan government and the Antwerp World Diamond Centre.
- In order to convince Angola of the strengths of the Antwerp market, the AWDC organised a power breakfast in Angola in the margins of the official visit of Deputy Prime Minister Didier Reynders in September 2018. This symposium was attended by Minister of Mineral Resources and Petroleum Diamantino Azevedo, as well as high-level officials from both the Ministry of Mineral Resources and private mining companies.
- In November 2019 the AWDC, represented by its chairman Mr. Nishit Parikh, in cooperation with the Belgian embassy in Angola visited the Angolan Mining Conference and Exhibition 2019 to meet with Angolan President João Lourenço, Sodiam (Mr. Eugénio Bravo Da Rosa) and Endiama (Mr. José Manuel Ganga Júnior) management to discuss the status of the reformation of the Angolan diamond industry and inform them about the benefits of exporting rough diamonds directly to Antwerp.
- In the margins of the KP Intersessional Meeting in Antwerp, the Luanda-based African Diamond Producers Association (ADPA) and AWDC signed a Memorandum of Understanding (MoU) to facilitate their common objectives of improving the image, professionalization and marketing of African diamonds. In this context, AWDC and ADPA will jointly organize the next edition of the African Diamond Conference on the African continent - originally scheduled to take place in May 2020, it has been delayed as a result of the COVID-19 pandemic. Furthermore, the organization of a seminar on the traceability of artisanal diamond production as well as a valuation training for African government valuers are currently being discussed.
- To increase Antwerp's influence in the Angolan diamond market, it would be desirable to have Antwerp-based diamond valuers taking part in the tender for independent valuers to be held in 2020.

THREATS

- There is a heightened risk of **trade mispricing and a lack of transparency** due to the high and still increasing share of production (85%) sold through the United Arab Emirates (UAE). This phenomenon is further facilitated by Sodiam consistently undervaluing and underselling rough diamonds because of the need for a quick financial return.
- In 2015, **Portugal** became an officially recognized EU KP authority. A diamond exchange is being organised in Lisbon in the hope of it becoming the vehicle for imports of Angolan goods in the EU. It is likely that goods will then be traded in Antwerp, but it would be better to import them directly from Angola to Belgium because, that way, the goods could be properly monitored.

CONSIDERATIONS FOR THE DIPLOMATIC POST

Angola is a major diamond producer and its future looks promising. Production and sales are organised by state companies. Even though privatization is on its way, these organizations prefer the UAE as a first sales market. The embassy made an important contribution on several occasions by emphasizing Antwerp's advantages to the state-owned Endiama, Sodiam and President João Laurenço, bringing them into contact with AWDC and following up on the status of the Memorandum of Understanding between the Angolan government and the Antwerp World Diamond Centre.

The Belgian embassy could provide further interesting information about relations between Angola and Portugal and the further development of the diamond exchange in Lisbon.

In November 2018, the Angolan authorities shut down 279 diamonds selling and purchasing houses and cancelled the activity of 122 co-operatives dealing in diamonds exploration, 52 days after the start of the "Operation Transparency". This "Operation Transparency" is intended to fight smuggling, illegal immigration, illegal exploration for diamonds and to put a stop to environmental crimes committed in the ambit of the irregular prospecting of minerals. Informal sources stated that in the ambit of the same operation over 400,000 illegal foreigners who resided in diamond-rich areas (mainly in the east, centre-east, north and northeast of the country) have left the Angolan territory voluntarily, while 14,636 others were repatriated through administrative and judicial processes.

Rio Tinto is planning on investing heavily in Angolan beneficiation and exploration, and in tendering, selling and sorting Angolan goods in Antwerp. It would be advantageous to assist this process wherever we can and follow up on the agreements between Rio Tinto and the Angolan government, providing any assistance to these parties as required.

AUSTRALIA

- Medium-sized producer (classification)
- 9th largest producer (in value)
- Presence of rare and valuable pink diamonds and fancy colored diamonds
- Exports mainly to the EU

FACTS

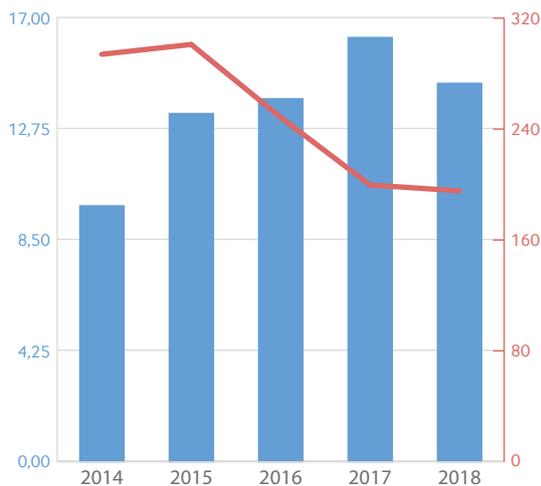
GENERAL FIGURES



- **Production:**
14.1 million ct (181.3 million USD)
- **Ranking:**
#5 (volume) and #9 (value)
- **Share of global production:**
9.56% (volume) and 1.26% (value)
Average value of production:
between 12 and 30 USD/ct
- **Production capacity:**
< 25 million ct/year
(500-875 million USD/year)
- **Share of rough diamonds in the country's total exports (last 3 years):**
between 0.1% and 0.2%

PRODUCTION 2013-2017

Million ct | Million USD

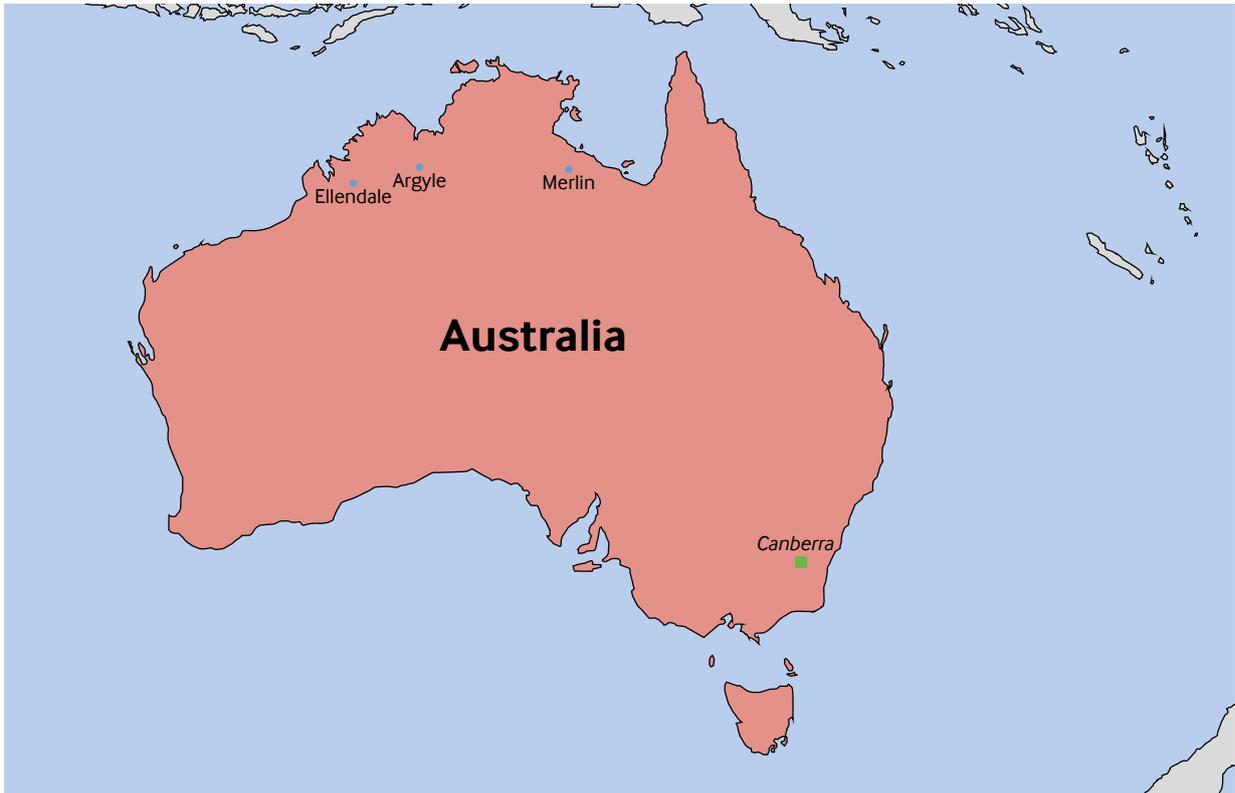


EXPORT 2013-2017

Million ct | Million USD

EXPORT DISTRIBUTION

European Union | Israel | India
United States of America | New Zealand
Rest of World



PRODUCTION

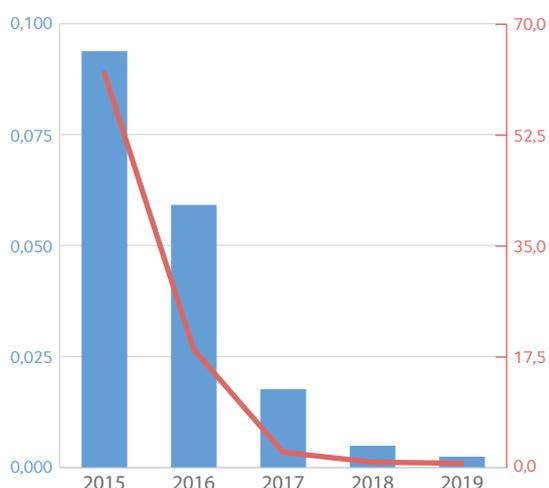
- Industrial mining of lamproite and kimberlite deposits, mainly in Western Australia.
- The Australian production of rough diamonds depends almost entirely on the **Argyle** mine, the world's largest diamond mine (in volume) operated by **Rio Tinto**. Based on Rio Tinto's new estimates – lowered by 66%, solely reflecting the current plan whereas the previous estimate included resources calculated with an underground extension – the Argyle mine is expected to be operational until 2020 only, instead of 2030. 95% of production is of low quality with the exception of the very valuable Argyle Pinks. The latter represent 0.1% of the Argyle production but represent 90% of all pink diamonds in the world.
- The **Ellendale** mine (Kimberley Diamonds) produced typical fancy yellows under a contract with jewelry giant Tiffany & Co. In April 2015, Kimberley Diamonds decided to fully concentrate on the development of their Lerala project in Botswana. Since then, the Ellendale mine has been closed. In August 2018, the government of Western Australia has launched an international bid for investors to reopen the mine and in December 2019, Australian minister of Mines and Petroleum Bill Johnston announced that Gibb River diamonds (formerly known as POZ Diamonds) accepted a new lease to mine at Ellendale.
- The **Merlin** mine (Merlin Diamonds) is a smaller project, known for its valuable, large, very pure and very white diamonds. In September 2016, the Department of Mines and Energy approved Merlin's mining management plan, allowing operations to restart. The first commercial production results were promising. The goods are sold by a tender house in Antwerp since August 2017. In October 2019, all activities at Merlin were ceased as Merlin diamonds was liquidated by Deloitte due to disappointing results, and the Incapacity of paying back the obtained loans.

MISCELLANEOUS

- Lucapa Diamond Corporation** is an Australian diamond company with operations in Angola and Lesotho and exploration activities in Botswana. Lucapa has also taken up the search for yellow diamonds in the West Kimberley lamproite province in Western Australia with a Heads of Agreement to acquire 80% of Leopold Diamond Co.'s Brooking Diamond Project. A drilling program was initiated at the end of 2017. Lucapa reported "remarkable results" from this drilling project in August 2018. In February 2019, Lucapa announced that it has failed to recover enough rough stones with sufficient commercial value from the West Kimberley lamproite province. In 2020, the miner will drill two additional targets it had previously identified and will consider an additional three it discovered from surveys.

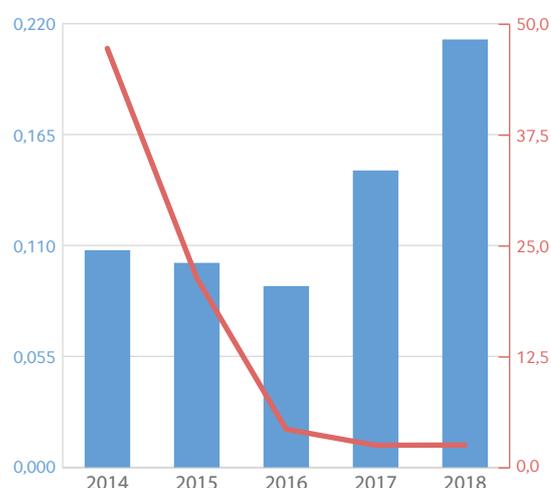
IMPORTANCE FOR ANTWERP

RELATIONSHIP WITH ANTWERP



DIRECT IMPORT IN BELGIUM 2013-2017

Million ct | Million USD



DIRECT & INDIRECT IMPORT 2013-2017

Million ct | Million EUR

- Belgian (direct) imports:**
 2,087 ct 740,568(USD)
- Share of total Belgian (direct) imports of rough diamonds:**
 0.002% (volume) and 0.01% (value)
- Share of rough diamonds in the total Belgian imports of goods from Australia:**
 0.3% (6th place).
- In November 2019, Rio Tinto decided to export the Argyle mine production directly to the Antwerp based Diamond Office as a result of the ongoing Brexit changes and uncertainties. This production was previously routed through London to avoid charges imposed by the Diamond office.

OPPORTUNITIES

- Given the importance of fancy colors (financially and in terms of product range), it is essential that this supply remains in Antwerp.
- Australia plays an active role in the KP. Australia was the KP Chair in 2017.
- The Brexit could possibly mean that more goods from Australian mining companies will be exported directly to Antwerp instead of passing through their London office first. However, it could also possibly mean that Australian mining companies would send their goods directly to India for manufacturing purposes.

CONSIDERATIONS FOR THE DIPLOMATIC POST

Frequent contacts with Rio Tinto are important to ensure that the Head Office of the company's diamond branch remains in Antwerp, and that the company continues to invest in its diamond activities. The diplomatic post could help the Belgian diamond industry by actively monitoring the changes Rio Tinto implemented related to the Brexit.

Australia's active role in the KP should be further supported. The country is an important ally of Belgium and the EU in the development of a sustainable and transparent diamond industry. Australia filled the KP chairmanship in 2017. This offered the opportunity to initiate a few sorely needed reforms. Unfortunately, not many concrete results were achieved.

BOTSWANA

- Large producer (classification)
- 2nd largest producer in value and 2nd in volume
- Production and trade are mainly in the hands of De Beers
- The diamonds are of high to very high quality
- The country presents itself as a potential substitute for Antwerp

FACTS

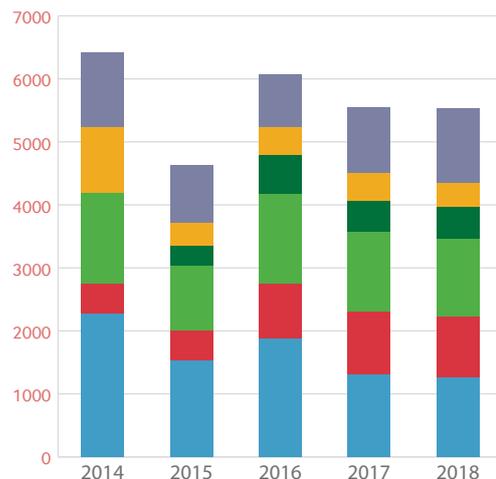
GENERAL FIGURES



- **Production:**
24.4 million ct (3.5 billion USD)
- **Ranking:**
#2 (volume) and #2 (value)
- **Share of global production:**
16.56% (volume) and 24.47% (value)
- **Average value of production:**
between 140 and 150 USD/ct
- **Production capacity:**
20-35 million ct/year
(2.8-5.6 billion USD/year)
- **Share of rough diamonds in the country's total exports (last 3 years):**
between 80% and 94%

PRODUCTION 2013-2017

Million ct | Million USD



EXPORT 2013-2017

Million ct | Million USD

EXPORT DISTRIBUTION

European Union | United Arab Emirates
India | Singapore | Israel
Rest of World



PRODUCTION

- Primarily industrial mining of kimberlite deposits (open-pit and underground mining).
- The diamonds are of high to very high quality.
- **Debswana** (50% De Beers and 50% Botswana government) is the largest producer. The Jwaneng mine is the world's biggest mine in value and produced 24.1 million carats in 2018. In March 2019, Debswana announced the commencement of the Cut-9 project to extend the life of the Jwaneng Mine to 2035, expecting to yield an estimated 53 million carats of rough diamonds.
- Other important mines are **Orapa** (the world's 4th biggest mine in value: produced 7.9 million carats, in 2018), **Lethlakane** and **Damtshaa**. In addition, the Government of Botswana owns 15% of the De Beers Group of Companies shares worldwide. 15% of Debswana's production is sold by Okavango Diamond Company (ODC, see more information below).
- **Lucara Diamond** realized in 2018 a production of 366,086 carats which were sold at a level of 502 USD per carat, originating from the Karowe mine, which belongs to the "Orapa cluster". Karowe has produced an extraordinary number of large gem quality diamonds; recovering 22 individual diamonds from direct milling ore weighing more than 100 carats including 6 greater than 200 carats.. In November 2015, the second largest rough diamond ever was found in this mine, the "Lesedi La Rona", weighing no less than 1,109 ct. This diamond was brought on the market by Sotheby's through the London auction house but remained unsold after failing to reach the reserve price. In September 2017, it was bought by Graff for US\$53 million. The company unearthed another exceptional stone that same month: "The Constellation", weighing 813 carats and is the world's most expensive rough diamond. Swiss luxury jeweler De Grisogono bought it in September 2016 for US\$63 million. In April 2019, Lucara announced the discovery of the 1,758 carat Sewelô diamond, the second largest mined diamond ever found and beating the 472-carat brown diamond and 327 carat top white gem diamond which were discovered in 2018.

- **Gem Diamonds** was developing the Ghaghoo underground mine in Central Kalahari. However, with the substantial fall in the prices of its diamonds (from 210 USD per carat in 2015 to 142 USD per carat in 2016) and with the focus on profitable production, in 2017 this mine was put on 'care and maintenance'. In June 2019, the mine was finally sold to Pro Civil, a local company for 5.4 million USD.
- In May 2018, the **Lerala** mine was sold for 8.1 million USD through an online auction. The buyer has not been disclosed.
- In November 2018, junior miner Botswana Diamonds acquired Alrosa's 50% share in the Sunland minerals project. Drilling was started in 2019.
- A number of other exploration projects are ongoing in Botswana, such as the Malatswae project (Pangolin Diamonds), the KX36 kimberlite discovery (joint venture Petra Diamonds with Manica Minerals) and the BK16 project (Tsodilo Resources Limited).

MISCELLANEOUS

- In 2013, **De Beers Diamond Trading Company (DTC)** permanently and completely moved from London to Gaborone. Production of all the mines of De Beers Group worldwide is collected, sorted and sold in Gaborone to De Beers' long-term clients (sightholders) during what is commonly referred to as "sights". "DTC (Diamond Trading Company) Botswana" sorts and values the entire Debswana production prior to purchase by De Beers and ODC (Okavango). It is the largest sorting and valuation facility in the world. "De Beers GSS (Global Sightholder Sales)" sorts and values the De Beers Canada production as well as aggregates for sale De Beers global production, including the production from South Africa and Namibia (which are sorted locally) and Botswana.
- Following this aggregation, it is difficult to tell which stones exported from Botswana were mined in Botswana.
- The aim of the Botswana government is to make a maximum contribution to the local economy through beneficiation, i.e. the local trading or processing of diamonds. The government has fairly successfully implemented a beneficiation policy for the local diamond industry, albeit a strongly politicized and subsidized one. However, since 2014, the beneficiation policy has been under pressure. Some companies have decided to abandon their less profitable activities in Gaborone because of the deteriorated economic situation in the global diamond industry.
- In June 2019, President Mokgweetsi Masisi opened negotiations with Lucara Diamond Corp. for the government to buy and own shares in the company. Ironically, the government of Botswana used to have an indirect stake in Karowe Diamond Mine, previously named AK6 project. According to Masisi, Lucara has made five times more profit than they spent buying the Karowe Diamond mine.

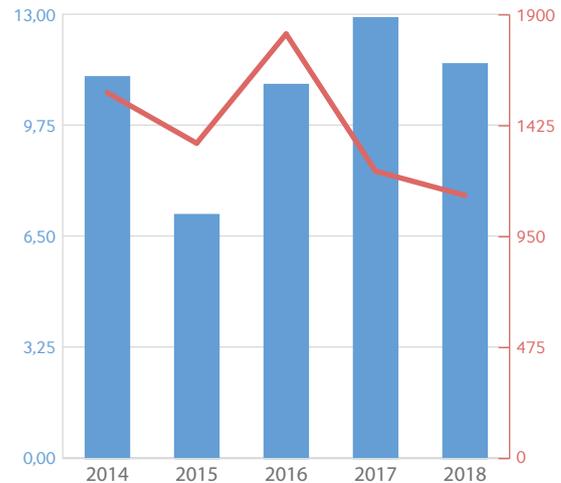
IMPORTANCE FOR ANTWERP

RELATIONSHIP WITH ANTWERP



DIRECT IMPORT IN BELGIUM 2013-2017

Million ct | Million USD



DIRECT & INDIRECT IMPORT 2012-2016

Million ct | Million EUR

- **Belgian (direct) imports:**
11.2 million ct (1.2 billion USD)
- **Share of total Belgian (direct) imports of rough diamonds:**
12.07% (volume) and 11.47% (value)
- **Share of rough diamonds in the total Belgian imports of goods from Botswana:**
92% (1st place)
- Direct imports have skyrocketed since De Beers moved their “sights” to Gaborone, causing the imports to be recorded by the Diamond Office as coming from outside the EU. Before the relocation, this was not the case because goods imported or traded through London, before being sent to sight holders in Antwerp, were treated as intra-Community movement of goods and were not visible in the statistics.
- Imports from Botswana consist primarily of “mixed origin” goods from different mines from De Beers in Botswana, South Africa, Namibia and Canada.

OPPORTUNITIES

- Since 2014, Okavango Diamond Company (ODC), 100% owned by the government of Botswana, has a sales option on 15% of the Debswana production. Okavango is researching possibilities to sell goods in international diamond centers through the “dual tender” or sight procedure. In July 2016, they organised for the first time a dual tender in Mumbai. AWDC invited them to also organize a dual tender in Antwerp. As stated above, the current negotiations between De Beers and Botswana might increase the production share allowed to be sold by ODC.
- Junior miners and mid-tier miners in Botswana offer sale opportunities for Antwerp. They will always look for the best market with the highest chance of the best prices, and often make use of tenders in order to sell their production.
- In September 2017, the 11th international Kimberlite Conference 2017 was held in Gaborone.

THREATS

- Gaborone presents itself as a potential substitute for Antwerp and could eventually become a competitor. The possible development of a trading center for rough diamonds is just one of the possibilities here.
- Beneficiation in Botswana poses a threat since it causes part of the rough diamonds to be processed in Gaborone. As a result, it cannot be traded in Antwerp. However, Botswana currently has approximately 5 larger and 11 smaller diamond cutting and polishing factories that are operational.
- The expansion of the global synthetic diamond market poses a threat to the economy of Botswana, which depends on the mining and sale of natural diamonds.

CONSIDERATIONS FOR THE DIPLOMATIC POST

Active contacts with junior miners and mid-tier miners, as well as with Okavango Diamond Company of course, are very important. They must be convinced that Antwerp is still the most attractive market for the direct sale of rough diamonds. Sufficient attention should also be paid to companies approached by Botswana in their attempts to persuade them to establish their central marketing mechanism in Gaborone.

Close attention must be paid to possible changes in the attitude of the government of Botswana with regards to the beneficiation policy.

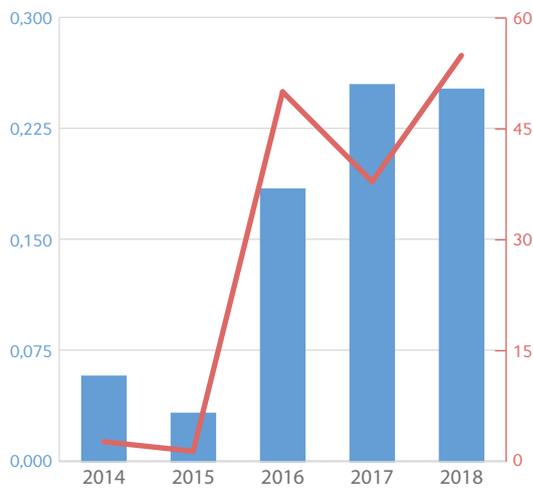
At the end of 2017, AWDC organized the “African Diamond Conference”. In this framework, a study was conducted with regard to the threat of synthetic diamonds for diamond producing countries. Based on this study, it appears that Botswana is one of the countries which might be most impacted, due to the importance of natural diamonds to their economy. Hence, Botswana could become an ally of the diamond industry by supporting a better (international) legal differentiation between lab-grown diamonds and natural diamonds. A second study will be finalized during the first quarter of 2020 and will be presented at the second African Diamond conference which will be held at Durban, South Africa which was postponed to early 2021 due to Covid-19 implications.

BRAZIL

- Small producer (classification)
- 13th largest producer (in value)
- Exports mainly to the United Arab Emirates (80%)
- Production of fancy colors

FACTS

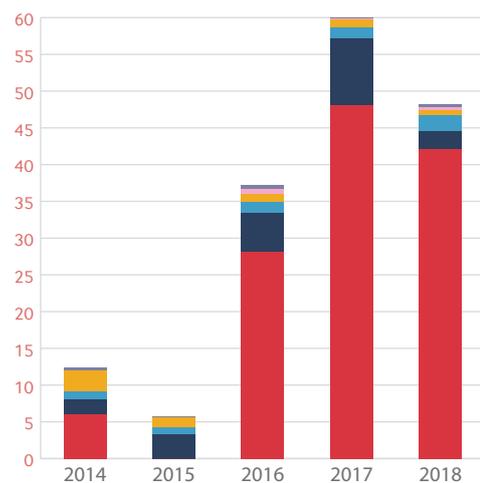
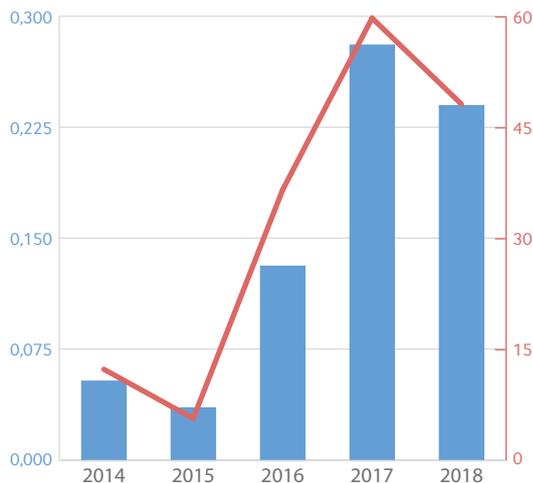
GENERAL FIGURES



- **Production:**
250,940 ct (55 million USD)
- **Ranking:**
#14 (volume) and #13 (value)
- **Share of global production:**
0.17% (volume) and 0.38% (value)
- **Average value of production:**
between 40 and 275 USD/ct
- **Production capacity:**
0.5 - 1 million ct/year (22 – 44 million USD/year)
- **Share of rough diamonds in the country's total exports (last 3 years):**
between 0.020% and 0.027%

PRODUCTION 2013-2017

Million ct | Million USD



EXPORT 2013-2017

Million ct | Million USD

EXPORT DISTRIBUTION

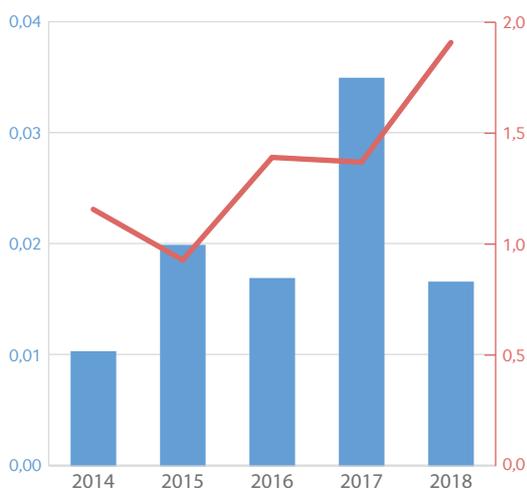
United Arab Emirates | United States of America
European Union | Israel
People's Republic of China | Rest of World

PRODUCTION

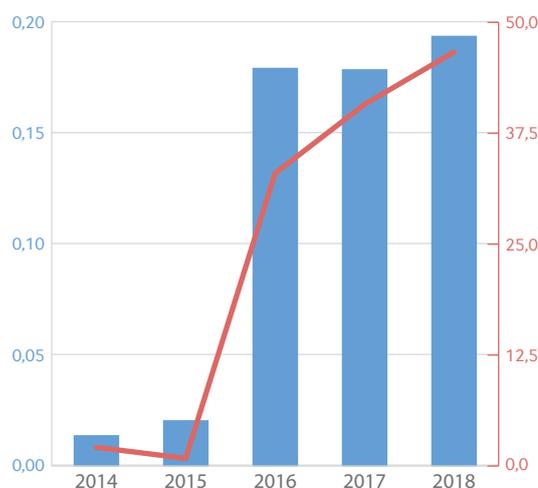
- Mainly artisanal and semi-industrial production from alluvial and kimberlite deposits.
- **Lipari Mineração** developed the **Braúna** project in Bahia together with financiers from Antwerp. Production for the feasibility study was sent for valuation to Belgium in 2015. The average value of these kimberlite diamonds is typically lower than that from alluvial deposits. Braúna is South America's first kimberlite diamond mine. It is a traditional kimberlite mine that will evolve from open-pit mining to underground mining. In 2016, commercial production started, and the first tender was organized in September 2016 in Antwerp. In 2017, the company achieved an average price of USD 201 per carat and saw this jump to USD 220 per carat in 2018. Production at Braúna began in July 2016 with 230,941 carats discovered in 2017. At the moment, the production ends up entirely on the Antwerp market. However, initially the goods are exported to Dubai for fiscal reasons before they are exported to Belgium.
- **Five Star Diamonds**, a Canadian mining company listed on the TSX Venture Exchange, decided to change the name of the Company to Aranjin Resources Ltd In December 2019. The company owns a 100% interest in five diamond projects, all of which are located In Brazil: Catalao, Riachao, Maravilha, Verissimo and Alecrim. All projects, including the Jaibaras project are on hold due to a lack of funding.
- In the past, the region around Diamantina (Minas Gerais) yielded many fancy colors.

IMPORTANCE FOR ANTWERP

RELATIONSHIP WITH ANTWERP



DIRECT IMPORT IN BELGIUM 2013-2017
1000 ct | Million USD



DIRECT & INDIRECT IMPORT 2013-2017
1000 ct | Million EUR

- **Belgian (direct) imports:**
16,445 ct (1.9 million USD)
- **Share of total Belgian (direct) imports of rough diamonds:**
0.02% (volume) and 0.02% (value)
- **Share of rough diamonds in the total Belgian imports of goods from Brazil:**
1.9% (13th place).

OPPORTUNITIES

- **Lipari Mineração** (Bahia), with a Belgian investor providing 50% of the capital, is a new opportunity. The production of this mine, however, is often not directly exported to Antwerp.
- Thanks to a seminar organized by AWDC in collaboration with the Belgian Embassy in Brazil, the KP has caught the interest of the Brazilian authorities.
- In 2016, the AWDC organized a follow-up **training workshop** in Brazil for 14 Brazilian officials and custom officials. The training focused specifically on secure and efficient implementation of the requirements of the KP so mining companies will not be restrained by current administrative worries and delays. Another part of the project is to pass on to officials the needed practical expertise so they can analyze the rough diamonds produced in Brazil adequately and estimate their value. Renewing the interest in the diamond industry through new initiatives following the 2018 elections might be advantageous for the development of bilateral relations in the diamond industry.
- The rough diamonds from all new projects of **Five Star Diamonds** should be sold in Antwerp. Unfortunately, due to a lack of financing, the production was brought to a halt.
- Currently, it takes between two and four weeks to obtain a Kimberley Certificate. Antwerp could share its expertise on the KP implementation to facilitate the process, generating even more interest from the Brazilian government and the local diamond industry.

THREATS

- Without the development of new major mining projects, Brazil's importance remains low.
- There is distrust in the Brazilian government regarding diamond mining because they fear it poses a risk to their reputation, which could have an impact on other mining sectors such as iron and other non-ferrous metals. Therefore, all implemented control measures are primarily intended to avoid bad publicity, not as a lever for growth.
- Security remains a big concern. In January 2017, more than twenty heavily-armed men broke into the Braúna property. They opened the safe using explosives. The criminals left in several cars and took five hostages, who were later released on a country road. These incidents might deter international investors from developing mining projects in Brazil.

CONSIDERATIONS FOR THE DIPLOMATIC POST

The current regulatory framework in Brazil is not conducive to the exploration, production and export of rough diamonds. Therefore, we must first of all convince the Brazilian authorities of the need for a properly operating KP in their country, and of the potential income from national diamond production. In this respect, the diplomatic post could provide support by verifying whether it still takes 90 days to obtain a KP Certificate.

Furthermore, we must be vigilant that the Brazilian authorities do not take measures that could be discouraging for the diamond industry. There was the matter of raising the royalties or export fees on rough diamonds. This would ruin the local diamond industry and would stem budding growth.

In the framework of the project in Lipari Mineração, a good relationship between the Belgian, European and Brazilian KP authorities is important, to make sure trading happens quickly and transparently.

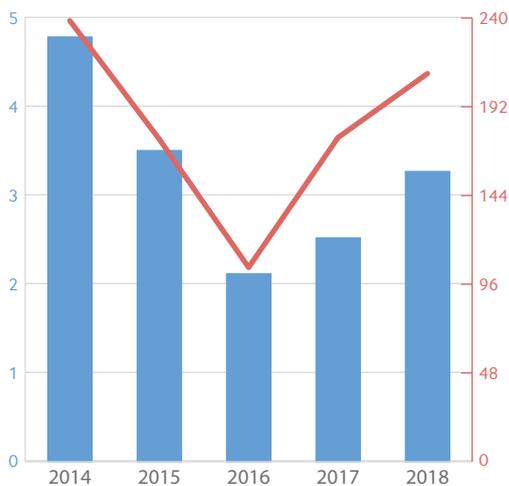
Thanks to a “KP awareness” seminar organized in 2015 (by AWDC, in cooperation with the Belgian Embassy in Brazil) and a rough diamond course including a KP seminar in 2016 (for Brazilian civil servants and customs officers, to make them familiar with practical methods), the interest of the Brazilian authorities in the KP awakened and they seem to have become more active in KP working groups. The newly elected Brazilian government might be more open to attract the investment climate. Therefore, developing close bilateral relations in the mining industry could be beneficial to attract more Brazilian rough diamonds to the Antwerp market.

CAMEROON

- Small producer (classification)
- 20th largest producer (in value)
- Production is artisanal mining of small alluvial deposits
- Diamond smuggling out of CAR is a threat

FACTS

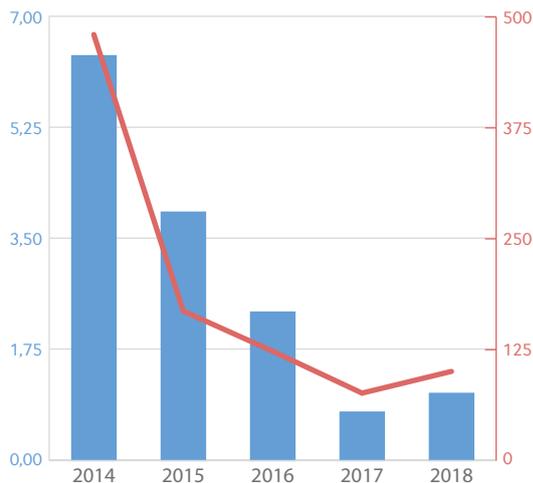
GENERAL FIGURES



- **Production:**
1,805 ct (0.5 million USD)
- **Ranking:**
#22 (volume) and #20 (value)
- **Share of global production:**
0.001% (volume) and 0.003% (value)
- **Average value of production:**
between 170 and 530 USD/ct
- **Production capacity (*):**
< 5,000 ct/year (0.8-1.25 million USD/year)
- **Share of rough diamonds in the country's total exports (last 3 years):**
between 0.003% and 0.014%

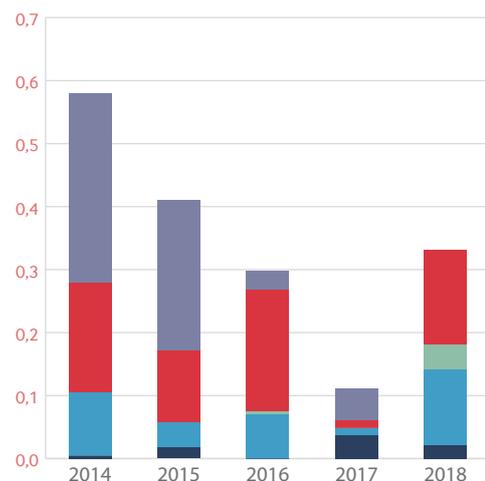
PRODUCTION 2013-2017

1000 ct | Million USD



EXPORT 2013-2017

1000ct | million USD



EXPORT DISTRIBUTION

United States of America | Canada
European Union | Switzerland
United Arab Emirates | Rest of World

(*) The KP has capped the production capacity of Cameroon at approximately 5.000 carats per annum.

PRODUCTION

- Artisanal production from alluvial deposits along the Southeast border with CAR.
- The **Mobilong Diamond Mine** (Yokadouma - East Province) was the only (semi-) industrial mine for open-pit mining in deep alluvial deposits. It was owned and operated by Cameroon and Korea Mining Inc. (50% government of Cameroon and 50% Korean investors). Legal and commercial issues together with an absence of positive operational results have resulted in the closure of the mine.

MISCELLANEOUS

- The government is said to be working on beneficiation legislation that would allocate about 15% of production to local processing. It is uncertain whether this is a sound strategy as Cameroon does not have sufficient expertise, nor enough production.

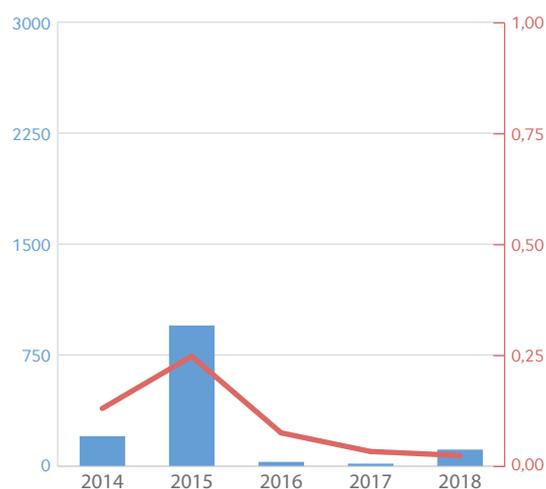
IMPORTANCE FOR ANTWERP

RELATIONSHIP WITH ANTWERP



DIRECT IMPORT IN BELGIUM 2013-2017

ct | Million USD



DIRECT & INDIRECT IMPORT 2013-2017

ct | Million EUR

- Belgian (direct) imports:**
225 ct (117.550 USD)
- Share of total Belgian (direct) imports of rough diamonds:**
0.0002% (volume) and 0.0011% (value)
- Share of rough diamonds in the total Belgian imports of goods from Cameroon:**
0.045% (14th place).

OPPORTUNITIES

- Cameroon has ramped up its border controls to combat illegal exports of diamonds, especially from the Central African Republic (CAR). This is in line with the KP Administrative Decisions regarding CAR. In November 2019, AWDC gave diamond valuation trainings to government officials to help enhance internal KP monitoring.

THREATS

- The country suffers from a generally negative image due to constant news of diamond smuggling from the CAR that, in turn, poses a potential threat to KP's credibility. Newspaper reports about undercover journalists successfully attempting to certify smuggled diamonds in Cameroon feed this negative perception. As from mid-2016, the CAR resumed diamond exports from its western production zone neighboring Cameroon, three years after they were excluded from the KP.

CONSIDERATIONS FOR THE DIPLOMATIC POST

Further support for the country that only joined the KP in September 2012, but which faces major challenges relating to KP implementation and internal monitoring.

Recommend closer monitoring of diamond smuggling routes from the CAR, as long as the CAR is partially suspended from the KP.

At the end of 2016, there was a review visit to Cameroon in which AWDC, as a member of the WDC, participated.

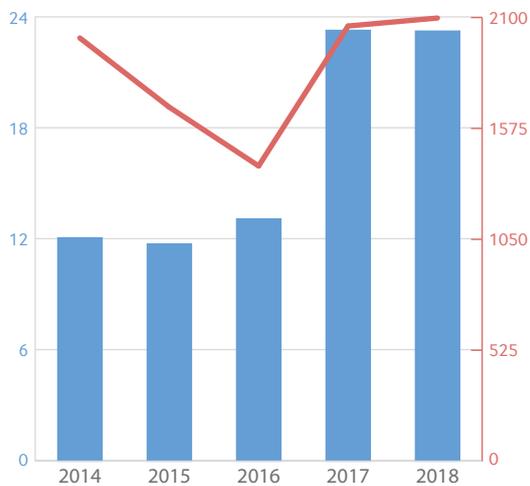
Further contacts with the Minister of Mines, after the country's participation in the first African Diamond Conference, will be useful, in particular with the organization of the next African Diamond Conference in 2021 in mind.

CANADA

- Large producer (classification)
- 3rd largest producer (in value)
- High-quality production
- Great potential
- Exports mainly to the EU

FACTS

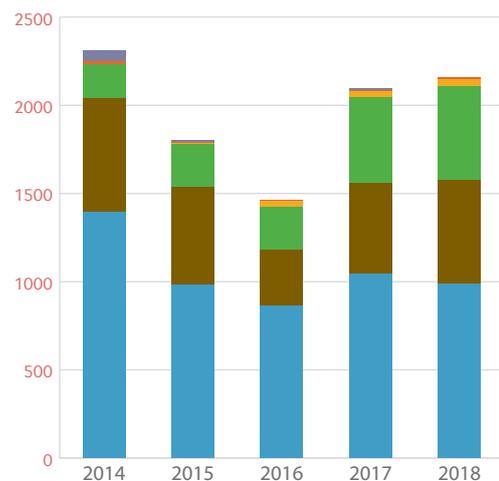
GENERAL FIGURES



- **Production:**
23.2 million ct (2 billion USD)
- **Ranking:**
#3 (volume) and #3 (value)
- **Share of global production:**
15.76% (volume) and 14.52% (value)
- **Average value of production:**
between 90 and 170 USD/ct
- **Production capacity:**
15-20 million ct/year (1.3-1.9 billion USD/year)
- **Share of rough diamonds in the country's total exports (last 3 years):**
between 0.38% and 0.5%

PRODUCTION 2013-2017

Million ct | Million USD



EXPORT 2013-2017

Million ct | Million USD

EXPORT DISTRIBUTION

European Union | Botswana | India
Israel | Vietnam | Rest of World



PRODUCTION

- Industrial mining of kimberlite deposits in open-pit and underground mining. Canadian rough diamonds are high quality.
- **The Ekati mine** is operated by Dominion Diamond Mines, which also operates the Diavik mine, the world's sixth (Diavik) and tenth (Ekati) largest diamond mines (in value), the latter in cooperation with Rio Tinto (60% Rio Tinto and 40% DDC). If the necessary expansions are implemented, both mines should still produce for another 10 years. In December 2015, a 187-carat stone, known as the Diavik Foxtire, was discovered at the Diavik mine and is the largest gem-quality rough diamond on record in Canadian history. The Ekati mine had to be closed for a couple of months after a fire at a processing plant in June 2016. In November 2017, the takeover of Dominion Diamond Corporation by The Washington Companies was finalized, which means that "Dominion Diamond Mines" (new name, instead of Dominion Diamond Corporation) operates as a standalone, private company since then. In May 2018, Dominion announced that the expansion of the Ekati mine would be delayed until studies clearly indicate how profitability can be increased. The plans for the expansion of the mines saw new light early January 2020.
- In cooperation with Mountain Province Diamonds, De Beers built a new mine near Kennady Lake (NWT): the **Gahcho Kué** mine (51% De Beers and 49% Mountain Province). Commercial production officially started in March 2017 and the mine produces around 4.5 million ct (675 million USD) annually. In 2018, these expectations were again surpassed with a total production of 6.9 million carats. The expected lifespan of this mine is 15 years. Mountain Province's cut, equivalent to 49% of the goods, is sold by a tender house in Antwerp.
- In July 2016, processing of ore commenced at the **Renard** Diamond Project in Québec. This new mine is operated by Stornoway Diamonds and was expected to produce an average of 1.6 million carats per year (180 to 230 million USD) over an initial 14-year mine life. The goods have been sold in Antwerp since November 2016. In 2018, Stornoway encountered a USD 246.8 Million loss due to the ramp-up of the Renard 2 underground mine, the processing of low-grade stockpiles, diamond breakage and the low rough diamond price. In September 2019, a group of lenders became the new owners while Stornoway maintains operations. This decision was made after Stornoway diamonds applied to the superior court of Quebec for protection under the company's creditors arrangement act while it restructured its business and financial affairs.

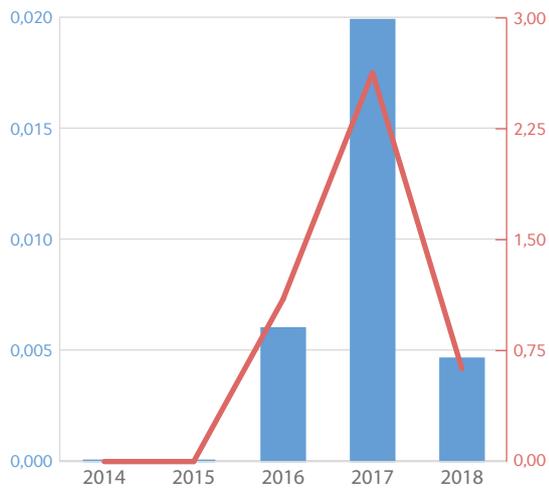
- The **Victor** mine in Ontario and the **Snap Lake** mine in North West Territories (NWT) are owned by De Beers and the entire production is exported to Gaborone (Botswana) where De Beers collects, sorts and sells the diamonds from its mines. In December 2015, De Beers terminated production at the Snap Lake mine as it was no longer profitable. The mine is for sale and since the beginning of 2017 under a 'Care and Maintenance' regime. In April 2019, De Beers submitted its final plan for the Snap Lakes mine closure as the site will still need another decade to be fully decommissioned and may not be fully abandoned to nature until almost 2050.
- Kennady Diamonds, a spin-off of Mountain Province Diamonds, owns the **Kennady North Diamond Project** located in the Northwest Territories immediately adjacent to the Gahcho Kué diamond mine. Exploratory drilling was undertaken in 2016 in order to decide, at the end of 2017, whether the diamond mine will be built. In April 2018, Mountain Province announced the acquisition of Kennady Diamonds.
- Alongside these advanced projects there are other interesting projects, for example:
 - **Star-Orion South** from Star Diamond Corp., an advanced-stage diamond exploration project about 60 kilometers east of Prince Albert (province of Saskatchewan) with an anticipated production of 1.7 million ct. In June 2017, Rio Tinto signed an option agreement positioning it to potentially become the majority owner of this project. In November 2019, Rio Tinto spent approx. USD 70.5 million USD for a 60% stake in the project.
 - **Chidliak** from Peregrine Diamonds (territory of Nunavut) with an anticipated production of 1 million ct. De Beers officially wholly acquired Peregrine Diamonds in September for \$81 million.
- Moreover, there are at least 10 other projects in the prospection or exploration phase.

MISCELLANEOUS

- The **Diamond Bourse of Canada** (DBC) was established in Toronto in 2010. This means that Canada has the intention of becoming a player in the commercialization of diamonds. The Diamond Bourse of Canada is a member of the World Federation of Diamond Bourses. The DBC supports and facilitates the trading of diamonds and gemstones within Canada.
- Dominion Diamond uses **CanadaMark™** to identify Canadian diamonds from the mine to the end consumer. A logo and a CanadaMark™ serial number are engraved on polished diamonds from Diavik and Ekati.

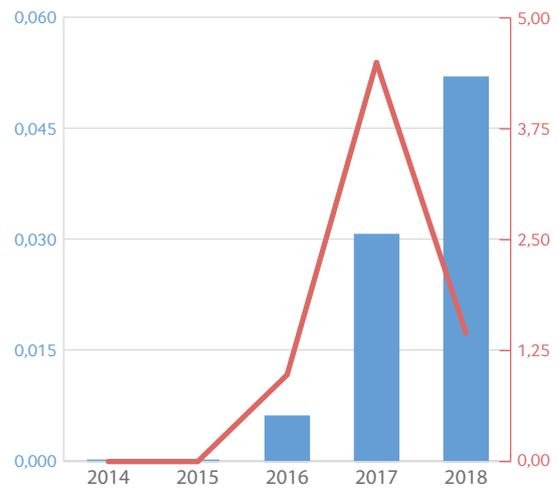
IMPORTANCE FOR ANTWERP

RELATIONSHIP WITH ANTWERP



DIRECT IMPORT IN BELGIUM 2013-2017

Million ct | Million USD



DIRECT & INDIRECT IMPORT 2013-2017

Million ct | Million EUR

- **Belgian (direct) imports:**
1.3 million ct (137 million USD)
- **Share of total Belgian (direct) imports of rough diamonds:**
1.40% (volume) and 1.28% (value)
- **Share of rough diamonds in the total Belgian imports of goods from Canada:**
11.8% (3rd place).
- An important portion of Ekati and Diavik productions originating from Dominion Diamond Mines and Rio Tinto are directly exported to Antwerp since 2019. In the past, these diamonds were transited through the UK to avoid the Diamond Office import and export tax.

OPPORTUNITIES

- As from the end of 2016, **Stornoway** Diamonds sells its entire production through a tender house in Antwerp and continues to do so.
- The mining projects around **Kennady** Lake that are not tied up to De Beers present many opportunities for Antwerp.
- Several junior miners are trying to develop the next generation of Canadian diamond mines based on known research results.
- Taking advantage of the **PDAC Convention** (yearly in March, in Toronto), AWDC visits a number of junior miners in Canada.
- In October 2017, during an economic **mission from the City of Antwerp** to Canada, a visit to the Renard mine was organized. This resulted in the direct export of the Renard mine production to Antwerp.

THREATS

- The Canadian territories hold considerable decision-making power regarding licensing and taxation in the mining industry. Since closing the **Devolution Agreement** with the Federal authorities in April 2014, this is also valid for the NWT.
- The NWT government is supporting **beneficiation** initiatives. For instance, the mines in the NWT have agreed to guarantee access to a percentage of rough stones to Approved NWT Diamond Manufacturers.
- Over the past few years the total import value of direct imports from Canada into Antwerp has decreased despite the increase in total Canadian production. This is because large amounts Canadian goods pass through other countries before ending up on the rough diamond market in Belgium. A significant percentage of these goods is now sorted in India before they end up in Antwerp, due to the significantly lower labor cost. This is an issue which needs to be monitored since it showcases that India is gradually becoming attractive for sorting of rough diamonds (this could impact the business model of Antwerp)

CONSIDERATIONS FOR THE DIPLOMATIC POST

Canada and Antwerp share the same vision regarding strict monitoring and implementation of the KP. Canadian mining companies wish to sell their products on transparent markets and, therefore, often end up in Antwerp.

Direct sales of the production of Diavik (Rio Tinto/Dominion), Ekati (Dominion), Gahcho Kué (Mountain Province), Renard (Stornoway) and a share of the Kennady Lake cluster are of vital importance to Antwerp.

Canada has many junior miners and companies that prospect underground diamond reserves. The AWDC tries to keep abreast of information on these companies because they view the diamond value chain from a long-term perspective. Taking advantage of the expertise of Antwerp is important, for example, to objectively determine the value of the rough diamond samples.

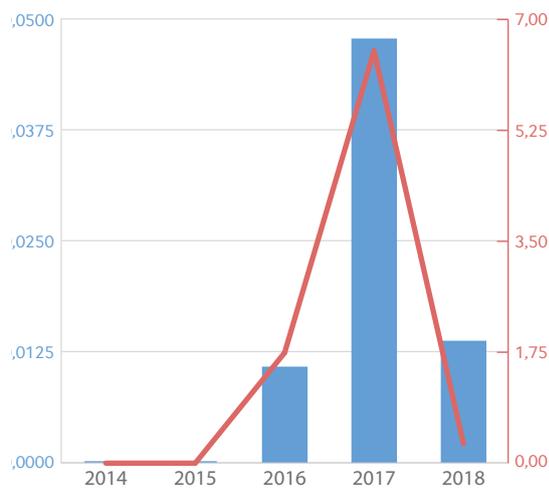
In March 2018, a state visit of His Majesty the King of the Belgians to Canada was organized, where the AWDC, together with the Government of the Northwest Territories and with the support of Belgium's Federal Public Service Foreign Trade and Development Corporation, organized the "Diamond Experience", an exhibition in the Canadian Museum of Nature in Ottawa, where the royal couple received an interactive look at the process of diamond mining in the Northwest Territories and met representatives of the indigenous population.

CENTRAL AFRICAN REPUBLIC

- Small producer (classification)
- 22nd largest producer in volume
- KP partially lifted embargo in July 2015 - resumption of exports from compliant zones since mid-2016

FACTS

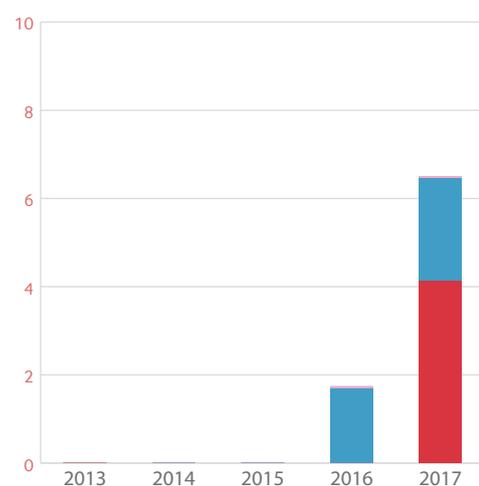
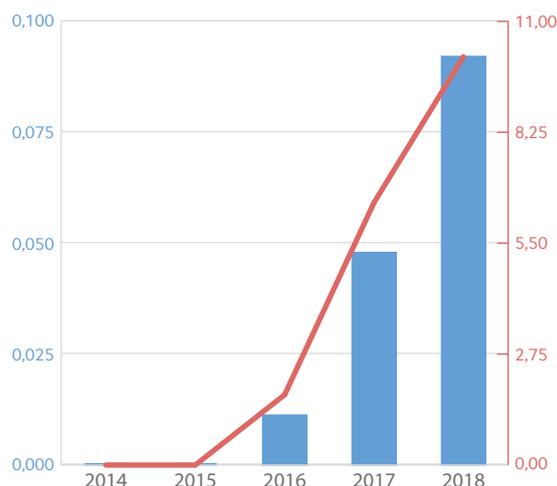
GENERAL FIGURES



- **Production:**
13.572 ct (0.3 million USD)
- **Ranking:**
#20 (volume) and #22 (value)
- **Share of global production:**
0.009% volume and 0.002 value
- **Average value of production:**
between 130 and 180 USD/ct
- **Production capacity:**
600,000 ct/year (72-84 million USD/year)
- **Share of rough diamonds in the country's total exports:**
Before 2013 between 45% and 59%, since 2016 between 2% and 8%

PRODUCTION 2013-2017

Million ct | Million USD

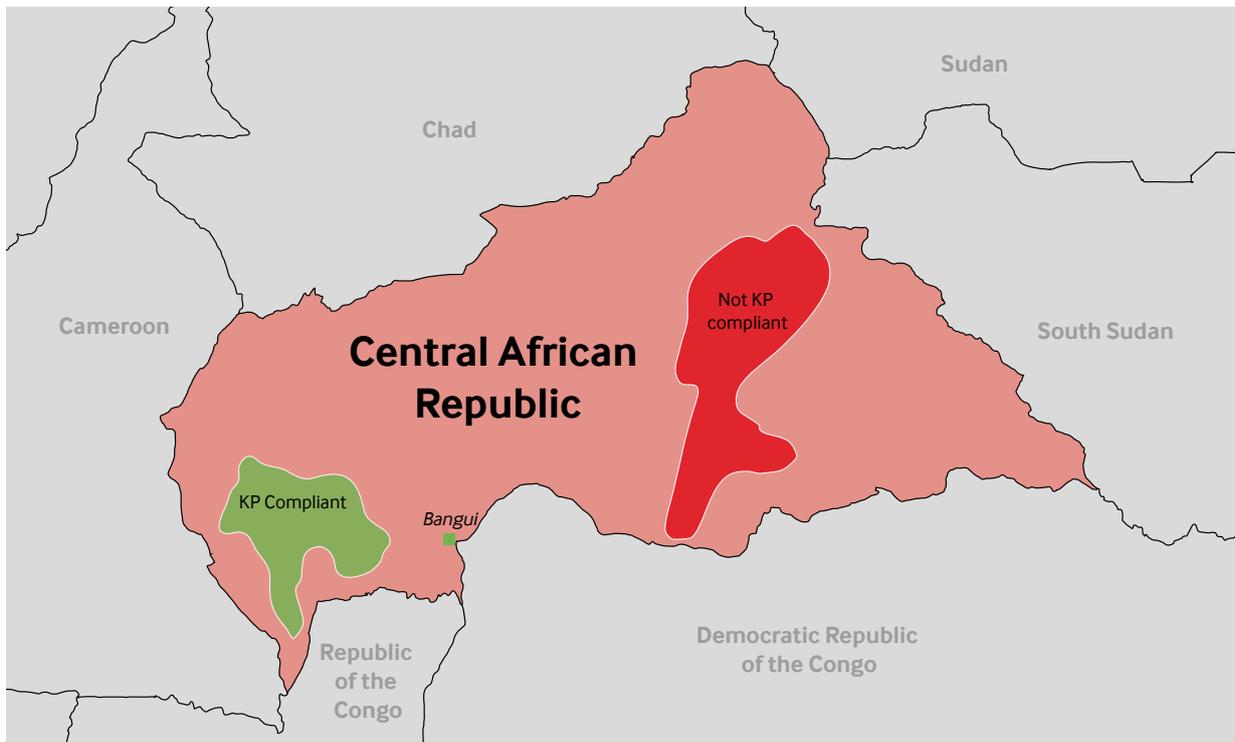


EXPORT 2013-2017

Million ct | Million USD

EXPORT DISTRIBUTION

United Arab Emirates | European Union
Israel | People's Republic of China
Rest of World



PRODUCTION

- Diamonds were discovered during colonial times when mostly industrial alluvial mining was taking place in 2 distinct zones: a Western production zone along the **Mambéré River (Berberati)** and an Eastern production zone along the **Kotto River (Bria)**.
- The mining and trading hub in the West is Berberati whereas Bria is its Eastern analogue. The Western production zone is considered to produce 55-65% of the total production that has an annual potential production capacity of approximately 600,000 carats. The diamonds from the Eastern production zone are slightly larger and of better quality than in the West.

KIMBERLEY PROCESS

- In May 2013, the Kimberley Process embargoed all diamonds from CAR following the violent take-over of the Bozizé-government by Seleka-rebel forces. After an UN-supported transition government prepared for democratic elections in 2015 and violence subsided in the western production zone with a return to some form of normalcy, the KP agreed in July 2015 to partially lift the embargo and resume exports from compliant zones. It took until June 2016 before all conditions were met and the first exports of rough diamonds from the western production zone could be realized. Currently, 5 sub-prefectures are considered KP compliant: Berberati, Boda, Carnot, Gadzi and Nola. Their exports are under direct KP scrutiny and subjected to strict verification processes. At the KP Plenary 2018, the CAR delegation proposed 9 new sub-prefectures in the Western production zone to be considered compliant. At the time of writing, the KP CAR Monitoring Team had not yet finalized its conclusions on this matter.
- Diamonds produced in the Eastern production zone are still not allowed for export, but only those that contributed to the continuation of the (now relatively low-level) conflict, can be considered "conflict diamonds". All others are stockpiled in Bangui for forensic auditing but are probably smuggled out of the country.
- Diamonds smuggled out of CAR can contaminate the legitimate exports of especially the neighboring KP Participants DRC, the Republic of Congo and Cameroon. However, recent investigations seem to indicate that these smuggled diamonds remain in the illegal networks. Actually, less than 10% of the diamonds produced are exported through the enhanced vigilance export mechanism.

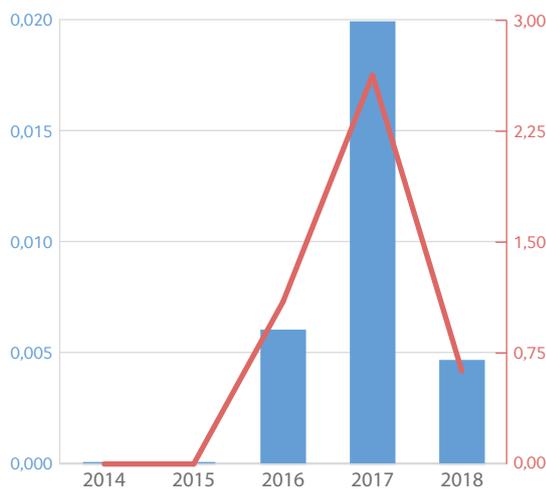
- A sliding back into a more intense conflict seems possible following harrowing attacks also on UN troops in the Southeast and the Northwest.
- On the first of April 2019, President Touadéra of the Central Africa Republic visited Antwerp as a part of a mission for Inviting more business to Bangui since today, diamond production is of no contribution to the government revenue as exports have been reduced drastically. The AWDC has offered technical assistance in exchange for a direct supply of CAR goods to Antwerp.

MISCELLANEOUS

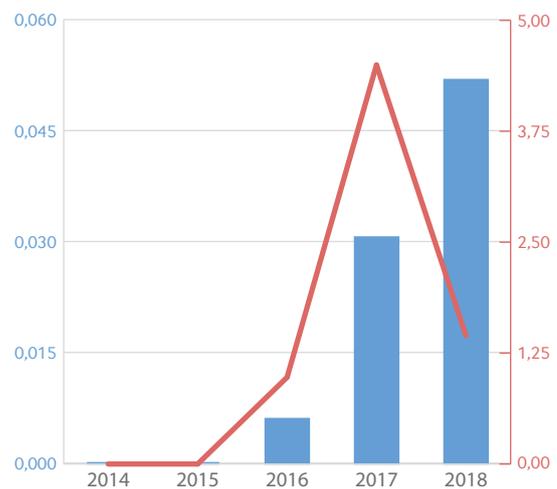
- The origin of the diamonds in CAR remains mysterious as primary rocks such as kimberlites/lamproites have never been discovered. Instead, the diamonds found in the 2 production zones are believed to be contained in the Carnot Sandstones in the West, and in the Mouka-Oudda Sandstones in the East and released in the river systems by active and ongoing erosion.

IMPORTANCE FOR ANTWERP

RELATIONSHIP WITH ANTWERP



DIRECT IMPORT IN BELGIUM 2013-2017
Million ct | Million USD



DIRECT & INDIRECT IMPORT 2013-2017
Million ct | Million EUR

- **Belgian (direct) imports:**
4,602 ct (0.6 million USD)
- **Share of total Belgian (direct) imports of rough diamonds:**
0.005% (volume) and 0.006% (value)
- **Share of rough diamonds in the total Belgian imports of goods from CAR:**
41% (2nd place).

CONSIDERATIONS FOR THE DIPLOMATIC POST

The decision to partially lift the embargo and the consequent resumption of exports can be considered as a test case for the good functioning of the Kimberley Process (KP). It is important that the production and export of rough diamonds from CAR remain controlled in order to avoid contamination of the value chain's integrity.

The Minister of Mines, Hon. Leopold Mbolli Fatran, was present at the "African Diamond Conference" in November 2017 in Brussels, at the Antwerp KP Intersessional meeting in June 2018 and at the Brussels KP plenary in November 2018. The contacts were useful and further follow-up is opportune. As part of Belgium's commitment to assist the CAR Government, following the 2016 Brussels Donors' Conference and the 2017 UN Hearing on CAR.

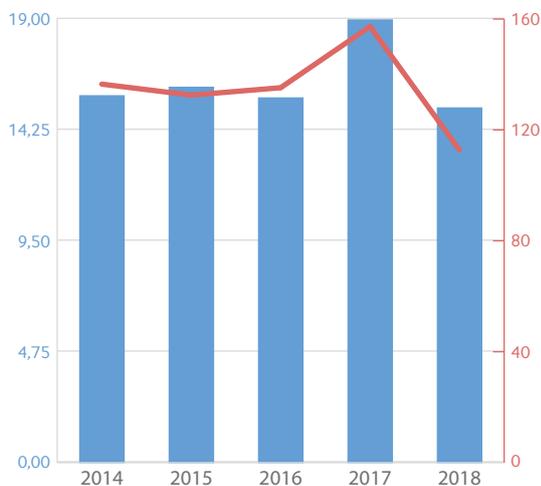
The contacts were useful and further follow-up is opportune.

CONGO (DEMOCRATIC REPUBLIC OF)

- Medium-sized producer (classification)
- 4th largest producer in volume but only 11th producer in value
- Production is mostly artisanal and mostly of a low quality
- Lack of internal monitoring and a great deal of smuggling - therefore production data questionable

FACTS

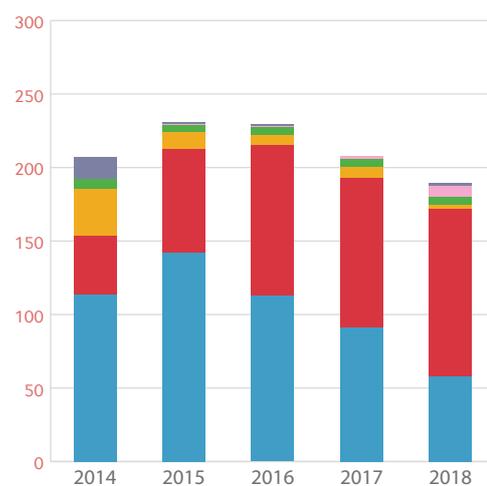
GENERAL FIGURES



- **Production:**
15.1million ct (113 million USD) (*)
- **Ranking:**
#4 (volume) and #11 (value)
- **Share of global production:**
10.28% (volume) and 0.78% (value)
- **Value of production:**
between 8 and 20 USD/ct
- **Production capacity:**
25 million ct/year (200-625 million USD/year)
- **Share of rough diamonds in the country's total exports (last 3 years):**
between 1.7% and 4%

PRODUCTION 2013-2017

Million ct | Million USD

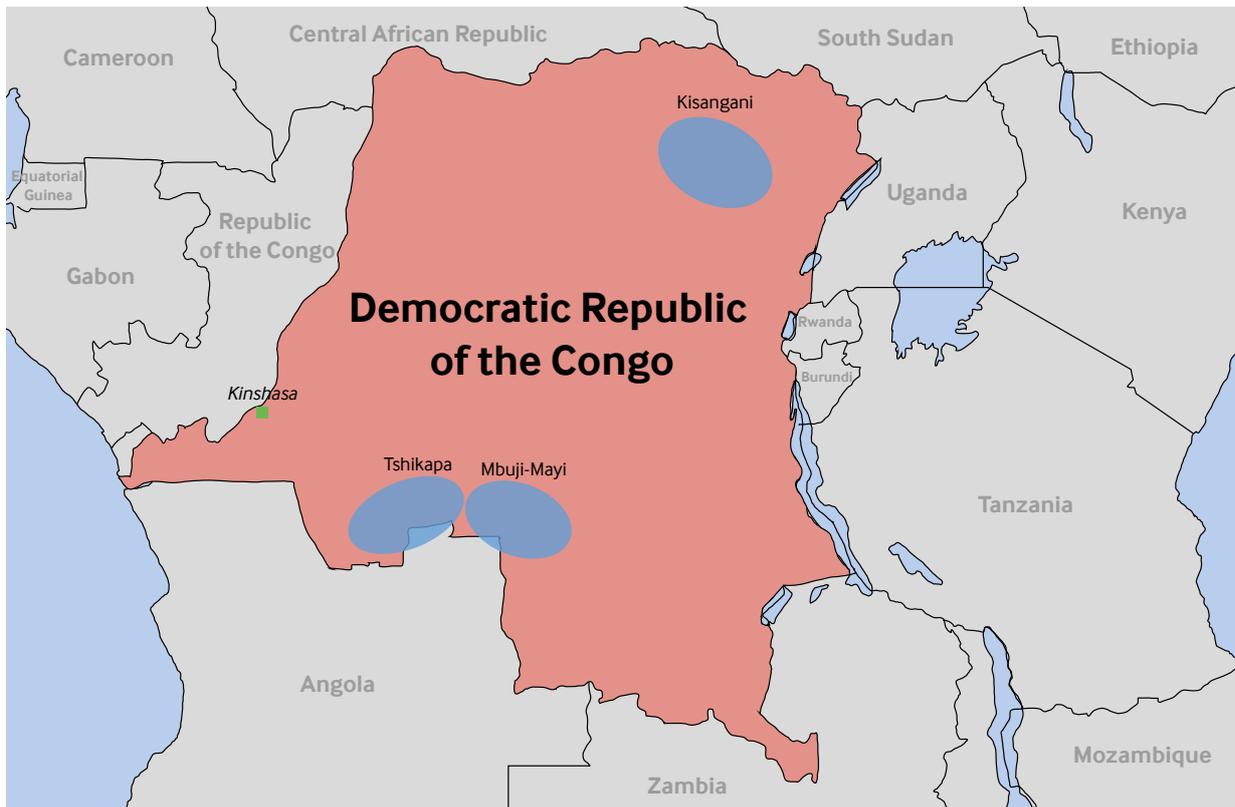


EXPORT 2013-2017

Million ct | Million USD

EXPORT DISTRIBUTION

European Union | United Arab Emirates | Israel
India | People's Republic of China | Rest of World



PRODUCTION

- Mainly artisanal production from alluvial and kimberlite deposits. There may be over one million artisanal diamond miners working in the diamond industry. In addition, approximately four industrial companies are active, as well as some semi-industrial companies. Non-artisanal production has increased in 2017 and is about 20% of the total production.
- Diamond production is mainly organised in the Kasai provinces and around Kisangani (Tshopo Province) up to Bafwasende (northeast of Kisangani, in the same province). The historic centers for diamond mining in Kasai are Tshikapa (Kasai Province) and Mbuji-Mayi (East Kasai Province). Diamonds from West Kasai and Bandundu ("**Tshikapa**" goods) are alluvial and originated through erosion from the kimberlite pipes in North Angola. In East Kasai ("**Mbuji-Mayi**" goods), diamonds originate both in kimberlite pipes and alluvial deposits. Diamonds from the Tshopo Province ("**Kisangani**" goods) are alluvial.
- East Kasai produces around 80% of the volume for an average of 10-15 USD/ct, Central Kasai (Kananga) produces 5%, West Kasai produces around 11% for an average of 150-190 USD/ct and the Kisangani area produces around 1% for an average of 140-180 USD/ct.
- **SACIM** (Société Anhui-Congo d'Investissement Minier) is a 50/50 joint venture between AFCEC (Anhui Foreign Economic Construction Group Co.) and the Congolese government. SACIM has two diamond exploitation licenses in Tshibua, 50 km from Mbuji-Mayi, originally owned by MIBA. The Tshibua mine is now the main large-scale diamond mining operation in the DRC, with a production of 3.2 million ct in 2017.
- **As a snapshot: SACIM mined 392,000 carats in June 2018. The increase in production followed the acquisition of important production tools: 60 tipper trucks, 20 wheel loaders and 6 large ore washers.**
- Stargems/DMCC claims they tendered 2 million carats of SACIM diamonds in first 8 months of 2018.
- The Société Minière de Bakwanga (**MIBA**) operates a diamond mine in Mbuji-Mayi. MIBA has been on the brink of bankruptcy for years and produced less than 75,000 ct in 2017.
- MIBA obtained a \$5M loan in 2018 from public firm Gecamines (Dan Gertler copper). They spent it on shovels, loaders, graders and dump trucks, but there is not enough left to update its processing plant. The materials needed to build diamond extraction units (crusher, scrubber, concentration lines) were stuck in Dar es Salaam.

- Lupatapata (SMDL) is the other industrial company that is still operating in the DRC in joint venture with MIBA, and produced approximately 52,000 cts in 2017
- Semi-industrial mines including Africa Resources, Gemco, Longatshimo, Miniere Minico, Sogewiz and Talvo produced around 128,000 cts in 2017.
- Level Diamonds, a Belgian company, has co-invested in the **Minico** mine in West-Kasai.
- Many mining projects set up by mid-tier miners stopped in the crisis year of 2008. The probability of a restart soon is small due to reputational risks and significant operational and financial risks caused by corruption and increasing political instability.

MISCELLANEOUS

- In September 2019, Félix-Antoine Tshisekedi, President of the Democratic Republic of the Congo (DRC), visited the Antwerp diamond industry in the context of a broader mission to improve the relationship between Belgium and the DRC and attract investment to his country. Since ascending to the presidency in January of that year, President Tshisekedi has made the revival of diamond mining in the Kasai region of the DRC, and ultimately the use of the country's resources to the benefit of the people a top priority. While in Antwerp, he explained that he intends to focus his mining policy on greater transparency and compliance with international best practices. Representatives of the DRC and AWDC signed a cooperation agreement (MoU) concerning better exchange of information, potential training support and eventually direct trade in Antwerp.
- **Only two months after that visit, the first ever direct tender of DRC goods was held in Antwerp in November 2019: approx. 350,000 carats (15% gem quality, 85% Industrial quality), valued at an estimated value of \$6 million.** The tender was organized by trading company Samir Gems, headquartered in Antwerp, and featured rough stones mined by Sacim (the Anhui-Congo Mining Investment Corporation) - a 50/50 joint venture between the Congolese State and Chinese investors. The tender was held at the Antwerp Diamond Tender Facility located at the Antwerp World Diamond Centre, which facilitated the tender. Sarah El-Ali, managing director at Antwerp company Blue Planet, worked behind the scenes to bring the Congolese to Antwerp.
- The **smuggling** of rough diamonds from or through the DRC is a permanent concern. It is estimated that one-third of all diamond production is smuggled out of the country. The danger is that sanctioned conflict diamonds, in particular from the Central African Republic (CAR), could end up in the Congolese domestic production, especially through the new Nord Ubangi Province.
- In 2019, Angola expelled an estimated 200,000 Congolese to the Kasai region of the DRC as part of Angolan President Lourenco's efforts to clean up the mining sector. Many of these Congolese were reportedly artisanal miners. Diamonds were confiscated from trading posts and there were reports of widespread violence against the Congolese.
- Between 2015 and 2018, the **Diamond Development Initiative (DDI)** registered 200,000 artisanal miners (amongst others, diamond miners) in three provinces. Similar to DDI's projects in Sierra Leone, diamond mines in DRC are guided and certified based on the "Maendeleo Diamond Standards" in cooperation with the government and local partners. The DDI also has a mobile school in the mining village of Kankala (Kasai Occidental Province), offering children the opportunity to leave the mines and go back to school.
- After the split of West Kasai into the new provinces of Kasai (capital Tshikapa) and Lulua (capital Kananga), the new authorities do everything possible to optimize the diamond production in their area. The new Kasai-Central Province (Lulua) aims to transform Kananga into a new diamond hub.
- The former WDC Executive Director, Marie-Chantal Kaninda, is based in Kinshasa and could be an ally in any diplomatic initiative related to the diamond industry vis-à-vis the Congolese government. She now works for Glencore.

IMPORTANCE FOR ANTWERP

RELATIONSHIP WITH ANTWERP



DIRECT IMPORT IN BELGIUM 2013-2017

Million ct | Million USD



DIRECT & INDIRECT IMPORT 2013-2017

Million ct | Million EUR

- **Belgian (direct) imports:**
6.7 million ct (59.1 million USD)
- **Share of total Belgian (direct) imports of rough diamonds:**
7.25% (volume) and 0.55% (value)
- **Share of rough diamonds in the total Belgian imports of goods from the DRC:**
48.7% (2nd place).

OPPORTUNITIES

- The opportunities appear to have increased following the visit of President Tshisekedi and the subsequent tender. The results of the tender will be significant concerning future tenders. A tender house called StarGems in Dubai managed to get half of the DRC goods originally destined for Antwerp to be tendered in Dubai. This is clearly direct competition for future imports.
- The opportunities are not easy to estimate due to various factors, including corruption with regard to the issue of permits, the political instability and extortion by local authorities. The reorganization may provide new opportunities in the DRC, as a few provinces are to be split into smaller entities and new leaders will come to power.
- In 2018, the Congolese CEEC (Centre d'Expertise, d'Évaluation et de Certification des substances Minérales Précieuses et Semi-précieuses) organized an extensive valuation training for 20 staff members in cooperation with AWDC.

THREATS

- Corruption, smuggling, and the lack of credible internal monitoring in the DRC all constitute a serious risk to the reputation of the KP. President Kabila has been replaced by President Tshisekedi, but continues to hold significant influence in the country, to the point of being a 'shadow' president.
- The increasingly severe expulsion measures of Congolese informal diamond miners out of Angola might result in a migration crisis in the Kasai region. This might fuel the further tensions in this diamond-rich region. This poses challenges in terms of KP compliance.
- Many foreign investors have been the victims of fraud committed by provincial authorities (through the purchase of concessions that are later revoked without compensation). The appointment of provincial ministers for mining has greatly loosened the federal grip on mining policy, with detrimental consequences for foreign investors who see their efforts thwarted by a provincial authority which tries to amass "compensation", usually by threatening to shut down operations.
- Correct evaluation of goods is essential, especially of exports to the United Arab Emirates (UAE). Until April 2015, all diamonds made available for export had to be acid-cleaned (Diablanc). This should have led to an increase in the average price. However, the result was that the finest and most expensive stones were smuggled.

CONSIDERATIONS FOR THE DIPLOMATIC POST

- Due to the vastness of the area, corruption, and a lack of customs control and KP monitoring, the DRC has become a hub for international diamond smuggling. The embassy may make a significant contribution by reporting these situations to the competent authorities, by reminding them of their duty to implement the KP minimum standards and by developing improved internal control procedures. Increased transparency will also help to recover part of the exports currently going to the UAE. Direct trade between Antwerp and DRC will only increase when corruption and smuggling are tackled structurally.
- In 2015, the country implemented the division ("decoupage") of the former 11 provinces into 26 new provinces. This new situation means, amongst others, that there are provinces that have a significant diamond industry but no administration to levy taxes, and provinces that do have these administrations but perhaps do not have much diamond activity in their jurisdiction.
- Particular vigilance in the framework of the KP is required regarding diamonds potentially smuggled from neighboring countries such as the Central African Republic, particularly through the northern provinces.
- In November 2018, the Angolan authorities shut down 279 diamonds sale and purchase houses, as well as cancelled the activity of 122 co-operatives dealing in diamonds exploration, 52 days after the start of the "Operation Transparency". This "Operation Transparency" is intended to fight illegal immigration, illegal exploration of diamonds and put a stop to environmental crimes committed in the ambit of the irregular prospecting of minerals. Informal sources stated that in the ambit of the same operation over 400,000 illegal foreigners (mainly Congolese) who resided in diamond-rich areas have left the Angolan territory voluntarily, while 14,636 others were repatriated through administrative and judicial processes. This "Operation Transparency" could further fuel instability in the border region between Angola and DRC.
- Maintaining peace and stability in the diamond-rich Kasai region is of the utmost importance if the DRC wants to remain KP compliant. Political instability in this region should be avoided at all times.
- During the course of 2019 and 2020, several tenders of DRC goods were held in Antwerp despite outside pressure coming from other trade centers and foreign organizations to maintain constant sales in the UAE. Thanks to the follow up and actions of the department of Foreign Affairs Belgium and the Belgian Embassy in the DRC, these tender sales are still being organized in Antwerp. However, it is important to maintain the close follow up and high level of communication between our organizations, which is currently in place.

CONGO (REPUBLIC OF)

- Small producer (classification)
- 18th largest producer (in value)
- Exports 100% to the UAE
- No direct imports to Antwerp since 2011

FACTS

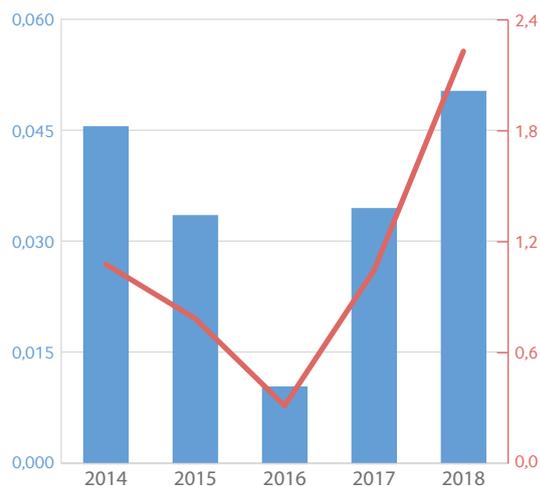
GENERAL FIGURES



- **Production:**
47,579 ct (2.1 million USD)
- **Ranking:**
#18 (volume) and #18 (value)
- **Share of global production:**
0.03% (volume) and 0.01% (value)
- **Value of production:**
between 20 and 30 USD/ct
- **Production capacity:**
< 0.1 million ct/year (2-3 million USD/year)
- **Share of rough diamonds in the country's total exports (last 3 years):**
between 0.01% and 0.02%

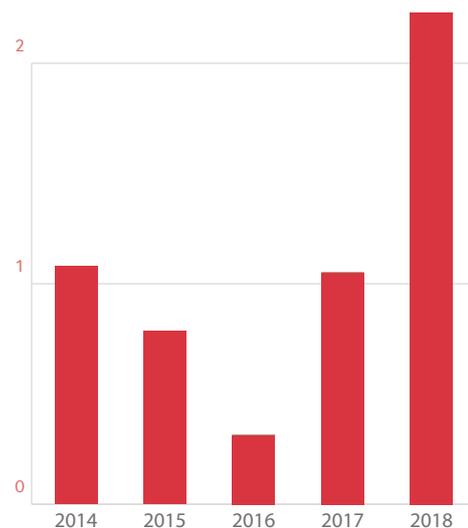
PRODUCTION 2013-2017

1000 ct | 1000 USD



EXPORT 2013-2017

1000 ct | 1000 USD



EXPORT DISTRIBUTION

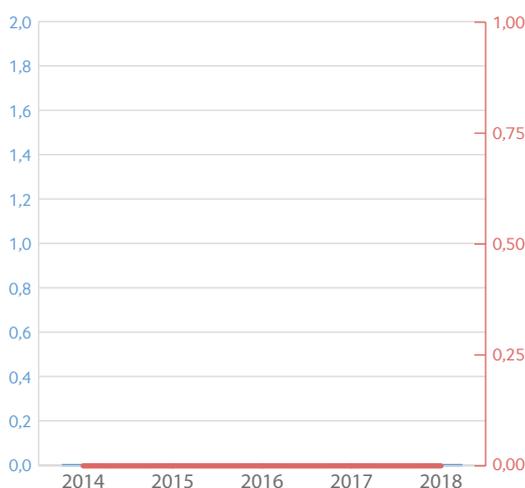
United Arab Emirates | Israel
Lebanon | Rest of World

PRODUCTION

- Very minor artisanal production, usually as a by-product of alluvial gold production.
- The potential for regular diamond production is limited to a single area: the Likouala area on the border with the Central African Republic. A few smaller alluvial deposits near the border with Gabon and Cameroon provide a very modest contribution to the national production.

IMPORTANCE FOR ANTWERP

RELATIONSHIP WITH ANTWERP



- **Belgian (direct) imports:**
No imports since 2011
- **Share of total Belgian (direct) imports of rough diamonds:**
No import

DIRECT & INDIRECT IMPORT 2013-2017

1000 ct | Million EUR

THREATS

- Internal monitoring is still deficient and careful follow-up is necessary.
- In 2014 -2017, the entire production was exported to UAE. The extremely low value of the exported products (31 USD/ct) is similar to the profile of part of the production in neighboring DRC, the “Mbuyi-Maji” goods, or indicates systematic undervaluation.
- Since the KP embargo on diamonds from the **CAR** of May 2013 (**partially lifted in July 2015**), the neighboring countries of the CAR have to be extremely vigilant. They must carry out additional inspections of export shipments to detect the possible presence of CAR diamonds based on existing KP footprints and data. There is still a danger that diamonds from the CAR (non-compliant zones) may be brought into Congo through the Democratic Republic of the Congo (DRC) and Cameroon, to be certified there and thus enter the legal circuit.

CONSIDERATIONS FOR THE DIPLOMATIC POST

Assisting in ensuring that the KP is implemented effectively and the internal monitoring is enforced by exercising extra vigilance regarding diamonds potentially smuggled from the CAR or other neighboring countries.

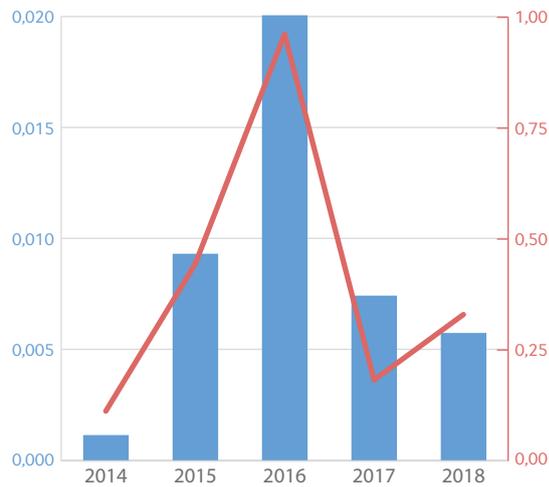
COTE D'IVOIRE

- Small producer (classification)
- 21nd largest producer (in value)
- Exports started in January 2015

FACTS

GENERAL FIGURES

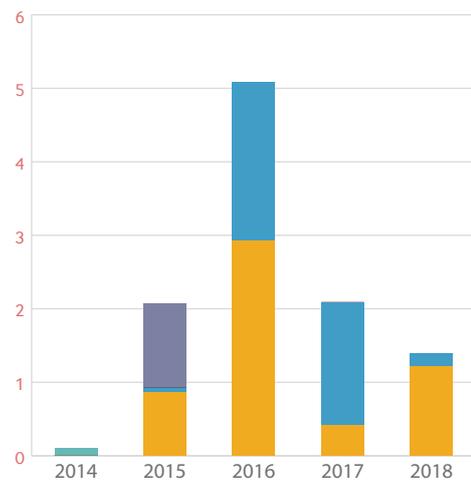
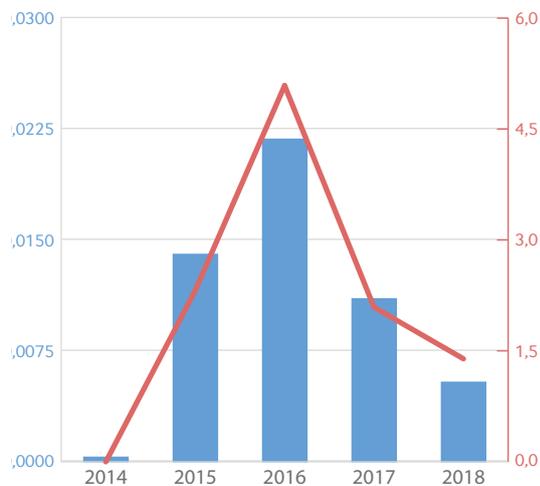
Côte d'Ivoire was subject to an embargo up to and including 2014. Exports recommenced on January 1, 2015. Therefore, official figures are only available since 2015.



- **Production:**
5,678 ct (0.33 million USD)
- **Ranking:**
#21 (volume) and #21 (value)
- **Share of global production:**
0.004% (volume) and 0.002% (value)
- **Average value of production:**
between 25 and 60 USD/ct
- **Production capacity:**
< 0.1 million ct/year (10-18 million USD/year)
- **Share of rough diamonds in the country's total exports (last 3 years):**
between 0.02% and 0.05%

PRODUCTION 2013-2017

Million ct | Million USD



EXPORT 2013-2017

Million ct | Million USD

EXPORT DISTRIBUTION

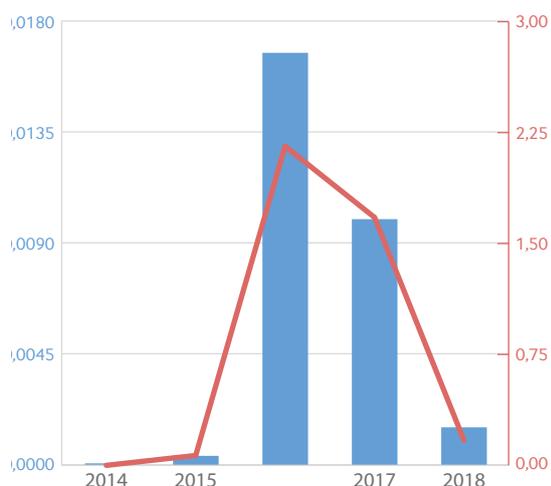
Israel | European Union | United Arab Emirates

PRODUCTION

- Artisanal production mostly from alluvial deposits.
- The well-known production centers Séguéla and Tortyia are in the north of the country and are largely depleted.
- Without significant investment to search for new diamond-bearing kimberlite and alluvial deposits, Côte d'Ivoire risks remaining a marginal producer.

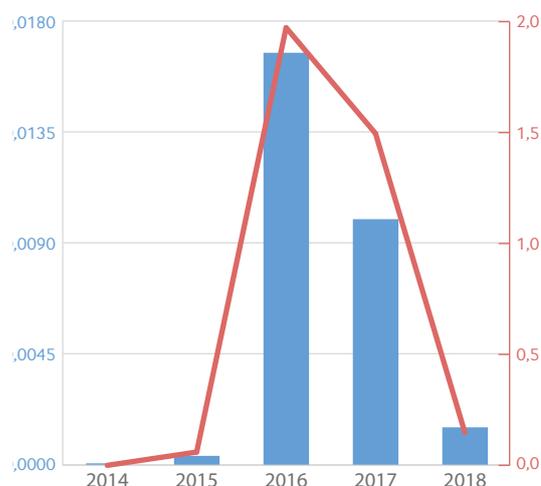
IMPORTANCE FOR ANTWERP

RELATIONSHIP WITH ANTWERP



DIRECT IMPORT IN BELGIUM 2013-2017

Million ct | Million USD



DIRECT & INDIRECT IMPORT 2013-2017

Million ct | Million EUR

- **Belgian (direct) imports:**
1,460 ct (0.2 million USD)
- **Share of total Belgian (direct) imports of rough diamonds:**
0.002% (volume) and 0.002% (value)
- **Share of rough diamonds in the total Belgian imports of goods from Côte d'Ivoire in 2017:**
0.031% (15th place).
- In 2014-2015, the AWDC implemented a project in Côte d'Ivoire – financed by the (Belgian) Federal Public Service Foreign Affairs – to support the meeting of the minimum requirements set by the KP. The project consisted of the following actions:
 - Training of 3 experts in Antwerp;
 - Organizing an additional training course in Abidjan;
 - Creating a pricing book for Ivorian diamonds;
 - Purchasing and delivering the required equipment.

OPPORTUNITIES

- Even though the production capacity is relatively low, Ivorian diamond production is mainly interesting as a niche for smaller Antwerp companies.
- Currently, four **sales agencies** have a license including a joint Belgian/Ivorian company.
- AWDC proposed to market the production through the Antwerp Diamond Tender Facility. This can be best achieved by Côte d'Ivoire empowering a single entity for the purchase and sale of its national production, instead of operating through various sales agencies. Côte d'Ivoire has launched a tender to set up diamond sales offices.
- In June 2017, 2 government valuers from Côte d'Ivoire followed a two weeks rough diamond valuation course in Antwerp: the "KP Technical Assistance Valuation Program", put together by the Diamond Development Initiative (DDI) and AWDC.
- In November 2018, two representatives from the Cote d'Ivoire participated in the "KP Technical Assistance Valuation Program" in Antwerp.

THREATS

- The Property Rights and Artisanal Diamond Development II (PRADD II) Project is implemented in Côte d'Ivoire since 2014, as a continuation of the PRADD project (2007-2013). PRADD was created by USAID to strengthen artisanal miners' property rights to formalize artisanal mining. One of the elements in PRADD II is to shorten the value chain by developing direct sales channels with the US market. PRADD II is also funded by the European Union.

CONSIDERATIONS FOR THE DIPLOMATIC POST

Antwerp traders must receive the same opportunities as other international players to enter this market. PRADD II should not be a discriminating factor.

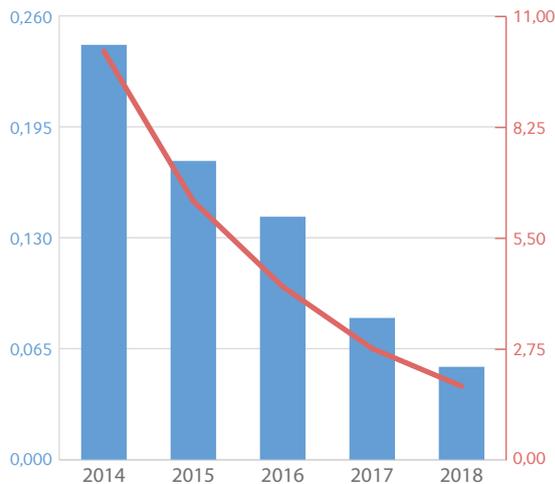
The valuation and export of Côte d'Ivoire rough diamonds must be continually monitored. The efforts invested in Ivorian government capacities by Belgium and the AWDC require stimulation to pay off. This means that the price of the goods has to be determined correctly and that the sale and export of diamonds must be transparent.

GHANA

- Small producer (classification)
- 19th largest producer (in value)
- Production is artisanal

FACTS

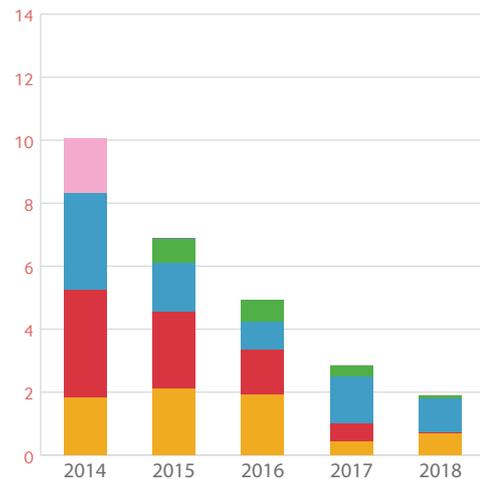
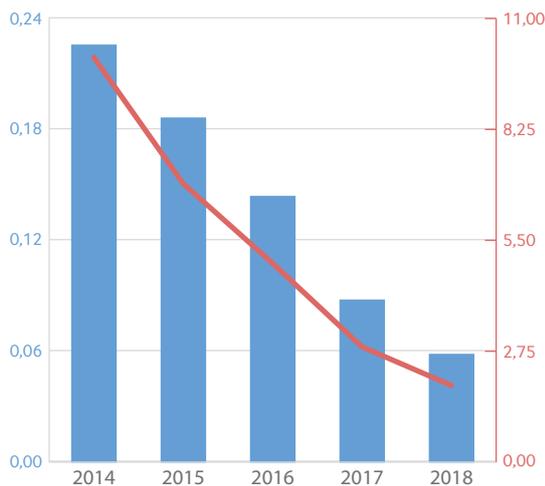
GENERAL FIGURES



- **Production:**
53,573ct (1.8 million USD)
- **Ranking:**
#17 (volume) and #19 (value)
- **Share of global production:**
0.04% (volume) and 0.01% (value)
- **Value of production:**
between 30 and 45 USD/c
- **Production capacity:**
< 0.4 million ct/year (14-18 million USD/year)
- **Share of rough diamonds in the country's total exports (last 3 years):**
between 0.01% and 0.2%

PRODUCTION 2013-2017

Million ct | Million USD



EXPORT 2013-2017

Million ct | Million USD

EXPORT DISTRIBUTION

Israel | United Arab Emirates | European Union
India | People's Republic of China | Rest of World

PRODUCTION

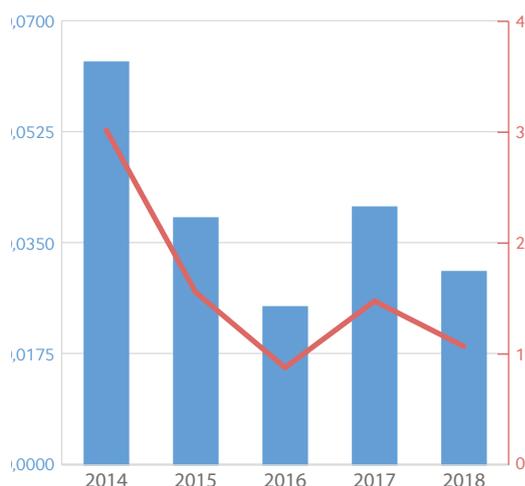
- Artisanal and semi-industrial production from alluvial and strongly weathered kimberlite deposits.
- The main mining area is near Akwatia, running along the Birim River.

MISCELLANEOUS

- State-owned company Ghana Consolidated Diamonds Ltd (GCD) has been operating at a loss for years and was renamed **Great Consolidated Diamonds Ghana Limited** (GCD Gh. Ltd) after Jospong Group bought it. According to their website, they have the ambition to produce up to 1.5 million carats of diamonds annually, which seems rather unrealistic on the short term.
- In June 2017, two government valuers from Ghana followed a two-week **rough diamond valuation course** in Antwerp: the “KP Technical Assistance Valuation Program”, put together by the Diamond Development Initiative (DDI) and AWDC.

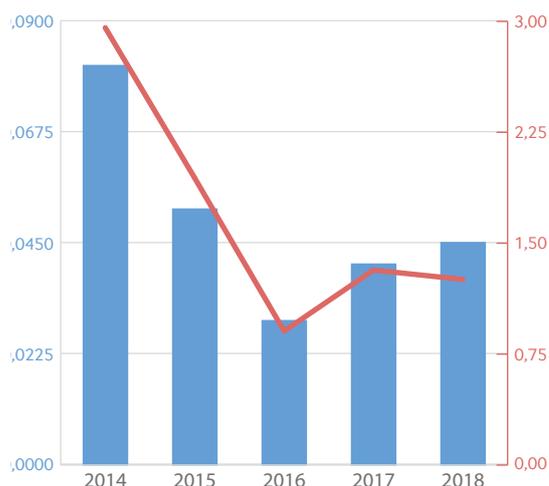
IMPORTANCE FOR ANTWERP

RELATIONSHIP WITH ANTWERP



DIRECT IMPORT IN BELGIUM 2013-2017

Million ct | Million USD



DIRECT & INDIRECT IMPORT 2013-2017

Million ct | Million EUR

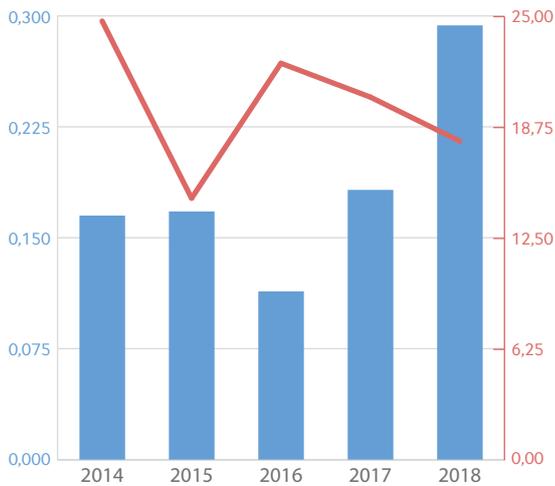
- Belgian (direct) imports:**
30,313 ct (1.1 million USD)
- Share of total Belgian (direct) imports of rough diamonds:**
0.03% (volume) and 0.01% (value)
- Share of rough diamonds in the total Belgian imports of goods from Ghana:**
1.1% (9th place).

GUINEA (CONAKRY)

- Small producer (classification)
- 15th largest producer (in value)
- Potential for further development of the diamond industry

FACTS

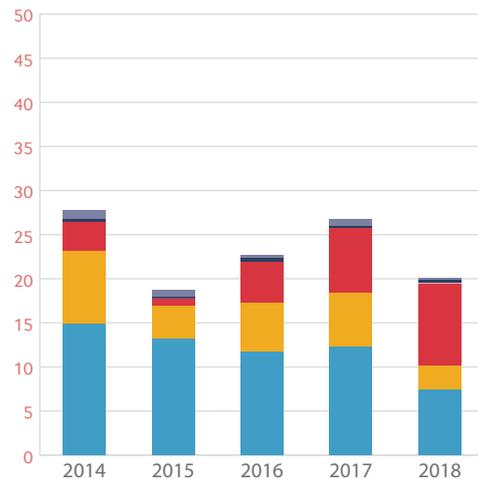
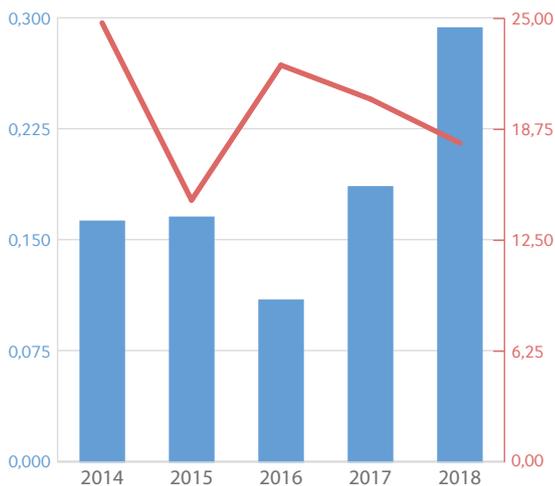
GENERAL FIGURES



- **Production:**
292,707 ct (18 million USD)
- **Ranking:**
#13 (volume) and #15 (value)
- **Share of global production:**
0.2% (volume) and 0.12% (value)
- **Value of production:**
between 60 and 200 USD/ct
- **Production capacity:**
0.2-0.5 million ct/year
(15-75 million USD/year)
- **Share of rough diamonds in the country's total exports (last 3 years):**
between 0.4% and 0.7%

PRODUCTION 2013-2017

Million ct | Million USD



EXPORT 2013-2017

Million ct | Million USD

EXPORT DISTRIBUTION

European Union | Israel | United Arab Emirates
People's Republic of China
United States of America | Rest of World

PRODUCTION

- Artisanal and semi-industrial mining of alluvial deposits and kimberlite pipes in open-pit mining.
- Diamond-bearing kimberlites were discovered at various locations.
- The activities of **Stellar Diamonds Plc** have focused on the Baoulé kimberlite mine (Aredor district) to the detriment of the Mandala and Droujba mines (which are on 'Care & Maintenance'), mostly due to a lack of financing. However, in 2017, Stellar Diamonds proposed to sell their Guinea activities to BDG Capital Limited.
- **Azure Resources Corporation** (Canada) is selling its Guiter production through a tender house in Antwerp.
- The Ebola crisis has struck a severe blow to diamond-producing areas since 2013.

MISCELLANEOUS

- In June 2016, President Alpha Conde signed a government decree for the establishment of the Diamond and Gold Bourse of Guinea Group (DGBG). The DGBG is a joint effort of the daughter of King Saud, two Canadians (from Investissement Royal KSA Inc. of Montreal QC and of Embee Diamond Technologies), in collaboration with a range of Guinean governmental departments and other stakeholders. The DGBG will offer membership to diamantaires who are audited members of the Responsible Jewellery Council.
- One of the more interesting uses of drones is a partnership between the United States Agency for International Development (**USAID**) and US Geological Survey (USGS). Since June 2014, they have helped support the Kimberley Process (KP) by using camera-equipped drones to survey the mines, create 3D models of the operations, and keep track of small-scale diamond mining sites.
- At the end of 2017, the Diamond Development Initiative (DDI) undertook an anti-smuggling initiative in Guinea. It consisted in a sensitization initiative for border communities in Guinea to raise awareness of the Kimberley Process requirements and strengthen local capacity to monitor the flow of diamonds.
- Following the success of the first development cooperation project in Sierra Leone, run by the Belgian company Cap Conseil and supported by the AWDC - which resulted in the fair trade jewelry collection, My Fair Diamond - Antwerp is now looking forward to the arrival of responsibly-mined diamonds from Guinea. A production of rough diamonds, which is a part of a fully transparent and self-sustainable supply chain in line with the Maendeleo diamond standards implemented by the DDI (Diamond Development Initiative), originating from the region on Banankoro, Guinea will be placed for sale on the Antwerp market in 2021. A fair percentage of the total sales value would flow back to everyone involved in the production process, including the artisanal miners.

IMPORTANCE FOR ANTWERP

RELATIONSHIP WITH ANTWERP



DIRECT IMPORT IN BELGIUM 2013-2017

Million ct | Million USD



DIRECT & INDIRECT IMPORT 2013-2017

Million ct | Million EUR

- **Belgian (direct) imports:**
101,145ct (7.5million USD)
- **Share of total Belgian (direct) imports of rough diamonds:**
0.11% (volume) and 0.07% (value)
- **Share of rough diamonds in the total Belgian imports of goods from Guinea:**
13% (2nd place)
- In 2014, the share of rough diamonds still accounted for 64% of Belgian imports. In 2015 & 2016 there was a large supply of gold (+ €85 million) which took over first place. It appears that in 2017, diamonds took over the first place again in Belgian imports from Guinea.

OPPORTUNITIES

- In June 2017, a government valuator from Guinea followed a two-week rough diamond valuation course in Antwerp: the "KP Technical Assistance Valuation Program", put together by the Diamond Development Initiative (DDI) and AWDC.
- The AWDC is currently considering the development of an "Aid for Trade" project where a mine site would be formalized and a completely transparent and traceable value chain would be developed. The goods would be exported directly to Antwerp and a fair percentage of the total sales value would flow back to everyone involved in the production process, including the artisanal miners

THREATS

- The Guinean government has good intentions, but corruption and the lack of a legal framework or government strategy to fight it remain a major issue.
- Guinea is active within the **Mano River Union (MRU)** group and cooperates effectively within the group to improve its internal monitoring. The application of the agreements within the MRU on the artisanal mining industry in Guinea was, however, severely hampered by the Ebola crisis. The World Bank calculated a total negative impact of approximately 1.4 billion USD in Guinea. In June 2016, WHO declared that the country is Ebola-free again.

CONSIDERATIONS FOR THE DIPLOMATIC POST

Simplification of the visa procedures for Guinean traders through the “Liberia procedure” could also be a good opportunity for Antwerp.

The DDI’s sensitization initiative has been largely successful and deserves further support where needed, especially during the implementation of the Maendeleo standards following the AWDC’s conceptualization of the sustainability project in Guinea. Logistical and especially political support are highly important and very welcome.

GUYANA

- Small producer (classification)
- 16th largest producer (in value)
- Lack of exploration and investment

FACTS

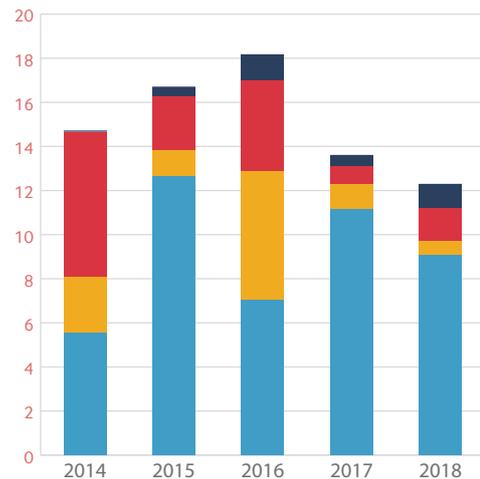
GENERAL FIGURES



- **Production:**
62,111 ct (11.2 million USD)
- **Ranking:**
#16 (volume) and #16 (value)
- **Share of global production:**
0.04% (volume) and 0.08% (value)
- **Value of production:**
between 160 and 200 USD/ct
- **Production capacity (estimate):**
< 0.3 million ct/year (~48-60 million USD/year)
- **Share of rough diamonds in the country's total exports (last 3 years):**
between 0.76% and 1.3%

PRODUCTION 2013-2017

Million ct | Million USD



EXPORT 2013-2017

Million ct | Million USD

EXPORT DISTRIBUTION

European Union | Israel | United Arab Emirates
United States of America | Rest of World

PRODUCTION

- Semi-mechanized (pontoons) production from alluvial deposits.

IMPORTANCE FOR ANTWERP

RELATIONSHIP WITH ANTWERP



DIRECT IMPORT IN BELGIUM 2013-2017

Million ct | Million USD



DIRECT & INDIRECT IMPORT 2013-2017

Million ct | Million EUR

- **Belgian (direct) imports:**
44,064 ct (10.6 million USD)
- **Share of total Belgian (direct) imports of rough diamonds:**
0.05% (volume) and 0.10% (value)
- **Share of rough diamonds in the total Belgian imports of goods from Guyana in 2016:**
14.5% (2nd place).

THREATS

- In 2007, Guyana announced a licensing stop for diamond mining because of fears that mining activities could (further) contaminate the rivers. 2009 saw a massive transition to the production of gold instead of diamonds because of the financial economic crisis. Diamond production fell to its lowest level in 2012 and has been recovering modestly since then. However, production figures still have far from reached pre-2007 levels.
- There is a set status quo because of a **lack of exploration and investment**.
- Diamonds **smuggled** from Venezuela contaminate the legal production..

INDIA

- Small producer (classification)
- 17th largest producer (in value)
- The Bunder Project previously owned by Rio Tinto has been put up for auction by the government of Maddy Pradesh. It was reportedly sold in December 2019 for US\$10 million.

FACTS

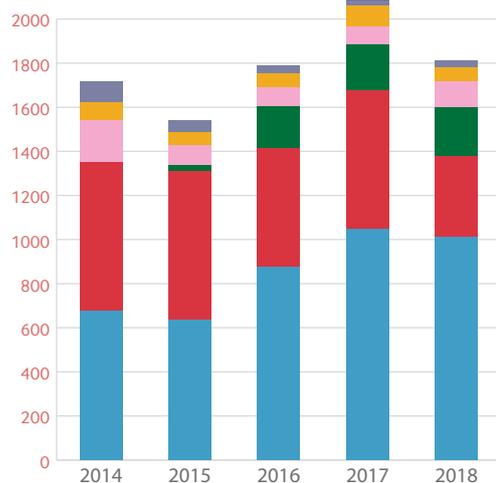
GENERAL FIGURES



- **Production:**
39,450 ct (8.5 million USD)
- **Ranking:**
#19 (volume) and #17 (value)
- **Share of global production 2018:**
0.03% (volume) and 0.06% (value)
- **Value of production:**
between 175 and 225 USD/ct
- **Production capacity (estimate):**
< 0.1 million ct/year (~15-19 million USD/year)
- **Share of rough diamonds in the country's total exports (last 3 years):**
between 0.6% and 0.7%.¹

PRODUCTION 2013-2017

Million ct | Million USD



EXPORT 2012-2016

Million ct | Million USD

EXPORT DISTRIBUTION

European Union | United Arab Emirates
Singapore | People's Republic of China | Israel
Rest of World

¹ This is mainly due to the fact that India is increasingly trying to become a diamond trading centre as well, and not because of the modest Indian production.

PRODUCTION

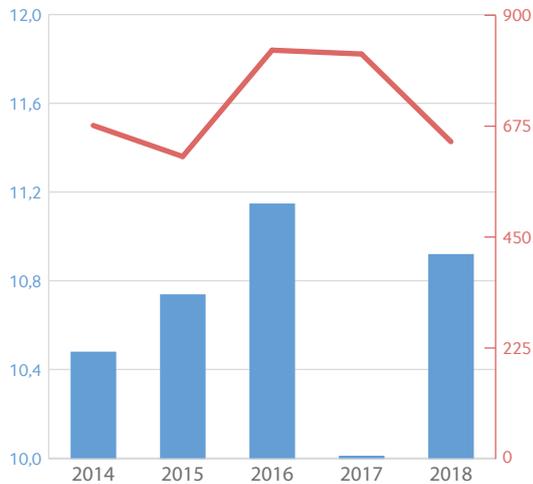
- Small-scale, artisanal alluvial production in Panna district (Madhya Pradesh), which is sold locally.
- Rio Tinto developed its **Bunder** Diamond Mine Project in Madhya Pradesh on a cluster of diamond-bearing kimberlite and lamproite pipes. The reserves of the deposit have been estimated at 34 million carats. However, in mid-2016, Rio Tinto decided to terminate the Bunder Project. Rio Tinto took this decision after having invested more than 90 million USD over 14 years.
- The Madhya Pradesh state government has owned the Bunder Project since 2017 and considered selling it or assigning it to a state-owned company for further development. Ultimately, in December 2019, it was announced that the project was sold to Essel Mining, a subsidiary of Indian conglomerate Aditya Birla Group for an estimated US\$10 million. The company acquired the mining rights and a 50-year government lease.

MISCELLANEOUS

- According to Indian law, Indian companies are not allowed to purchase rough diamonds abroad with a system of **pre-financing** (i.e. pay in advance). However, there is a list of “recognized” mining companies that are allowed to get advance payments. India is the largest diamond polishing centre in the world: 9 out of 10 diamonds are polished in India (Surat, state of Gujarat).
- In November 2016, India suddenly decided to abolish its R500 and R1,000 notes in an attempt to reduce corruption and black-market economy in the long term. This demonetization program had far-reaching consequences for the diamond and jewelry trade. In the short and medium term, there was a considerable decrease in demand for smaller rough stones and lower-quality goods. However, in the long run, it seems that the impact has almost disappeared as higher quantities of these lower-quality rough diamonds are being sold into the market currently.
- In June 2017, the Indian government announced a new **Goods and Services Tax regime (GST)**. Amongst others, they decided to impose a 0.25% import tax on rough diamonds (and other rough precious and semi-precious stones).
- In 2018, The Antwerp World Diamond Centre (AWDC), together with its Indian counterpart the Gem & Jewellery Export Promotion Council (GJEPC), formally launched a new tool to bring greater compliance and transparency to diamond transactions. The know-your-customer (KYC) exchange platform, called MyKYCBank, provides a centralized platform for companies in the diamond industry to complete and manage more efficiently their KYC obligations in conformity with global standards. Users can easily and quickly share their own KYC data among trade connections as well as banks and other financial intermediaries, providing the confidence that comes with open information sharing.
- In May 2019, India’s customs office issued a directive requiring rough diamond traders to submit a detailed description of the imported diamonds, including country of origin, size, type, color and clarity - an ‘impossible’ demand, representatives say. This followed the release of a note on May 4 by the Customs Department, in which they cited incidents of suspected false declaration of values of both imported and exported rough diamonds. It said the description of the diamonds is often incomplete, merely describing them as ‘rough diamonds’ without any detail about their value.

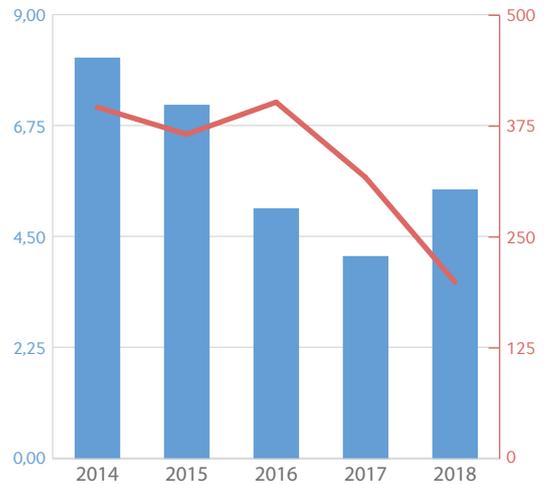
IMPORTANCE FOR ANTWERP

RELATIONSHIP WITH ANTWERP



DIRECT IMPORT IN BELGIUM 2013-2017

Million ct | Million USD



DIRECT & INDIRECT IMPORT 2013-2017

Million ct | Million EUR

- **Belgian (direct) imports:**
10.9 million ct (644 million USD)
- **Share of total Belgian (direct) imports of rough diamonds:**
1.8% (volume) and 6% (value)
- **Share of rough diamonds in the total Belgian imports of goods from India in 2015:**
4.1% (2nd place).
- **As there is hardly any diamond production in India, the statistics indicate Belgian imports of rough diamonds that were initially exported from diamond producing countries to India.**

OPPORTUNITIES

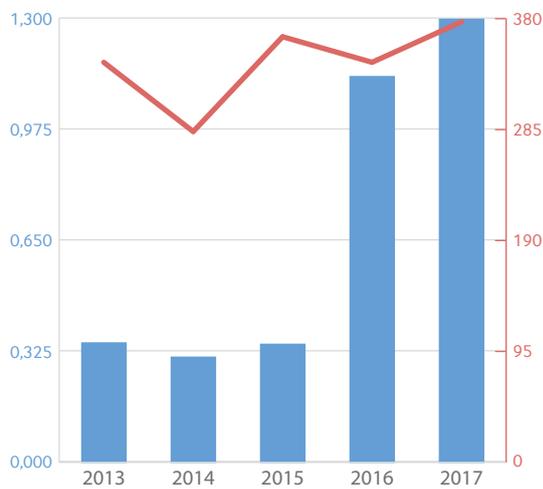
- India was the KP Chair in 2019, the last year of the KP Reform Cycle. Since limited progress was achieved during the Australian (2017) and EU (2018) Chairmanships, the Indian Chairmanship of 2019 was seen as the last opportunity during this Reform Cycle to agree on substantial reform of the KP. The fact that this did not happen comes as little surprise, as over the past two years, India has been very reluctant to reform. The AWDC and KP observers pursued a substantial and continuous dialogue with the Indian authorities responsible for KP policy, yet the KP failed to achieve substantial results in 2019. Whether this failure was directly caused by India's disinterest in pursuing reform is unclear, as the proposed reforms faced broad resistance from multiple member countries.
- Further developments in the Bunder project should be closely monitored. The situation of the Bunder project appears likely to change in late 2019 - early 2020.

LESOTHO

- Medium-sized producer (classification)
- 7th largest producer (in value)
- High quality
- Export 100% to Antwerp

FACTS

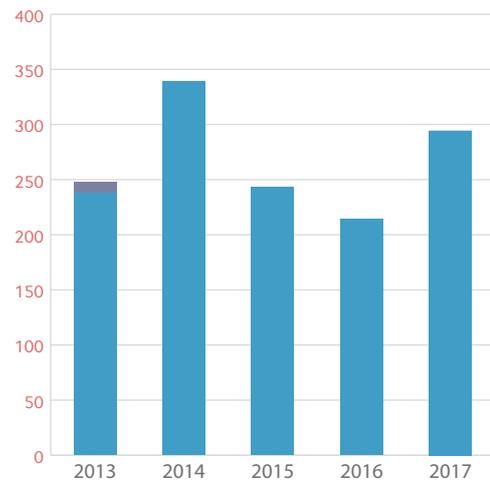
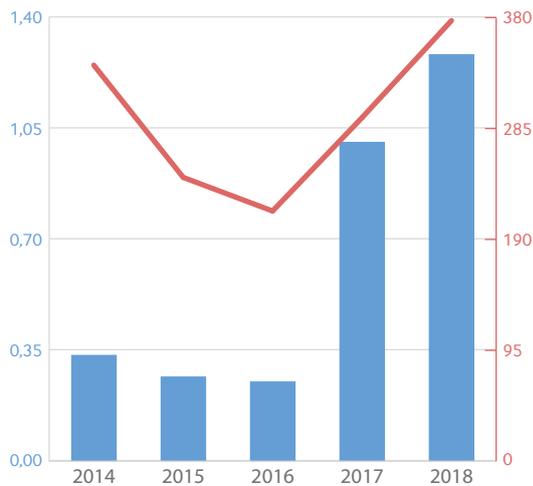
GENERAL FIGURES



- **Production:**
1.29 million ct (377million USD)
- **Ranking:**
#10 (volume) and #7 (value)
- **Share of global production:**
0.88% (volume) and 2.61% (value)
- **Value of production:**
between 300 and 1,000 USD/ct
- **Production capacity:**
0.2-0.5 million ct/year
(120-500 million USD/year)
- Share of rough diamonds in the country's total exports (last 3 years): between 31% and 43%.

PRODUCTION 2013-2017

Million ct | Million USD



EXPORT 2013-2017

Million ct | Million USD

EXPORT DISTRIBUTION

European Union | Rest of World



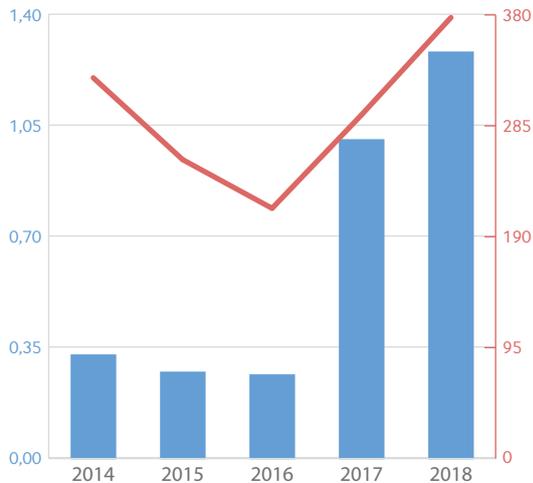
PRODUCTION

- Industrial mining of kimberlite deposits and the alluvial deposits in the immediate surrounding area.
- The **Letšeng** mine (70% Gem Diamonds and 30% government of Lesotho) is known for producing large stones of the highest quality and, therefore, sold for the highest price per carat. One of the main customers of these stones is London jeweler Graff. They presented, for instance, the “Graff Vendôme” and the “Golden Empress”, both which are polished stones from the Letšeng mine. In July 2018, AWDC hosted Letšeng CEO Kelebone Leisanyane. In January 2018, Gem Diamonds recovered a 910-carat D color diamond, named the “Lesotho Legend”. It sold for \$40 million in Antwerp, kicking off a very strong 2018. They renewed their lease at the Letšeng mine until 2034. In June of 2019, Gem Diamonds sold its Ghaghoo mine in Botswana to Pro Civil, a local company, for \$5.4m (R77m), bringing to an end Gem’s struggles with the underground mine that never lived up to its expectations. Gem Diamonds also initiated a business transformation program that aims to deliver US\$100 million in cost savings and efficiencies by 2021. They have targeted annual savings of \$30 million starting in 2022. They are working on new diamond recovery technology that will identify diamonds and pull them out of the system before they reach the crusher.
- **Kao** mine (62.5% Namakwa Diamonds, 25% government of Lesotho and 12.5% local investors). Operators of the Kao mine (Storm Mountain Diamonds, a subsidiary of Namakwa Diamonds) visited Antwerp in 2015, together with Lesotho’s Minister of Mines. They decided to sell their production through a tender house in Antwerp. In 2018, they tendered a 30-ct pink rough diamond, “The Rose of KAO”, in Antwerp.
- At least 4 diamond mines were opened as from 2016 with annual diamond production set to quadruple. The mines are Liqhobong, Mothae, Lemphane and Kolo.

- The **Liqhobong** mine (75% Firestone Diamonds and 25% government of Lesotho) started trial production in June 2011 and regularly produces fancy colors (mostly yellows). It has reserves of more than 11 million carats. The first commercial production was sold in Antwerp at the end of 2016. The cancelled sale of Firestone's BK11 projects (Botswana) in Q3 2016 could signify liquidity problems with a potentially negative impact on the further development of Liqhobong. Firestone has been negatively impacted by low diamond prices in 2019. The Liqhobong Mining Development had to ask for and received a waiver from ABSA Bank for certain of its covenants measured as at 30 June 2019 in terms of a \$82.4 million facility agreement, with the support of its bondholders. The next measurement date will be 30 June 2020. In July 2018, Paul Bosma took over as CEO from Stuart Brown, who left to take over as CEO for Mountain Province. Production was halted in late 2019 due to problems with the power supply to the processing plant.
- The **Mothae** mine (70% Lucapa Diamond Corporation and 30% government of Lesotho) has recently become operational and reached commercial production in January 2019. Australia's Lucapa acquired the mine at the beginning of 2017, following an international tender process. In September 2018, the first parcel stemming from the Mothae mine was exported to Antwerp and the first tender was held in February 2019. A delegation of ministers and miners from Lesotho, including the Minister of Mining Mr. Keketso Sello, visited the AWDC and its Diamond Office during the final days of the tender. The mine has a 14-year lifespan which could increase. It is currently operating under a 10-year license which is renewable. Mothae installed a new, 1.1 Mtpa processing plant that incorporates XRT sorting technology. The mine has steadily increased its production in 2019 with several large-diamond recoveries.
- The **Lemphane** mine (76.5% Letlaka Mining and 26.5% government of Lesotho) will be developed synchronously with the Mothae mine. Mothae and Lemphane are part of the same kimberlite cluster as the Letšeng mine. Therefore, both mines may contain large and valuable diamonds like the diamonds that made the Letšeng mine famous. Paragon Diamonds, the previous owner, was withdrawn from the London AIM stock exchange. In August 2017, after a tender, Letlaka Mining was awarded the lease of the mine.
- The **Kolo/Reskol** project from Batla Minerals is in trial phase.

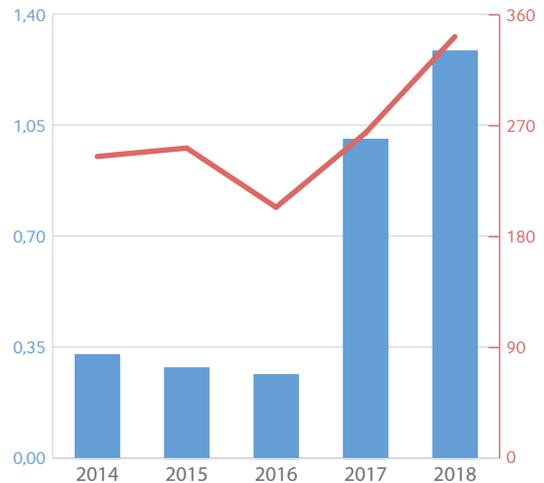
IMPORTANCE FOR ANTWERP

RELATIONSHIP WITH ANTWERP



DIRECT IMPORT IN BELGIUM 2013-2017

Million ct | Million USD



DIRECT & INDIRECT IMPORT 2013-2017

Million ct | Million EUR

- **Belgian (direct) imports:**
1.3 million ct (378 million USD)
- **Share of total Belgian (direct) imports of rough diamonds:**
1.38% (volume) and 3.54% (value)
- **Share of rough diamonds in the total Belgian imports of goods from Lesotho:**
100% (1st place).
- All production is traded in Antwerp. The advantage is that junior miners and mid-tier miners are in charge of production, and they usually search for the most competitive market, which is typically Antwerp. Moreover, the most valuable stones are also cut in Antwerp. For example: The Lesotho Promise was a rough stone weighing 602 ct (12.36 million USD) that was found in Letšeng in 2006 before being sold and cut in Antwerp. The preliminary study or “planning” prior to cutting and polishing lasted 2 years and resulted in 26 polished diamonds, with the largest weighing more than 75 ct. The total value of these polished stones is estimated at a minimum of 50 million USD. The Lesotho Legend (910 ct (\$40 million) is a similar, more recent (2018) story. It was also polished in Antwerp.

OPPORTUNITIES

- The transparency of the Antwerp market is an important sales argument carrying considerable weight with mining companies listed on the stock exchange.

CONSIDERATIONS FOR THE DIPLOMATIC POST

- Continue to promote Antwerp as the best market for the commercialization of rough diamonds where Antwerp's transparency should be emphasized as one of its advantages.
- Promote Antwerp as a centre of excellence for polishing large and valuable stones. Lesotho's rough diamonds are often of a very high quality, which means that cutting and polishing diamonds of 5 carats or larger in Antwerp is already profitable. For instance, the stories of the "Lesotho Promise" and the "Lesotho Legend", sold as a rough stone and now polished (In Antwerp) should be highlighted continuously.
- At the end of 2017, AWDC organized the "African Diamond Conference". In this framework, a study was conducted with regard to the threat of synthetic diamonds for diamond producing countries. Based on this study, it appears that Lesotho is one of the countries which might be most impacted, due to the importance of natural diamonds to their economy. Hence, Lesotho could become an ally of the diamond industry by supporting a better (international) legal differentiation between lab-grown diamonds and natural diamonds.
- King Letsie III of Lesotho visited Brussels in September 2018, where he met with AWDC's CEO and members of the diamond community.

LIBERIA

- Small producer (classification)
- 13th producer (in value)
- KP implementation is poor
- Lack of investments because of the lack of interesting projects and the Ebola epidemic

FACTS

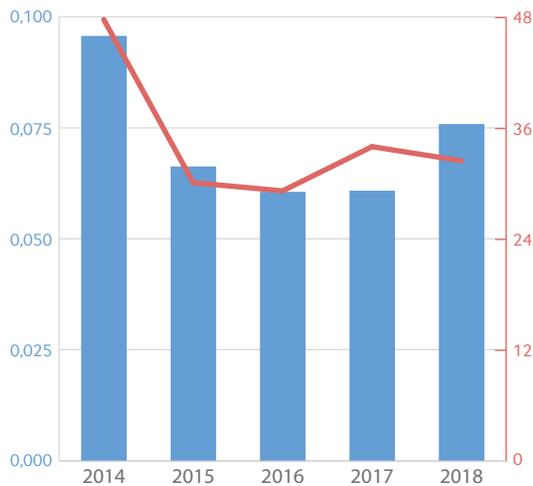
GENERAL FIGURES



- **Production:**
79,324ct (31,9million USD)
- **Ranking:**
15(volume) and #14 (value)
- **Share of global production:**
0.05% (volume) and 0.22% (value)
- **Value of production:**
between 400 and 471 USD/ct
- **Production capacity:**
< 0.1 million ct/year (36-50 million USD/year)
- **Share of rough diamonds in the country's total exports (last 3 years):**
between 2.3% and 2.8%

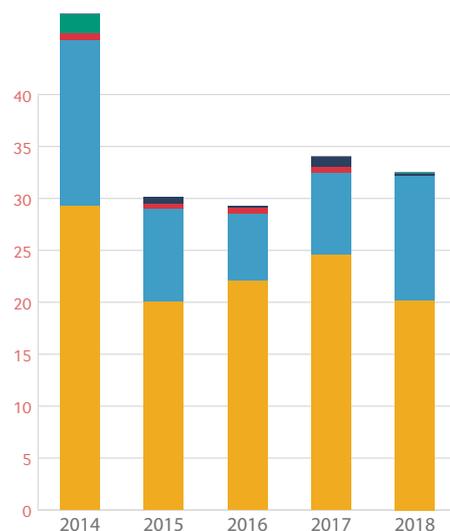
PRODUCTION 2013-2017

Million ct | Million USD



EXPORT 2013-2017

Million ct | Million USD



EXPORT DISTRIBUTION

Israel | European Union

United Arab Emirates | United States of America

Republic of Korea | Rest of World

PRODUCTION

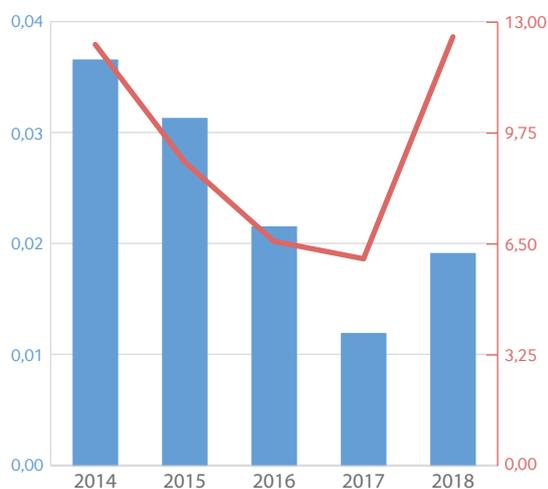
- Artisanal mining of alluvial deposits and semi-industrial mining of kimberlite deposits in open-pit.
- There are occasional finds of large diamonds in the Lofa area (40-100 ct), which account for the high average and fluctuating value in the statistics. Indeed, the average value in Liberia, without considering the large and expensive stones, is between 170 and 190 USD/ct.
- In 2013, **Youssef Diamond Mining Company (YDMC)** announced the discovery of a diamond-bearing kimberlite pipe in Camp Alpha in the Lofa area (Cape Mount County). The mining project is still in the research phase and the company is still looking for additional financing. So far, there is no indication of an actual start of commercial production.
- In September 2018, the Canadian diversified junior mining company **Tango Mining Limited** announced the acquisition of an 80% unencumbered interest in the **Mano River Project** from West Mining Ltd in the Republic of Liberia. This project consists of one recently-granted 104.3 km² diamond mineral exploration license located in the western part of Republic of Liberia. This area is well known for the widespread occurrence of alluvial diamonds and the known presence of kimberlites, but there has been little systematic modern exploration. The alluvial diamond deposits have been exploited by artisanal miners and a number of companies for many years. However, the area is still considered relatively undeveloped when considering the property's diamond potential.

MISCELLANEOUS

- The Ebola outbreak of 2014 mainly affected artisanal mining regions. Alluvial mining has slowed down since.
- The simplified visa procedure known as the "Liberia Procedure" has been developed on the basis of a list of traders approved by the Liberian KP authority

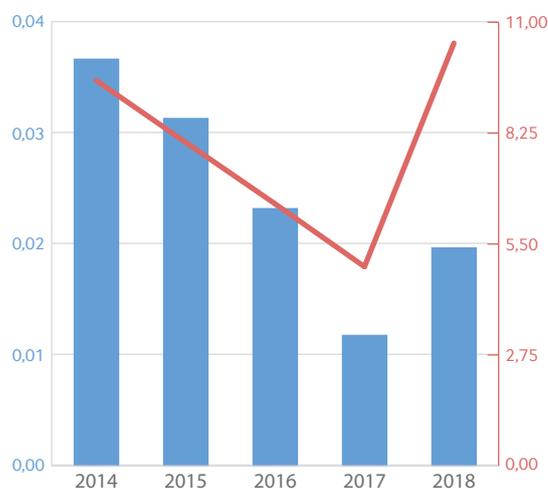
IMPORTANCE FOR ANTWERP

RELATIONSHIP WITH ANTWERP



DIRECT IMPORT IN BELGIUM 2013-2017

Million ct | Million USD



DIRECT & INDIRECT IMPORT 2013-2017

Million ct | Million EUR

- **Belgian (direct) imports:**
19,015 ct (12.6 million USD)
- **Share of total Belgian (direct) imports of rough diamonds:**
0.02% (volume) and 0.12% (value)
- **Share of rough diamonds in the total Belgian imports of goods from Liberia:**
68.1% (1st place).

OPPORTUNITIES

- Liberia was declared Ebola-free in June 2016. The **artisanal mining** industry can, once again, be stimulated. Even though Liberia will always be a small producer, it could still be beneficial to the AWDC and the Antwerp diamond industry to provide support, on the one hand, to reactivate the artisanal diamond mining industry and, on the other hand, to strengthen KP controls and procedures. Keeping these opportunities in mind, the AWDC participated in the Chamber of Commerce, Industry and Agriculture Belgium-Luxembourg-Africa-Caribbean-Pacific (CBL-ACP) mission to Sierra Leone in January 2016.
- In June 2017, two government valuers from Liberia followed a two-week **rough diamond valuation course** in Antwerp: the “KP Technical Assistance Valuation Program”, put together by the Diamond Development Initiative (DDI) and AWDC.
- In March 2020, the World Diamond Council (WDC) expressed its support for the artisanal diamond miners in the countries that comprise the Mano River Union (Sierra Leone, Côte d’Ivoire, Liberia and Guinea). The WDC was there to discuss the implementation of a regional approach to reinforce the **effectiveness of the Kimberley Process Certification Scheme (KPCS)**, which aims to assist artisanal diamond miners in obtaining better access to the legitimate diamond supply chain while receiving fair value for their work.

THREATS

- **KP** implementation is poor and internal KP monitoring insufficient.
- The Youssef Diamond Mining Company (**YDMC**) has good contacts in the United States (US), making it possible that any potential future production of Camp Alpha will be marketed via the US.
- **Israel** has consolidated its hold on the Liberian production. Therefore, it is very difficult for Belgian traders to become a viable competitor in this small market.

CONSIDERATIONS FOR THE DIPLOMATIC POST

In January 2016, the AWDC participated in a mission of the Chamber of Commerce, Industry and Agriculture Belgium-Luxembourg-Africa-Caribbean-Pacific (CBL-ACP).

Despite relatively low production, it is nonetheless important to persuade the YDMC to sell its goods in Antwerp.

Liberia must be encouraged to better implement the KP and carry out more efficient internal KP controls. Setting up a local capacity building program to enhance internal KP monitoring could be considered as an option. A sit-down with the World Diamond Council could be a great addition to this process.

NAMIBIA

- Large producer (classification)
- 6th largest producer (in value)
- Production and trade are mainly in the hands of De Beers
- Mainly offshore production, excellent in terms of both quantity and quality

FACTS

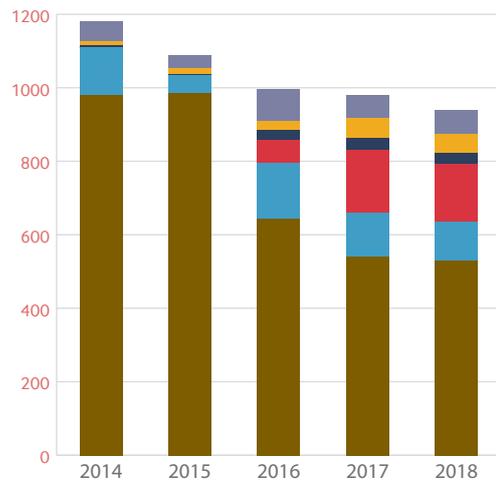
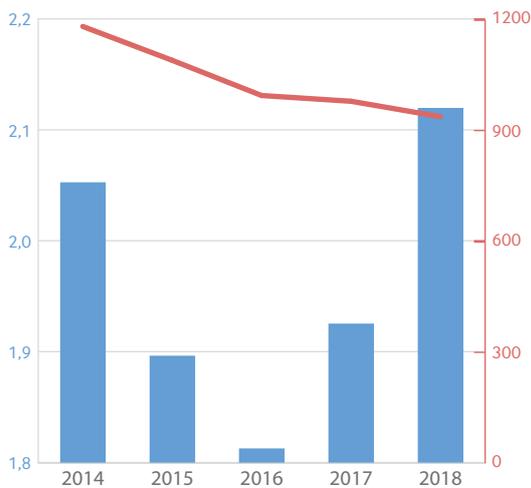
GENERAL FIGURES



- **Production:**
2.4 million ct (1.12 billion USD)
- **Ranking:**
#9 (volume) and #6 (value)
- **Share of global production:**
1.29% (volume) and 7.16% (value)
- **Value of production:**
between 470 and 600 USD/ct
- **Production capacity:**
1.7–2.2 million ct/year
(0.9-1.4 billion USD/year)
- **Share of rough diamonds in the country's total exports (last 3 years):**
between 13% and 21%

PRODUCTION 2013-2017

Million ct | Million USD

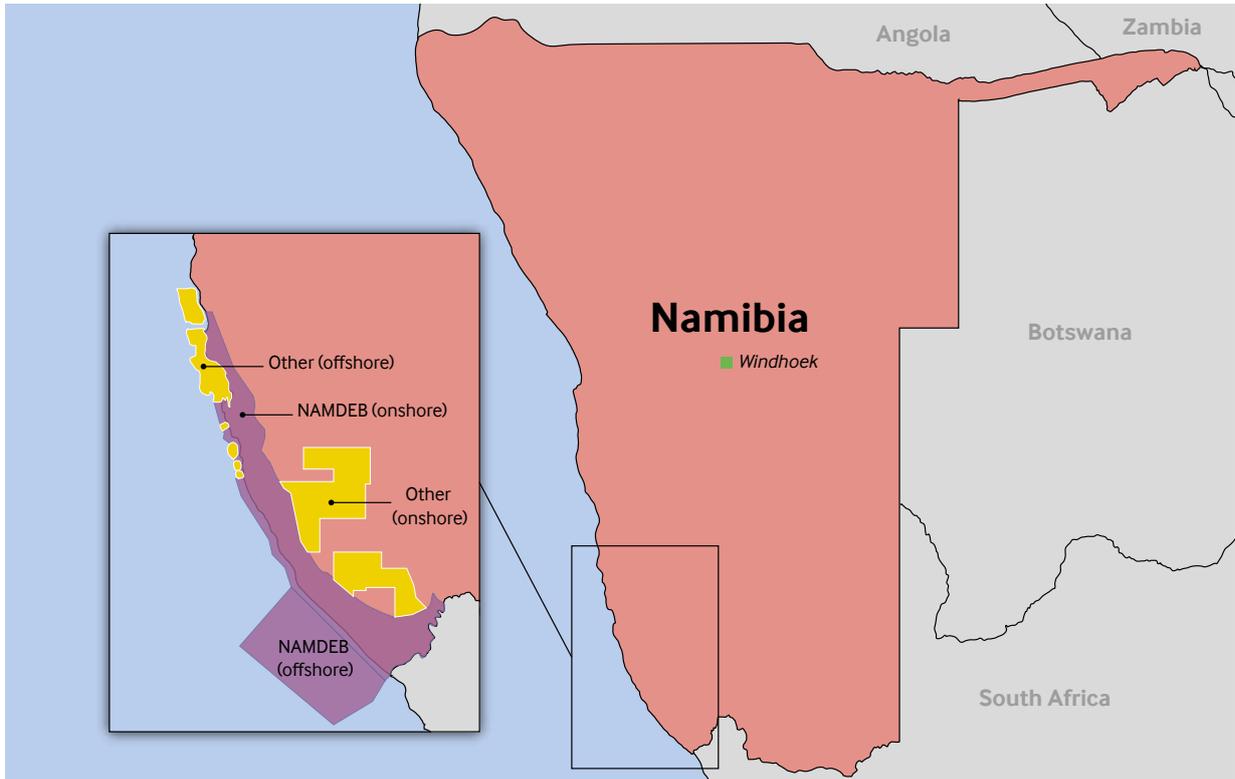


EXPORT 2013-2017

Million ct | Million USD

EXPORT DISTRIBUTION

Botswana | European Union
United Arab Emirates | United States of America
Israel | Rest of World



PRODUCTION

- Industrial offshore production and production from land-based alluvial and marine deposits.
- Namdeb Holdings is a 50/50 joint venture between Namibia and De Beers and operates, through its wholly-owned subsidiary Namdeb Diamond Corporation, the following mines:
 - Debmarmine Namibia: offshore production in the Exclusive Economic Zone (EEZ) accounts for 90% of Namibian reserves. Production is about 1,400,000 carats per year. In May 2019, they approved the construction of the world's first ever custom-built diamond recovery vessel to commence operations in 2022. The vessel is expected to add 500,000 carats annually to Debmarmine Namibia's production, an increase of approximately 35% on current production.
 - Orange River Mines: occasionally produce very large stones. In November 2019, Namdeb requested the Namibian government for a softer tax regime or royalties to allow an extension of the mining operations beyond 2023.
 - Elizabeth Bay: This mine, which resumed production in 2012, produced around 200,000 carats in 2017. In February 2018, De Beers announced that it would seek a buyer for this mine. In September 2019, it was sold to the Lewcor Group – a 100% Namibian-owned company with the inclusion of Historically Disadvantaged Namibians at a level of 25%.
 - Southern Coastal Mines (SCM) has a license which is valid until 2035 but will be shut by 2022 as depletion is realized.
 - Namdeb is Namibia's largest taxpayer and the country's biggest foreign exchange generator, contributing more than a fifth of the country's foreign earnings.
 - In 2019, production in Namibia fell 10% to a half-million carats, driven by Debmarmine Namibia where output fell 9% to 400,000 carats due to routine vessel maintenance.

- 85% of the total production is sold through a joint venture between the Namibian government and De Beers, the Namibia Diamond Trading Company (NDTC), with the remainder being sold to local manufacturing clients within the framework of beneficiation.
- In May 2016, Namibia and De Beers signed a new 10-year sales agreement for sorting, valuing and sales of Namdeb Holdings' diamonds. Larger amounts rough diamonds would be made available for beneficiation and 15% of Namdeb's run-of-mine (ROM) production would be made available to Namib Desert Diamonds (NAMDIA), a government-owned independent sales company. A first sale in autumn of 2016 to undisclosed selected buyers has sparked some interest by factories with a Namibian sight. In February 2019, Bonas-Couzyn NV and International Mining and Dredging Holdings (Pty) Ltd (IMDH) organized an IMDH's Namibian marine-mined rough diamonds for sale in Bonas-Couzyn's Antwerp offices. IMDH is involved in offshore exploration, dredging and marine mining as well as specialized vessel & tool design. Its Namibian subsidiary, Nutam Operations (Pty) Ltd (NUTAM), has been contracted by license holder Diamond Fields (Namibia) to undertake mining operations within its offshore Namibian mining license and to sell the production recovered.
- The first sale from IMDH brings to market approximately 47,000 carats of original marine goods of gem quality, mined by the specialist mining vessel, the Ya Toivo. Regular ROM production tenders will be held in Antwerp in the years to come.
- Local diamond processing within the framework of beneficiation is not very profitable, among others, due to a lack of local expertise and the costs which are significantly higher in comparison to the costs in neighboring countries.

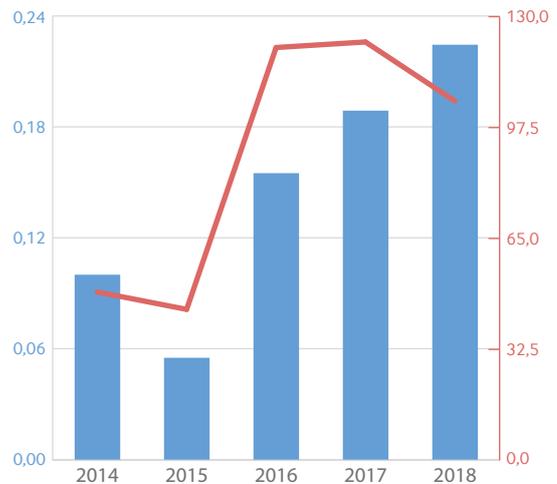
IMPORTANCE FOR ANTWERP

RELATIONSHIP WITH ANTWERP



DIRECT IMPORT IN BELGIUM 2013-2017

Million ct | Million USD



DIRECT & INDIRECT IMPORT 2013-2017

Million ct | Million EUR

- Belgian (direct) imports:**
201,402ct (105 million USD)
- Share of total Belgian (direct) imports of rough diamonds:**
0.22% (volume) and 0.98% (value)
- Share of rough diamonds in the total Belgian imports of goods from Namibia:**
20.1% (2nd place).

OPPORTUNITIES

- Negotiations between the Namibian government and De Beers regarding a new contract for the sale of Namdeb production have been completed. According to the agreement, “**Namib Desert Diamonds**” (**NAMDIA**), a government-owned independent sales company, will be able to sell autonomously 15% of Namdeb Holding ROM production. A delegation from NAMDIA visited the AWDC in August 2016.
- The AWDC participated in the **International Diamond Conference** in Windhoek in November 2015. The authorities at the conference, including the Minister of Mines and Energy, were definitively interested in exploring the options provided by the Antwerp diamond market.

THREATS

- Namdeb is by far the largest diamond producer in Namibia. Therefore, the rough diamond trade from Namibia continues to depend on De Beers.
- Beneficiation in Namibia is a threat, even though the high price in Namibia somewhat moderates the risk posed. Nonetheless, this means that part of the production is processed in Namibia, and therefore, not traded in Antwerp.

CONSIDERATIONS FOR THE DIPLOMATIC POST

Now that “Namib Desert Diamonds” (NAMDIA) is able to sell 15% of Namdeb production on the international market the Embassy could keep promoting Antwerp’s strengths to the Namibian government. Tendering is a particularly popular and attractive way of selling rough diamonds in Antwerp, as they guarantee the highest price. The Antwerp Diamond Tender Facility or other Antwerp-based tender houses are an example of fully equipped facilities where such sales can be held.

At the end of 2017, AWDC organized the “African Diamond Conference”. In this framework, a study was conducted with regard to the threat of synthetic diamonds for diamond-producing countries. Based on this study, it appears that Namibia is one of the countries which will be highly impacted, due to the importance of natural diamonds to their economy. Hence, Namibia could become an ally of the diamond industry by supporting a better (international) legal differentiation between lab-grown diamonds and natural diamonds. This topic will be re-addressed during the second African Diamond Conference to be held in South Africa in 2021. It is important that the Namibian Minister for Mines and Energy Hon. Kornelia Shilunga will be present.

RUSSIA

- Large producer (classification)
- 1st largest producer (in both value and volume)
- Exports mainly to the EU
- Stiff competition for Antwerp from India and the UAE

FACTS

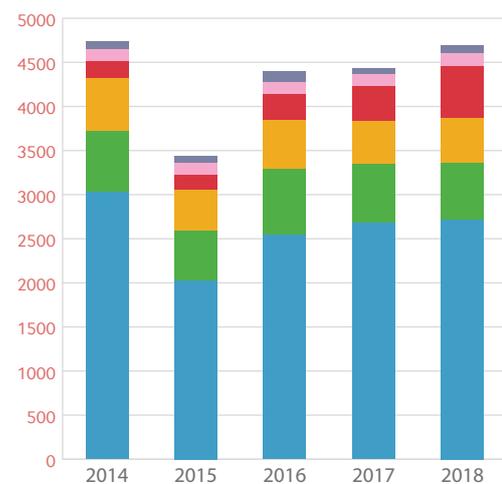
GENERAL FIGURES



- **Production:**
43.2 million ct (4.0 billion USD)
- **Ranking:**
#1 (volume) and #1 (value)
- **Share of global production:**
29.3% (volume) and 27.6% (value)
- **Value of production:**
between 88 and 102 USD/ct
- **Production capacity:**
45 million ct/year (4.7 billion USD/year)
- **Share of rough diamonds in the country's total exports (last 3 years):**
between 1% and 1.5%

PRODUCTION 2013-2017

Million ct | Million USD



EXPORT 2013-2017

Million ct | Million USD

EXPORT DISTRIBUTION

European Union | India | Israel
United Arab Emirates
People's Republic of China | Rest of World



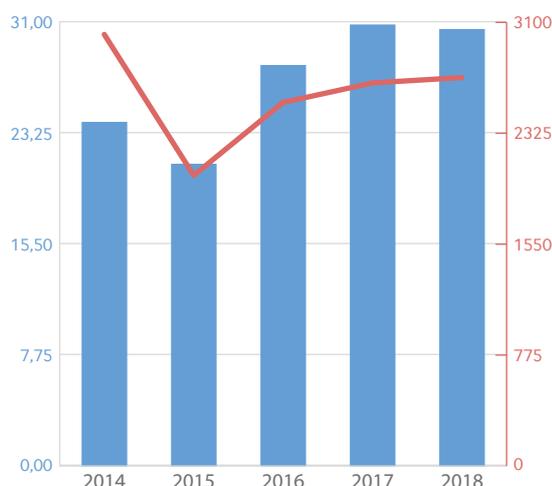
PRODUCTION

- Industrial production from kimberlite and alluvial deposits.
- 14 of the world's top 60 diamond mines are located in Russia.
- Production is mainly dominated by ALROSA. In 2019, ALROSA Group's enterprises produced 38.5 million carats of rough diamonds, an increase of 5% to 36.7 million carats in 2018 despite lower market demand which pushed their total diamond sales down 12% to 33.4 million carats.
- ALROSA has operations in Republic of Sakha (Yakutia) and Arkhangelsk region. The company operates 11 kimberlite pipes and 16 alluvial deposits.
- In the **Republic of Sakha (Yakutia)**, the main kimberlite mines are Jubilee (which represents 25% of ALROSA's output and is the world's third biggest mine in value with a production of more than 6.5 million carats in 2019), Nyurbinskaya, Aikhal, Udachnaya, International (the world's ninth largest mine in value: produced 4.9 million carats in 2019) and Mir (closed indefinitely, due to an accident in August 2017 where 9 miners died). Alrosa has recently (2020) started investigating the feasibility of reopening this mine. It might be reopened by 2030. There are also a number of smaller mines in the Republic of Sakha: Almazy Anabara (alluvial), Nizhne-Lenskoye (alluvial), Zarnitsa and Komsomolskaya (kimberlite). The Botuobinskaya kimberlite mine in the Nyurba district was opened in 2015. A new production area was added in **Arkhangelsk Oblast**, which includes the Severalmaz (ALROSA) Lomonosov mine that is predicted to produce 3.2 million carats in 2018.
- The **Verkhne-Munskoye** is a deposit consisting of 3 kimberlites in the Republic of Sakha which started operations and test drilling in 2018. This deposit has the potential to yield about 1.8 million carats of rough diamonds per year. Its reserves are sufficient to continue mining for more than 20 years. In February 2020, a rare 17-carat yellow stone was uncovered, the first rough diamond with bright color from this mine. ALROSA has recently (2019) launched diamond production at the Zarya pipe. The new deposit will allow compensating for the depleting stock of Komsomolsky open-pit mine and looking forward it will ensure stable mining for the division. It estimated total diamond resources at the deposit to be 3.5 million carats, valued at US\$1 billion.

- The **Grib** mine, located in the northwestern part of Russia in the Arkhangelsk Region, is the 10th largest diamond mine in the world and the only major one in Russia that is not operated by Alrosa. At the end of 2016, Lukoil sold its subsidiary Arkhangelsk Geoldobycha, which operated the mine, to Otkritie Holding Joint Stock Company. In September 2018, the miner was officially renamed JSC AGD Diamonds. 5% of the production of the Grib mine remains in Russia for sale by the government. The remainder is exported to the group's Grib Diamonds subsidiary in Antwerp.
- This mine produces a little more than 4 million carats annually. The reserves are estimated at 98.5 million carats (11 billion USD). The mine's expected lifespan is estimated at 25 to 35 years, which makes it of significant importance to Antwerp.

IMPORTANCE FOR ANTWERP

RELATIONSHIP WITH ANTWERP



DIRECT IMPORT IN BELGIUM 2013-2017
Million ct | Million USD



DIRECT & INDIRECT IMPORT 2013-2017
Million ct | Million EUR

- **Belgian (direct) imports:**
30.4 million ct (2.72 billion USD)
- **Share of total Belgian (direct) imports of rough diamonds:**
32.8% (volume) and 25.4% (value)
- **Share of rough diamonds in the total Belgian imports of goods from Russia:**
24.7% (3rd place).
- ALROSA is the foremost supplier of rough diamonds to Antwerp and sees Antwerp as its primary commercial partner and as a "centre of excellence". The strategic collaboration existing between ALROSA and the AWDC since 2002 was renewed in 2017 with the signing of a new cooperation agreement.
- ALROSA sells more or less 50% of its production in Antwerp, either via long-term clients established in Antwerp, or via direct sales on the Antwerp market.
- Rough diamonds are regularly sold via Gokhran of Russia, the government body that builds up strategic reserves in precious stones and metals. The lion's share of these sales comes to Antwerp. Furthermore, AWDC and the Gokhran signed a Memorandum of Understanding (MoU) in 2014, i.a. stipulating that Gokhran goods could be sold in Antwerp via tenders.
- The majority of Grib's production is sold by auction in Antwerp by Grib Diamonds NV. The first sale took place in September 2014.

OPPORTUNITIES

- ALROSA is the foremost supplier of rough diamonds to Antwerp and sees Antwerp as its primary commercial partner and as a “centre of excellence”. The strategic collaboration between ALROSA and the AWDC has existed since 2002 and was renewed on April 24, 2018. The aim of the three-year agreement is to improve the scope and efficiency of ties between ALROSA and AWDC, exchanging information on the diamond market, the joint promotion of marketing initiatives, including generic marketing to maintain the value of diamonds as a category and stimulate consumer demand. The AWDC will keep supporting the marketing efforts of ALROSA that are done together with other members of the Diamond Producers Association (DPA). ALROSA and AWDC will likewise support each other in promoting their own initiatives.
- ALROSA and AWDC will pay great attention to the problem of illegal penetration of synthetic stones into the trade of rough and polished diamonds and will promote and protect the procedure of differentiation in rough diamonds and synthetic stones, including support of industry initiatives. AWDC will also allow for comprehensive check-ups and support the promotion of detection devices for synthetic stones, including Diamond Inspector, the technology developed by ALROSA. AWDC will also continue the close collaboration within the World Diamond Council (WDC) to complete the reform of the WDC’s System of Warranties, and supporting the WDC as an industry representative in the Kimberley Process.
- The organization of tenders in Antwerp for the sale of Gokhran goods still provides many opportunities. Gokhran, however, traditionally does not sell their goods outside Russia. It may be worthwhile to explore this option with Gokhran when the world diamond industry is once again in an upward spiral and the demand for rough diamonds increases.
- ALROSA has a 41% stake in the Angolan Catoca mine. With this in mind, the new Angolan Diamond Marketing Policy, where mining companies will be able to sell up to 60% of the production on the free market, provides opportunities for ALROSA to sell its part of the production on the Antwerp market. So far, the measures taken by the Angolan government have not yet clarified whether a share can be sold on the free market or would need to be sold locally, or whether the production could be sold in international trading centers.
- In June 2019, Alrosa unveiled a place-of-origin program that will provide consumers and traders with in depth provenance information, complete with a personalized video and an electronic passport which will accompany a diamond, providing information about the physical characteristics of the diamond as well as its age, place and date of extraction.
- Alrosa has recently signed a joint venture agreement in Zimbabwe with national diamond miner Consolidated Diamond Company ZCDC. According to the terms of the agreement, ALROSA gets a 70% controlling stake for the development of greenfield projects, ZCDC – 30%. First of all, the joint venture will be engaged in geological exploration of greenfield deposits. Further objectives of the cooperation agreement include diamond mining and independent sales of rough diamonds in external markets. The new joint venture will be able to work not only with the licenses ZCDC has today, but also in the territory of the whole country.

THREATS

- For the past 5 years ALROSA has been investigating how it could avoid the restrictions on the export and sale of diamonds based on **potential trade sanctions** imposed by the EU and US in connection with the Ukraine crisis. ALROSA has, for example, asked its long-term clients to take the necessary measures to receive purchased diamonds outside of the EU and the US should this become necessary. ALROSA is strengthening ties with other diamond centers in order to be able to neutralize the consequences of Western sanctions. Putin's visit with Indian Prime Minister Modi in October 2016 should be seen in this context. Indeed, during this meeting, measures were discussed to simplify the taxation and customs procedure to make it easier for Russian traders to directly export rough diamonds to India.
- The **Russian KP Certificate for 'technical diamonds'** is causing major problems. Russia grants a KP Certificate to shipments of diamonds the size of a grain of sand (<1 mm) under HS 7102.10 or HS7102.21, whilst these would be considered "diamond powder and diamond dust" (HS 7105.90) by other KP countries. This causes a major statistical anomaly (>10 million ct/year) which can be (and is being) abused to legalize smuggled diamonds. However, Russia (more specifically, Gokhran and the Ministry of Finance) has refused to compromise on this since 2004.
- In September 2016, the Russian government removed a 6.5% **export duty** on rough diamonds, but since ALROSA was subsidizing the tax for international clients, the move did not have a direct impact on global diamond prices. The move does, however, incentivize ALROSA to increase production and sales since the tax savings will almost directly translate to the company's net income.
- In March 2017, Sergey Ivanov was elected as new President of ALROSA. He appointed a number of new managers, amongst others from the USO (United Selling Organization). It remains to be seen what impact this might have in the future.
- Teaming up with Sarine Diamond Technologies, Alrosa has launched a pilot program to provide digital mapping of its rough diamonds on tender. These online tenders could potentially threaten the position of diamond trade centers as the importance and benefits of physical tenders held in Antwerp decreases.

CONSIDERATIONS FOR THE DIPLOMATIC POST

The diamond trade relations between Russia and Belgium have a long history and are still very solid. As the primary producer of rough diamonds and the premier diamond-trading market, Russia and Belgium can be natural and complementary trade partners. Considering the precarious situation and tensions with the EU, and the increasing competition from other trading centers like Mumbai, it is crucial that the embassy continues to maintain regular contacts with decision-makers at ALROSA and the owners of Grib Diamonds.

Moreover, Antwerp's advantages as the ideal market for selling rough diamonds via tenders can be continuously promoted, keeping in mind the stakes of ALROSA in mining projects in Russia, Angola and Zimbabwe

In 2018, AWDC participated in a KP Review Visit to Russia. One of the major issues encountered was the lack of transparency given by the Russian government concerning the development of the Eurasian Economic Union and its implications on domestic Russian relevant customs policy in terms of KP compliance. The diplomatic post could help the AWDC by closely monitoring the developments in the setup of the Eurasian Economic Union.

SIERRA LEONE

- Medium-sized producer (classification)
- 10th largest producer (in value)
- Production is mainly industrial kimberlite and of high quality
- Exports over half of its production to the EU

FACTS

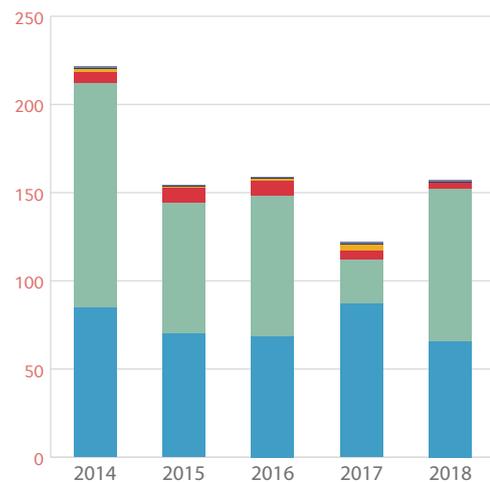
GENERAL FIGURES



- **Production:**
741.586 ct (157 million USD)
- **Ranking:**
#10 (volume) and #10 (value)
- **Share of global production:**
0.5% (volume) and 1.09% (value)
- **Value of production:**
between 201 and 423 USD/ct
- **Production capacity:**
0.8 million ct/year (240-300 million USD/year)
- **Share of rough diamonds in the country's total exports (last 3 years):**
between 13.4% and 23.6%

PRODUCTION 2013-2017

Million ct | Million USD



EXPORT 2013-2017

Million ct | Million USD

EXPORT DISTRIBUTION

European Union | Switzerland
United Arab Emirates | Israel
United States of America | Rest of World



PRODUCTION

- Industrial open-pit production from kimberlite pipe deposits (Koidu).
- Artisanal production from alluvial deposits (Koidu, Tongo and Zimmi) in the Sewa, Bafi, Woa, Mano and Moa river basins.
- Other underground kimberlite mines (in the Kono district and Tongo) are still in the testing phase. Both **Koidu Holdings** (owned by Benny Steinmetz Group Resources, through its daughter Octea Diamonds) and **Stellar Diamonds** are involved here. In 2016, Stellar Diamonds was in the process of a reverse takeover: it had agreed to a proposed transaction with Octea Mining Limited to combine Stellar's Tongo kimberlite diamond project with Octea's adjacent kimberlite diamond project, Tonguma, and to bring both assets into production under the same production infrastructure. However, the reverse takeover never went through and Stellar switched to a profit-sharing deal with Octea, which continues to own the Tonguma prospect, while Stellar keeps the adjacent Tongo acreage and operates both. In April 2018, Stellar Diamonds was acquired by **Newfield Resources**, who are developing an underground, hard rock diamond mine in the Tongo area. CEO Karl Smithson clarified that this deposit which will be producing the first rough diamonds in the 4th quarter of 2020 from its Tongo mine and that it has an initial ore reserve of 1 million carats, a resource of over 7 million carats and an initial 8-year life with peak annual diamond production of 260,000 carats forecast in Year 5.
- **Meya Mining** is owned by Namibia's Trustco Resources (51%) and Germinate Sierra Leone Ltd. Germinate is a 100% Sierra Leonean owned company which has secured a 4-year exclusive diamond exploration license in June 2015 over an area comprising 130.38 Km². In November 2017, Meya discovered a 476-carat stone, dubbed the "Meya Prosperity", in the diamond-rich eastern district of Kono. The stone was marketed by tender house Koin International in Antwerp and sold to the renowned jeweler Laurence Graff for 16.5 million USD. In July 2019, Meya Mining received its Large-Scale Mining Licence issued by the Minister of Mines and Mineral Resources for an initial term of 25 years with immediate effect, which will boost its large-scale mining plans

MISCELLANEOUS

- Artisanal mining received heavy blows during the Ebola epidemic. Although Sierra Leone was declared Ebola-free in March 2016, it still has a negative impact.
- The Diamond Development Initiative (DDI) has launched the Maendeleo Diamond Standards certification system in 14 communities in Sierra Leone (and also preparing implementation in the DRC Congo), which supports, guides and certifies small-scale mines. The final product is “My Fair Diamond”, an ethical, mine-to-finger luxury jewelry line from CAP Source. The execution of this project was supported by the AWDC in terms of financing, contact facilitation and logistics. The inaugural collection, aptly named after Farandu, the mine at the source of the diamonds, was on show at the end of 2017. The DIVA Antwerp Museum has purchased the largest ring containing the three diamonds, called “Couronne”.
- In March 2017, an artisanal miner (a Christian pastor) discovered one of the world’s largest rough diamonds in Sierra Leone’s Kono district: a 709 carat-stone, the 13th largest gem-quality diamond ever found. Sierra Leone’s Ministry of Mines and Mineral Resources and the National Minerals Agency tried to sell the stone in Freetown. Due to the limited number of offers received, they were afterwards considering selling the stone by a tender house in Antwerp. However, they finally decided to auction the stone, the “Peace Diamond”, by Rapaport. The diamond was displayed in Israel and Antwerp prior to going under the hammer on December 4 in New York. It was sold to jeweler Laurence Graff for 6.5 million USD, approximately 1.2 million less than was originally offered for the stone and much less than what the sellers had hoped for.
- In April 2018, De Beers Group launched its GemFair project, aimed at creating a secure and transparent route to market for ethically sourced artisanal and small-scale mined diamonds. GemFair is partnering with the Diamond Development Initiative for the project. In April 2019, De Beers Group announced it is expanding this pilot project by providing artisanal miners access to the groups’ distribution channel while seeking to improve the ethical standards and working conditions and by providing a toolkit and app which creates a digital record of each diamond found. The software works both online and offline so that it can be used in different locations. In due course, the technology will be integrated with Tracr, the industry blockchain solution led by De Beers Group, to prove the provenance and ethical sourcing of a diamond.
- In November 2018, newly elected President Julius Maada Bio visited the Antwerp diamond industry together with a delegation of 20 people, comprising 6 ministers. During this visit, AWDC showed its strengths in terms of transparency and business infrastructure and visited the polishing factory where both the Peace Diamond and the Meya Prosperity were polished. President Bio gave a speech where he emphasised his desire to benefit from the knowledge and expertise Antwerp can offer as Sierra Leone seeks to broaden the positive impact of the diamond trade on his country.

IMPORTANCE FOR ANTWERP

RELATIONSHIP WITH ANTWERP



DIRECT IMPORT IN BELGIUM 2013-2017

Million ct | Million USD



DIRECT & INDIRECT IMPORT 2013-2017

Million ct | Million EUR

- **Belgian (direct) imports:**
181.167 ct (64.8 million USD)
- **Share of total Belgian (direct) imports of rough diamonds:**
0.2% (volume) and 0.61% (value)
- **Share of rough diamonds in the total Belgian imports of goods from Sierra Leone:**
47% (2nd place).

OPPORTUNITIES

- Once kimberlite production in Kono (e.g. in Koidu) increases and production in Tongo/Tonguma starts, selling these rough diamonds in Antwerp becomes increasingly important. The AWDC is investing in assuring the direct trade of this rough diamond production by cooperating closely with Stellar Diamonds/Newfield Resources.
- Keeping these opportunities in mind, the AWDC participated in a **mission of the Chamber of Commerce, Industry and Agriculture Belgium-Luxembourg-Africa-Caribbean-Pacific (CBL-ACP)** to Sierra Leone and Liberia in January 2016.
- In June 2017, three government valuers from Sierra Leone followed a two-week **rough diamond valuation course** in Antwerp: the "KP Technical Assistance Valuation Program", put together by the Diamond Development Initiative (DDI) and AWDC.
- The Minister of Mines, Hon. Alhaji Minkailu Mansaray, was present at the "African Diamond Conference" in November 2017 in Brussels. However, following the election of President Bio, Dr. Morie Manyeh was appointed Minister of Mines and Mineral Resources and has been in office since May 2018. Dr. Manyeh was present during the visit of President Bio in Antwerp in November 2018. The created momentum should provide opportunities for further engagement with the new Sierra Leonean leadership and to deepen bilateral ties in the diamond industry.

THREATS

- Historically, the main importer is Switzerland which imports the production of the Octéa mine. It is only because the production of this mine declined in 2017 that Antwerp managed to increase its market share up to 52%. There have been rumors of non-transparent trading through the Freeport Geneva (transfer pricing). Due to the merger of Stellar Diamonds with Newfield Resources, exports of diamonds produced at the Tongo project to Antwerp are never 100% guaranteed.
- The regime change in Sierra Leone has brought regulatory uncertainty for the mining industry in Sierra Leone. Populist statements made by the new government have scared international investors, who are waiting for more clarity regarding possible new mining policies.
- Due to the absence of a Belgian diplomatic post, it is challenging for traders from Sierra Leone to obtain a visa (although this may be possible through the Embassy in Abidjan).

CONSIDERATIONS FOR THE DIPLOMATIC POST

Newfield Resources is active in a number of areas in West Africa. It is important for the production of these projects to be sold in Antwerp in the future. This is why maintaining contacts with this mining company is very useful.

A simplification of the visa procedures for traders from Sierra Leone through the “Liberia procedure” could constitute an opportunity for Antwerp.

At the end of 2017, AWDC organised the “African Diamond Conference”. In this framework, a study was conducted with regard to the threat of synthetic diamonds for diamond producing countries. Based on this study, it appears that Sierra Leone is one of the countries which might be most impacted, due to the importance of natural diamonds to their economy. By the end of 2020 or early 2021, depending on the impacts of Covid-19, this subject will be readdressed during the second African Diamond Conference, organized by the AWDC in cooperation with the South African government, the African Diamond Producers Association, and the FPS Foreign Affairs Belgium.

Regime changes have brought a new dynamic in the Sierra Leonean government. As part of its “New Direction” policy, the government of Sierra Leone has already taken several steps to transform its mining industry. It is reviewing the country’s mining policies and laws - including the Mines and Minerals Act.

In this climate, the Sierra Leonean Government has started to tender mining concessions which had already been assigned in the past. Mining companies are afraid to lose the value of their investment through this process and through the threat of obligatory government participation or even nationalizations. A sweeping review of rules governing small-scale and artisanal mining has also created a regulatory environment conducive to achieving the level of open competition, continuity and security of tenure that can maximize benefits of mining activity to the nation. These legislative developments should be closely monitored, and the Belgian diplomatic post could assist in promoting the interests of the Belgian diamond industry.

In November 2018, President Bio visited the Antwerp diamond industry with a delegation of high-level officials. In his speech in front of an audience of captains of industry in Antwerp, President Bio stressed the need for diamonds to become a catalyst for development for Sierra Leonean citizens. Whilst this is a noble cause, new policies should not deter international investors, thereby discouraging foreign investment in the country. It is key to keep the Sierra Leonean Government updated about the interests of the industry, and to establish a stable regulatory framework which serves the benefit of all parties involved in the mining industry in Sierra Leone.

SOUTH AFRICA

- Large producer (classification)
- 4th largest producer (in value)
- The country is a pioneer of the KP and has considerable influence over a large number of African diamond-producing countries
- Exports mainly to Botswana and the UAE

FACTS

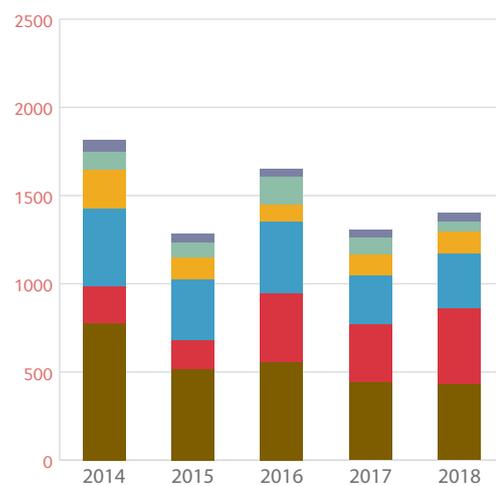
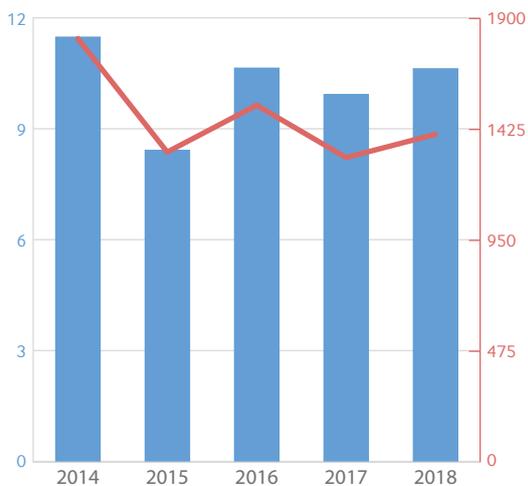
GENERAL FIGURES



- **Production:**
9.9 million ct (1.2 billion USD)
- **Ranking:**
#6 (volume) and #4 (value)
- **Share of global production:**
6.73% (volume) and 8.51% (value)
- **Value of production:**
between 120 and 270 USD/ct
- **Production capacity:**
9 million ct/year (1.3-1.8 billion USD/year)
- **Share of rough diamonds in the country's total exports (last 3 years):**
between 1.5% and 2.2%*

PRODUCTION 2013-2017

Million ct | Million USD



EXPORT 2013-2017

Million ct | Million USD

EXPORT DISTRIBUTION

Botswana | United Arab Emirates
European Union | Israel | Switzerland
Rest of World



PRODUCTION

- Industrial mining of mainly kimberlite deposits and, to a lesser extent, of alluvial deposits.
- Although production volume has declined sharply since 2009, the value of the production remained more or less the same.
- The South African diamond market is no longer dominated by **De Beers**. This company still retains a number of mines after the sale of its oldest historic mines to Petra Diamonds: Venetia (still good for more than 3 million carats per year; will start underground operations as from 2021), and; Voorspoed was for sale, however due to a lack of suitable potential buyers the decision was made in 2018 to close the operation.
- **Petra Diamonds** operates the following mines: Finsch (more than 1.6 million carats annual production, represents +50% of Petra’s production by volume), Cullinan (previously “Premier”), and Koffiefontein. Petra Diamonds sold its stake in the Kimberley Ekapa mine in 2018 to ‘Ekapa Mining’ for 22 million USD.
- Various **junior and mid-tier miners** have been increasing their market share (in descending order of production value):
- Trans Hex: Were forced to liquidate their activities in the Baken/Bloeddrif and Namaqualand to Kernel Resources in 2019 due to financial problems.
- Rockwell Diamonds: Middle Orange River and Holpan-Klipdam (Rockwell is currently in business rescue to avoid liquidation)
- **Jagersfontein-Rooipoort Developments**: Rooipoort mine. 100% of the production is sold by tender in Antwerp.
- Rooipoort (alluvial and industrial) and Jagersfontein (industrial mining of the tailings of the former kimberlite mine) produce stones of an exceptional quality and are sold in Antwerp.
- **DiamondCorp**: Lace (production restarted in 2016 but after financial and organizational issues it was closed again in 2017).

- **Diamcor:** Krone-Endora at Venetia. Diamcor Mining Inc. is a fully reporting publicly-traded junior diamond mining company and has established a long-term strategic alliance and first right of refusal with Tiffany & Co. Canada, a subsidiary of world-famous New York based Tiffany & Co., to purchase up to 100% of the future production of rough diamonds from the Krone-Endora at Venetia Project. In 2019, the company sold 13,218 carats generating 1.4 million USD.
- **Botswana diamonds:** An AIM and BSE listed diamond explorer, recovered its first diamonds from plant commissioning activities on the Marsfontein Mining permit in November 2019. The production comes from the diamond-bearing gravels and residual unprocessed stockpiles surrounding the Marsfontein Mine. In 2019, they announced that they would commence bulk sampling their Thorny River Project in South Africa.
- **Alexkor** is a listed schedule 2 public entity wholly owned by the government. Its mining division (Alexander Bay Mining) is exploiting a large land-based diamond resource and extensive diamondiferous marine deposits in the Namaqualand region, bordering Namibia. In June 2019, Alexkor had to lay off 238 people as the diamond mining company's financial crisis deepened. They had to rely on government funding to bail it out.
- There are also a number of exploration projects such as **Kareevlei (BlueRock Diamonds)** who raised over 2 million USD to fast track the production in 2019 and reported clear profitability in January 2020 with a total sales of 12,675 carats of rough diamond, an increase of 118% over the 5,805 carats in 2018.
- **Tango Mining Limited**, a Canadian diversified junior mining company working the Oena Diamond Mine, an alluvial diamond property. Tango announced that It will change its name to Southstone Minerals in addition to a renewed focus on diamonds instead of coal.

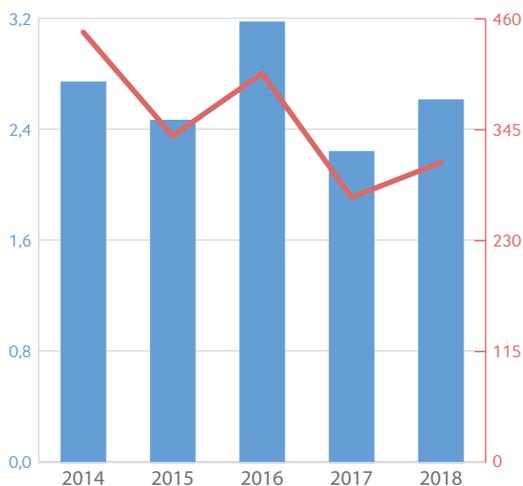
MISCELLANEOUS

- The **South Africa Diamond and Precious Metals Regulator (SADPMR or "the Regulator")** is responsible for the implementation of the Diamonds Act. One of the core functions of the SADPMR is to facilitate the buying, selling, exporting and importing of diamonds through its Diamond Exchange and Export Centre (DEEC).
- South Africa sells through two state-owned companies:
- The **State Diamond Trader (STD)** has the pre-emption right to 10% of the complete rough diamond production and sells diamonds to local beneficiation companies. However, STD lacks the financial resources to exercise its pre-emption right.
- The remaining production may be exported after sale through the **Diamond Exchange and Export Centre (DEEC)**, a type of tender system operated by the government.
- Both systems have been established to support the local diamond-cutting industry but are usually thought not to be very efficient. At one time, the intention was to adapt the structure to make it more effective but the talks between the government bodies, companies and employee representatives are deadlocked.
- Since 2008, De Beers has been granted an exemption to present diamonds intended for export at the DEEC. However, in mid-2017 the Ministry of Mineral Resources denied this exemption.
- South Africa wields a great deal of influence over the other African diamond-producing countries within the KP.
- **Mining Indaba** - the annual South African trade fair for the extractive industry held in February in Cape Town - attracts many African diamond-producing countries including many government delegations. Since 2015, a specialized Diamond Indaba has been organized in Johannesburg each September.
- Since 2013 a number of miners (mainly De Beers and Petra) have had increasing security issues with illegal diamond miners ("zama zamas") who are invading their concessions.
- In September 2018, the South African Cabinet approved a long-delayed Mining Charter that spells out requirements for black ownership levels and backed the withdrawal of a mining bill after industry opposition. The Mining Charter - which was introduced to redress the exclusion of black people in the mining sector under apartheid - could, however, still be the subject of legal challenges if mining companies are unhappy with its contents after it is published.

- In November 2019, Petra Diamonds launched an artisanal small-scale mining initiative in the free state town of Koffiefontein to give community members the ability to conduct legal and regulated artisanal small mining activities with the intention of having properly regulated artisanal small scale mining in compliance with the Kimberley Process certification scheme as well as other standards for such operations. In March 2020, President Cyril Ramaphosa announced a 21-day lockdown due to the Coronavirus, which was extended later on. This had a major effect on rough diamond production and logistics. Therefore, interventions such as tax relief were announced and processed. Due to the lockdown, the African Diamond Conference of 2020, which would be officially Inaugurated by H.E. Minister of Mineral Resources Gwede Mantashe, had to be postponed to a later date in 2021.

IMPORTANCE FOR ANTWERP

RELATIONSHIP WITH ANTWERP



DIRECT IMPORT IN BELGIUM 2013-2017

Million ct | Million USD



DIRECT & INDIRECT IMPORT 2013-2017

Million ct | Million EUR

- Belgian (direct) imports:**
 2.6 million ct (311 million USD)
- Share of total Belgian (direct) imports of rough diamonds:**
 2.81% (volume) and 2.91% (value)
- Share of rough diamonds in the total Belgian imports of goods from South Africa:**
 12.6% (3rd place).
- Bilateral relationships between the Antwerp diamond industry and South Africa are very good. Both were major players in the development of the KP.
- In 2014, the AWDC and the former Ambassador of South Africa in Brussels launched the African Diamond Dialogue with the purpose of developing a structural dialogue with diplomats from all African diamond-producing countries.
- The productions from the Rooipoort and Jagersfontein mines are sold directly in Antwerp through the Antwerp Diamond Tender Facility. Also, the productions of Krone-Endora, Lace, Namakwa, Superkolong and Trans Hex are (partially) being sold in Antwerp.
- In June 2016, AWDC had a visit from a delegation of the Mineral Resources Department of the Ministry of Minerals and Energy.
- In 2017, 2018 and 2019, AWDC participated in the South Africa Mining Indaba and organised an Antwerp Diamond Night in cooperation with the Belgian embassy in Pretoria and Flanders investment and Trade
- Depending on the progression of the Covid-19 virus, the Antwerp World Diamond Centre will co-organize the second African Diamond Conference with the South African government.

OPPORTUNITIES

- The advent of **junior and mid-tier miners** creates new opportunities for Antwerp because these companies do not centralize their sales, but are constantly looking for the best market to sell their production.
- Should the regulatory and institutional framework be modified, opportunities for Antwerp could be created. Allowing **double viewings or tenders** would, for example, be beneficial. In this way, goods could be offered successively to the DEEC and on the international market, for instance, in Antwerp. The parcel would be sold to the highest bidder.
- In November 2017, the Deputy Minister of Mines, Hon. Godfrey Oliphant, was present at the **“African Diamond Conference”** in November 2017 in Brussels. In 2021, a new African Diamond Conference will be organized on the African continent with South Africa being the likely host of this edition. The continuous support of the embassy in the organization of this event will be critical to make the African Diamond Conference a success.

THREATS

- **Beneficiation** in South Africa can be considered to be a threat since part of the diamond production is cut in South Africa and, therefore, not traded in Antwerp. The beneficiation policy has not brought any advantages to South Africa and this is not about to change in the short term. However, beneficiation remains an important government policy.

CONSIDERATIONS FOR THE DIPLOMATIC POST

In February 2018, Gwede Mantashe was appointed the new South African Minister of Mineral Resources. South Africa’s Chamber of Mines, which had previously called for ethical leadership of the mineral resources ministry, welcomed Mantashe’s appointment as the previous Minister of Mines, Mosebenzi Zwane, was viewed as the lead figure behind the unpopular mining charter.

The fluctuations in the South African diamond industry, in particular the modification of the existing regulatory and institutional framework, must be monitored closely as opportunities for the Antwerp diamond industry may arise. According to various analysts, addressing policy certainty in the mining sector could lead to billions of dollars of new investment.

A large number of mines in South Africa are being operated by relatively small, independent mining companies. They are continuously looking for the best market to sell their rough diamonds. The embassy could make a significant contribution by highlighting the strengths of Antwerp to these companies, or by putting them in contact with the AWDC.

South Africa is a pioneer of the KP and has considerable influence over a large number of African diamond-producing countries. Therefore, it is important to involve them in all initiatives related to the KP.

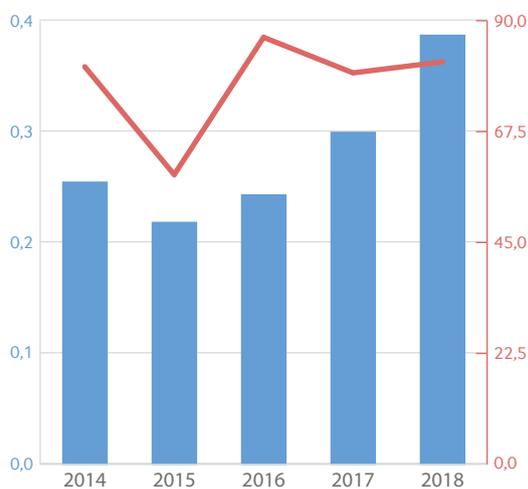
The co-organization of events such as the Antwerp Diamond Night is a good opportunity to place responsible management of natural resources on the political agenda, and to inform political stakeholders about the African Diamond Conference which will most likely be organized in South Africa.

TANZANIA

- Medium-sized producer (classification)
- 12th largest producer (in value)
- Exports mainly to Antwerp
- Production is increasing

FACTS

GENERAL FIGURES



- **Production:**
385,653 ct (81.7 million USD)
- **Ranking:**
12 (volume) and #12 (value)
- **Share of global production:**
0.26% (volume) and 0.57% (value)
- **Value of production:**
between 210 and 360 USD/ct
- **Production capacity:**
0.5 million ct/year (135-165 million USD/year)
- **Share of rough diamonds in the country's total exports (last 3 years):**
between 1.8% and 2.1%

PRODUCTION 2013-2017

Million ct | Million USD



EXPORT 2013-2017

Million ct | Million USD

EXPORT DISTRIBUTION

European Union | United Arab Emirates | Israel
United States of America | India
Rest of World



PRODUCTION

- Industrial mining of kimberlite deposits in open-pit mining. Production takes place in the province of Shinyanga (in the north of the country).
- The **Williamson** (formerly Mwadui) mine is the largest (in surface, 146 ha) economically viable kimberlite pipe worldwide, 25% of which is owned by the Tanzanian government and 75% is owned by Petra Diamonds. This last entity took over the mine from De Beers in 2009. After a comprehensive overhaul in 2011-2012, the mine resumed production in 2012. The maximum annual production capacity will be reached as of 2017 at approximately 350,000 ct per year. The mining plan runs until 2033, but the production can easily be extended a few decades. The Williamson mine is known for the presence of the very rare 'bubble-gum pinks'. In 2015, the mine produced approximately 88% of the total worldwide production of this type of diamond. A unique bubble-gum pink diamond of 23.16 ct was found in November 2015. The rough stone was sold for more than 10 million USD. In March 2016, Petra announced that it had recently recovered and sold another exceptional 32.33 carat pink diamond for 15 million USD. In April 2020, Petra announced that it would close the Williamson mine temporarily due to the 21-day lockdown in South Africa. The decision was taken to preserve the mine's cash position to protect its long-term sustainability.
- The **Shinyanga** mine is an alluvial deposit downstream from the Williamson kimberlite pipe. The production is mainly semi-industrial and it is owned by investors from Lebanon and the United Arab Emirates (UAE). El Hillal Minerals produced approximately 6% of the total Tanzanian production. It seems that the mine was closed in 2016, due to arrears in tax payments.
- Artisanal production within the perimeter of the Mwadui mine was organized by the former owner, De Beers, as the "Mwadui Community Project" and was one of the first projects under the Diamond Development Initiative (DDI). This project is no longer supported by Petra Diamonds. Together with other artisanal (informal) production, it accounts for approximately 5% of total production

MISCELLANEOUS

- In September 2017, government authorities **seized a shipment of diamonds from Petra Diamonds** before export to Antwerp, saying the miner under-declared the value of its mineral exports. In 2018, the government hardened its posture and is still holding on to the seized rough diamond shipment. The Tanzanian government has also seized a shipment of tanzanite gems and is holding on to the shipment. Both seized shipments, which can only be considered as 'legal hostage', provide the Tanzanian government with a strong tool to steer the behavior of diamond and gem miners to government's satisfaction. If the miners 'misbehave' – from the government's perspective – the seizure can become forfeiture and the government also wins.
- In January 2019, The GIA launched an Illustrated booklet called 'A Guide for Artisanal Miners' to help small-scale miners learn more about the quality and classification of the gems they recover and ultimately to obtain a greater market value

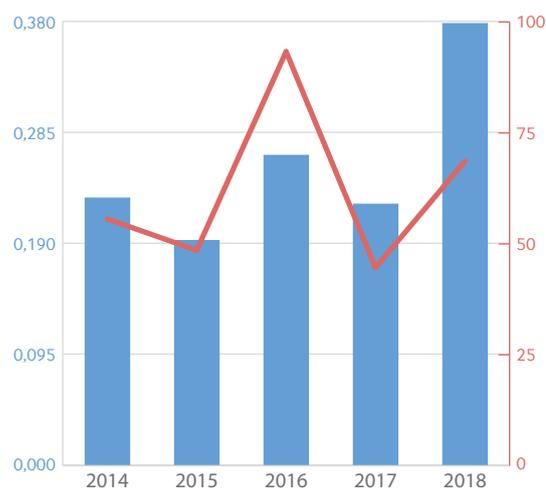
IMPORTANCE FOR ANTWERP

RELATIONSHIP WITH ANTWERP



DIRECT IMPORT IN BELGIUM 2013-2017

Million ct | Million USD



DIRECT & INDIRECT IMPORT 2013-2017

Million ct | Million EUR

- Belgian (direct) imports:**
313,114 ct (69.1 million USD)
- Share of total Belgian (direct) imports of rough diamonds:**
0.34% (volume) and 0.65% (value)
- Share of rough diamonds in the total Belgian imports of goods from Tanzania:**
38% (3rd place).
- Since the end of 2012, Petra Diamonds has sold 100% of its Williamson mine production in Antwerp through tenders.

CONSIDERATIONS FOR THE DIPLOMATIC POST

Petra Diamonds is a highly important mid-tier miner. The organizational head office is in South Africa, but it would be beneficial if the diplomatic post were to maintain contacts with the local branch of Petra Diamonds and continue to promote the strengths of Antwerp and the Antwerp Diamond Tender Facility. As the Tanzanian government is also shareholder in the Williamson mine and has an important vote in the decision to sell in Antwerp, it would also be beneficial to maintain a good relationship with the key decision makers within the government.

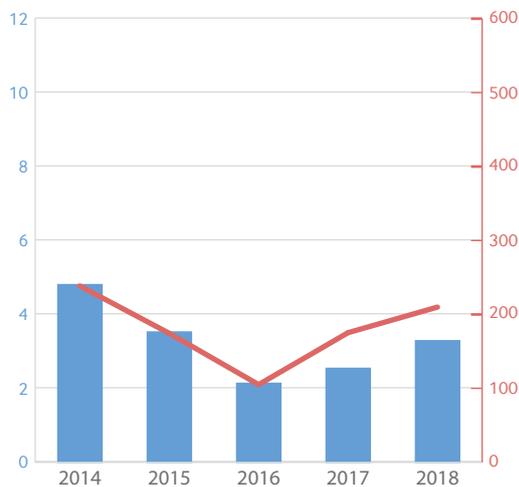
Following further government policy developments regarding artisanal and alluvial mining (which can be compared to following developments through the Tanzania Small Scale Miners Association) would be a good idea.

ZIMBABWE

- Medium-sized producer (classification)
- 8th largest producer (in value)
- Nationalization has led to dramatic drop in production
- US and EU sanctions lead to limited export possibilities and potential buyers

FACTS

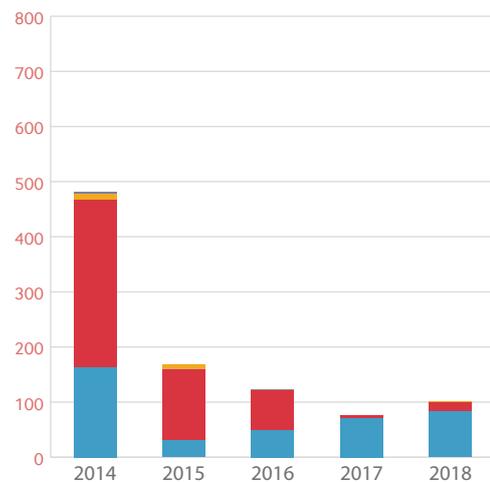
GENERAL FIGURES



- **Production:**
3.3 million ct (210 million USD)
- **Ranking:**
#8 (volume) and #8 (value)
- **Share of global production:**
2.21% (volume) and 1.43% (value)
- **Value of production:**
between 50 and 70 USD/ct
- **Production capacity:**
5-15 million ct/year (2.8-5.6 billion USD/year)
- **Share of rough diamonds in the country's total exports (last 3 years):**
between 2% and 4%

PRODUCTION 2013-2017

Million ct | Million USD



EXPORT 2013-2017

Million ct | Million USD

EXPORT DISTRIBUTION

European Union | United Arab Emirates
People's Republic of China | Israel | Switzerland
Rest of World



PRODUCTION

- Industrial production (open-pit mining) from kimberlite deposits (River Ranch and Murowa) and alluvial deposits (Marange and Chimanimani).
- After the refusal of the private mining companies to participate in the “consolidation” of the diamond mines, all diamond concessions were unilaterally withdrawn by the government in 2016 and were transferred to the newly formed state company “**Zimbabwe Consolidated Diamond Company**” (**ZCDC**), which had to manage Murowa, Marange and Chimanimai. This nationalization has led to a dramatic drop in production in 2016, up to 75% less than the 2015 production figures.
- Five companies that were active in Marange until the beginning of 2016, when they were evicted by the Zimbabwean government:
 - Anjin: (10% **Zimbabwe Mining Development Corporation (ZMDC)**, 40% government of Zimbabwe and 50% Anhui Foreign Economic Construction Group Co. (AFECC)).
 - Diamond Mining Company: 50% Pure Diamond (UAE), 50% ZMDC.
 - Marange Resources: 100% ZMDC.
 - Mbada Diamonds: 50% Grandwell Holdings (New Reclamation Group) and 50% Marange Resources.
 - Jinan Mining Ltd: 50% ZMDC, 50% Anhui Foreign Economic Construction Group Co.
 - The Gye Nyame and Kusena Diamonds are no longer active and the concessions had already been taken over by ZMDC before the consolidation happened.
- In May 2019, Botswana Diamonds and Vast Resources PLC were granted the right to restart the mining of the Heritage Concession of the Marange Diamond Fields. However, this was in direct conflict with the agreement which was signed earlier between the government of Zimbabwe, Alrosa, China’s Anjin Investments and ZCDC. In July 2019, Alrosa clarified that it does not plan operations in Marange.

- **Murowa Diamonds** was established as a joint venture between Rio Tinto (78%) and Riozim (22%), operating close to Zvinavashe. The binding requirement of the Zimbabwean government to merge Murowa Diamonds with the other diamond mine companies in Zimbabwe resulted in Rio Tinto selling its share of the company to Riozim and leaving Zimbabwe. **Murowa Diamonds** has been able to resist the consolidation into ZCDC and remains independent from the government. The production of the Murowa mine was suspended in November 2015, but production restarted in 2016. The production is sold in Antwerp through Rio Tinto with whom Riozim entered into a sales agreement.
- **The River Ranch mine** is located in Beithbridge, which is 10 km from the South African border, but the mine is no longer active and is being liquidated. In November 2018, ZCDC announced plans to re-open the defunct mine as part of efforts to expand diamond revenue generation.
- **DTZ Ozgeo** is a joint venture between Development Trust of Zimbabwe and Econedra Ltd (Russia), which operated until the beginning of 2016 in Chimanimani near the border with Mozambique. Even though Chimanimani is not part of the Marange mine cluster, it is technically very similar to the cluster. It mines very hard, old alluvial deposits that are probably the eastern continuation of the diamond-bearing conglomerate deposits in Marange.
- In 2018, **ZCDC** started investing in mining equipment compatible with conglomerate mining and this has already increased the output to 2.8 million cts in 2108. ZCDC plans production output of 4.1 million cts in 2019 and through heavily investing in exploration and mining equipment has indicated in its strategic plan to be targeting 10 million carats in 2023.
- In July 2019, Alrosa signed a Joint venture agreement with ZCDC for greenfield exploration. Alrosa will get a 70% controlling stake while 30% will go to ZCDC. In December 2018, Alrosa had already established Alrosa Zimbabwe Limited for the implementation of projects in mineral prospecting, exploration and diamond mining.

MISCELLANEOUS

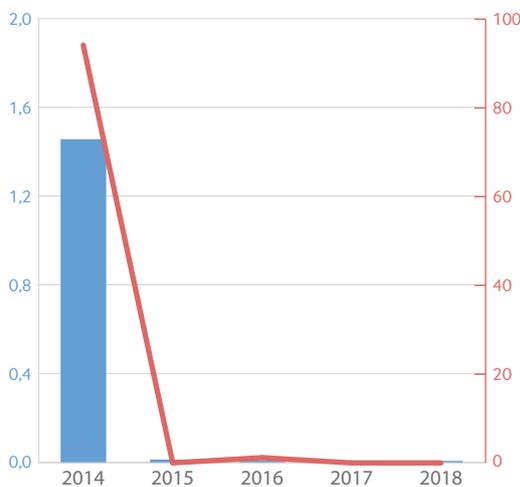
- The previous Zimbabwean government believed that the separate companies were part of the underlying inefficiency of diamond mining in Marange. Therefore, the government forced all diamond mining companies to merge into a single company: Zimbabwe Consolidated Diamond Company (ZCDC).
- The Minerals **Marketing Corporation of Zimbabwe (MMCZ)**, wholly-owned by the government of Zimbabwe, has a monopoly on the sales of mineral products.
- In 2018, the Zimbabwe government and ZCDC lost legal battles with **Mbada Diamonds** and **Anjin** that saw their licenses over concessions restored. As of yet, it is unclear if and when these commercial entities will be able to restore their mining and production capacity any time soon.
- Aside from the diamond production, the government is not able to stimulate the growth of the embryonic diamond cutting industry within the framework of beneficiation. Even though the diamond producers are legally bound to offer 10% of their production for sale for beneficiation objectives, very few Zimbabwean diamond cutters are able to find the means to purchase these diamonds.
- The creation of the **Zimbabwe Diamond Technology Centre (ZDTC)** seems to be a failure. Also, the MMCZ's initiative to create a diamond bourse has not produced the desired results.
- In February 2018, Minister of Mines and Mining Development Chitando stated that Zimbabwe was ready to consider applications from companies mining platinum or diamonds to be exempt from a requirement that they be at least 51% owned by black citizens of the country, provided they can show they have a plan to achieve compliance with this legislation.
- In the margins of the KP Plenary Meeting in Brussels, AWDC met with Minister Chitando and discussed the modalities of a possible future Memorandum of Understanding (MoU) between the Government of Zimbabwe and AWDC. This would build upon the previous MoU which was drafted in 2015 but never signed. During a visit of ZCDC and MMCZ in December 2018 it was agreed that there would be a "political MoU" between AWDC and the Ministry of Mines and Mining Development, and a "technical MoU" between AWDC and ZCDC/MMCZ. The AWDC drafted a first MOU in accordance with ZCDC. In this first proposal, Zimbabwe put the focus on further cooperation in organizing tenders, providing technical assistance in terms of diamond valuation and import and export controls, and technology sharing. Unfortunately, the AWDC never received

a signed version or a reply to several amendments proposed by both parties.

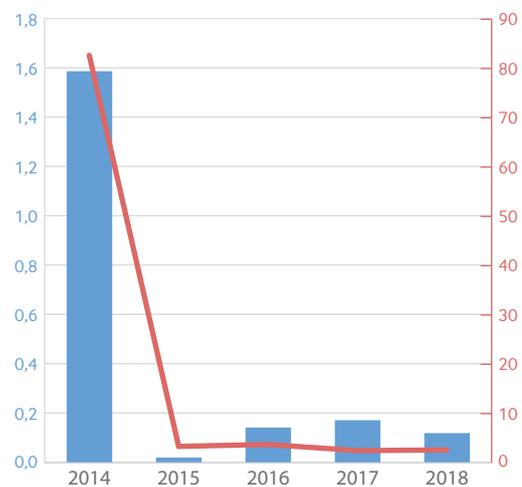
- In May 2019, The Zimbabwe Consolidated Diamond Company, ZCDC fired seven senior officials as it sought to rebuild public and market confidence following allegations of rampant corruption and abuse of office by the executive.
- In November 2019, Zimbabwe reduced royalty on mined diamonds to 10% from 15% to reduce the cost of mining for conglomerate diamonds, attract investment and increase extraction. This measure has been in place since January 2020. Zimbabwe set itself the goal of ramping up diamond production from 3.2 million carats annually to 6 million carats by the end of 2023.
- During the course of 2019, more and more jewelry retailers such as Tiffany's, Blue Nile and others, placed an embargo on Zimbabwean diamonds over reports of human rights abuses in the Marange districts. Later in the year, all imports of rough diamonds from the Marange Diamond fields were blocked by U.S. customs and border protection on the suspicion of forced labor.

IMPORTANCE FOR ANTWERP

RELATIONSHIP WITH ANTWERP



DIRECT IMPORT IN BELGIUM 2013-2017
Million ct | Million USD



DIRECT & INDIRECT IMPORT 2013-2017
Million ct | Million EUR

- **Belgian (direct) imports:**
non-existent
- The first tender for Marange goods in Antwerp after the lifting of EU sanctions took place in December 2013. A second and third tender took place in February and September 2014. The last tender took place in January 2015. Unfortunately, a seizure of goods occurred. Therefore, no other tenders have been planned since.
- Although the Murowa mine is no longer property of Rio Tinto, they are still selling its production in Antwerp.

OPPORTUNITIES

- AWDC is trying to bring the sale of Marange rough diamonds to Antwerp. To this end, AWDC continuously highlights its key assets to convince Zimbabwe of the unparalleled transparency and commanding the highest prices on the Antwerp market.
- In November 2017, President Mugabe resigned and was succeeded by Mr. Emmerson Mnangagwa

who has been elected with a narrow mandate. A new Minister of Mines and Mining Development was appointed: Mr. Winston Chitando, a mining veteran favored by Chinese companies. According to the Washington Post, Chinese companies lost heavily due to the nationalization of diamond mines in 2016 and Mnangagwa would want to roll it back. Indeed, in December 2017, the new government of Zimbabwe removed the 51% local ownership requirement for foreign investment into the country – laid down in the Indigenization and Economic Empowerment Act. However, this provision does not (yet) apply to the diamond and platinum sectors.

- If Mbada Diamonds and Anjin are successful in restarting production and if Alrosa's Greenfield exploration goes as planned, these productions could be tendered in Antwerp.
- In May 2018, the government of Zimbabwe started working on a new Diamond Policy that would unbundle the ZCDC and open the diamond production market to more involvement from the private sector. If this new Diamond Policy comes through, this opens opportunities to bring more Zimbabwean goods on the Antwerp market if the US government and the EU decide to lift its sanctions and embargos on Zimbabwe.

THREATS

- Currently, **Antwerp is not the preferred partner** for Zimbabwe even though the prices that can be obtained in Antwerp are significantly higher than the prices obtained in Harare or in other diamond centers. The strongly politicized diamond industry certainly plays a role here. The risk of legal action by disenfranchised international investors (including Dutch farmers!) is serving as an insurmountable obstacle for the resumption of direct sales in Antwerp of diamonds produced by ZCDC or any other company in which the Zimbabwean government owns 50% or more of shares.
- All tender sales outside of Zimbabwe have been suspended as of the beginning of 2015. Currently, all tenders are in Harare where the products are sold at a low price.
- The lack of legal certainty and a trustworthy investment climate in Zimbabwe continues to deter large-scale investments for industrial and underground mining.
- The rolling out of diamond cutting companies in Zimbabwe within the framework of **beneficiation** decreases the probability of selling the Zimbabwean diamonds in Antwerp. So far, none of the plans and implementations of polishing plants have been deemed successful.

CONSIDERATIONS FOR THE DIPLOMATIC POST

The embassy may supply the AWDC with information on recent developments in the Zimbabwean diamond industry, particularly regarding potential new investors wishing to further mine the Marange area.

It is essential that Antwerp's strengths as the best and most transparent point of sale for rough diamonds continue to be highlighted.

It is important to monitor the situation considering the arrival of the in 2018 newly elected government and the future of the remaining international (US) sanctions.

In December 2018, a high-level delegation consisting of, inter alia, representatives of ZCDC and MMCZ visited the Antwerp diamond industry. This delegation, led by the Permanent Secretary of the Ministry of Mines and Mining Development Onesimo Mazai Moyo, concluded that a deeper relationship with the Antwerp diamond industry would be beneficial for Zimbabwe. Currently, both a political and a technical MoU are in the process of being drafted. If a fully transparent but solid judicial framework could be developed to prevent Zimbabwean goods from being seized in Antwerp by international creditors, it is more than likely that Antwerp will welcome imports from Zimbabwe in the near future. It is key for the Belgian diamond industry to further develop this relationship with Zimbabwe at both the political and the commercial level, in order to establish solid and fully transparent bilateral trade ties.

GLOSSARY

Term	Definition
Antwerp Tender Facility (ATF)	<p>The AWDC founded the Antwerp Diamond Tender Facility (ATF) to allow small mining companies without representation in Antwerp to sell their goods directly on the Antwerp market. The ATF is a fully-equipped tender facility made available by the AWDC. However, the latter is never involved in the sale of diamonds or the organization of such sales.</p> <p>The combination of the Antwerp Diamond Tender Facility and other specialized tender houses is one of the strengths of Antwerp.</p>
Alluvial deposit	The diamond-bearing pebble floors in rivers and former riverbeds. The diamonds come from kimberlite or lamproite deposits and have been scattered across riverbeds over long periods of time (many millennia) because of erosion.
Artisanal production	Primitive mining activity with small-scale tools (e.g. shovels or pickaxes) without the use of heavy equipment. Artisanal mining utilizes large numbers of unschooled workers ("artisans") and it very often occurs in an informal, unregistered manner.
Beneficiation	<p>Maximization of the local economic contribution by means of local trading or diamond processing (e.g. polishing).</p> <p>In diamond-producing countries, beneficiation politics are represented as a positive policy decision that is meant to create "added value" and, in particular, employment in the country itself. Diamond-processing countries consider these politics as masked "commodity nationalism" and a hinder to trade.</p>
Carat (ct)	Symbolic notation for carat. A carat is a unit of weight used for gemstones including diamonds (1 ct = 0.2 grams).
Open-pit mining	The mining of kimberlite deposits or alluvial deposits through above-ground mining. The deposit is dug out. It is also referred to as surface mining.
Fancy colours	Name for naturally colored diamonds. Yellow and pink diamonds are examples of fancy colors.
Footprint	Concept indicating the quantity and quality of the diamonds in a specific place of origin.
Industrial production	Mining activity with large-scale mining equipment.
Junior miners	Usually quoted companies that collect risk capital on the financial markets to explore new diamond deposits ("greenfields"), or to reinvigorate already known diamond deposits ("brownfields"). If successful, junior miners sell their share to a larger company, or they evolve toward the level of mid-tier producer.
Kimberlite deposit or pipe	Igneous rock in which diamonds can be found. Diamonds are brought to the earth's surface from a depth of 200 km through (kimberlite) volcanic eruptions. The kimberlite protects the diamonds from being burned by the high temperatures caused during eruptions. Kimberlite pipes usually have a typical root shape.
Kimberley Process (KP)	The KP is a government-controlled initiative supported by the United Nations with the purpose of breaking the link between rough diamonds and the funding of armed conflict. Currently, the KP has 54 participants – the EU represents the 28 Member States – and requires that all rough diamonds come with a KP certificate when exported, guaranteeing that the diamonds were not used for the funding of armed conflict. The KP is a tripartite organization as the diamond industry and civil society have an important observation role.
Lamproite deposit	<p>An igneous rock-like kimberlite but with a slightly different composition in which diamonds can be found.</p> <p>Lamproite volcano pipes are usually shaped as a wide champagne glass with a narrow root area. The most famous diamond-bearing lamproite pipe is the one in the Argyle Diamond Mine in Western Australia.</p>

Term	Definition
The expected lifespan of the mine (LOM)	<p>LOM or "Life of Mine" is not the moment when the diamond reserve of the mine is completely depleted, but the moment when the mining plan comes to an end. For important diamond mines, this usually leads to new mining plans, which is the start of a second or third lifespan.</p> <p>This is clearly demonstrated by a number of South African mines that had reached the end of their lifespan according to the De Beers mining plan but were subsequently sold to a mid-tier mining company, Petra Diamonds. These mines are once again in full operation and profitable.</p>
Liberia Procedure	The "Liberia procedure" means that Belgium verifies a visa application for local diamond traders wanting to sell in Antwerp by means of a list of registered traders submitted by the government of Liberia to the FPS Foreign Affairs.
Mid-tier miner	Usually a quoted mining company that rose up from the level of junior miner.
Mano River Union (MRU)	Organization for economic cooperation between Côte d'Ivoire, Guinea, Liberia and Sierra Leone.
Open pit	An open mine used to excavate a diamond deposit (both primary or kimberlite deposits and secondary or alluvial deposits).
PRADD II	<i>Property Rights and Artisanal Diamond Development</i> is a project launched by USAID and the EU seeking to formalize artisanal diamond mining and improve the living conditions of diamond workers. PRADD supports governments in fulfilling the KP requirement.
Tender	A public auction of diamonds after the goods have been available for comprehensive viewing for a certain period of time. Tenders are often used for large consignments of rough diamonds, which are split into smaller parcels. This allows interested buyers to place a bid in a closed envelope on any individual parcel, which would then be sold to the highest bidder.
Transfer pricing	<p>The sums charged by linked companies to each other for supplied goods and services, usually after prior agreement with the tax authorities concerned. The Financial Action Task Force (FATF) recommends that transfer pricing be determined according to the "arm's length principle" implying that transfer pricing should be subject to market forces as if the companies were independent of each other.</p> <p>Within an international context, this may lead to a shift of the generated profit to a country where such profits are taxed the least.</p> <p>In extreme cases, this can become "trade mispricing". This is when a country imports rough diamonds at an extremely low value and re-exports the goods at a much higher value. This results in loss of important income (for example, by way of export taxes) for the production and export country.</p>

