

**TESTIMONY**

**Testimony of  
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before the  
**Senate Subcommittee on Oversight of Government Management, Restructuring  
and the District of Columbia of the Committee on Governmental Affairs**

**February 13, 2001**

**INTRODUCTION**

Thank you for inviting me to testify before you today. I appreciate this opportunity to discuss the efforts that are being made nationally and internationally to deal with the tragic problem of conflict diamonds.

As we all know, rebel groups in certain African countries such as Angola and Sierra Leone have for many years funded their activities through the sale of conflict diamonds. These groups have engaged in atrocities that shock the conscience. The international community is taking action to stop the trade in conflict diamonds, and we are now approaching the point where an effective and comprehensive regime can be put in place. USTR wholeheartedly supports this effort.

**THE CLEAN DIAMOND TRADE ACT**

Last November, the House of Representatives passed H.R. 2722, the Clean Diamond Trade Act, by the overwhelming margin of 408 to 6. USTR supported H.R. 2722 and is pleased that the House passed it so resoundingly. We applaud the leadership of Ways and Means Committee Chairman Thomas as well as that of Representatives Hall, Wolf and Houghton in taking this positive and constructive step toward severing the tie between diamonds and conflict.

I also applaud you, Mr. Chairman, and Senators DeWine and Feingold for being actively engaged in formulating legislation to deal with conflict diamonds and for giving this issue the serious attention and consideration that it deserves. USTR and other agencies in the Administration have discussed conflict diamonds legislation with your staffs, and we look forward to continuing this dialogue. As we have made clear in those discussions, we fully support expeditious Senate approval of H.R. 2722.

H.R. 2722 was the result of long and hard work by members of Congress, their staffs, the Administration, and the NGO and business communities. USTR participated fully in this process and sought a bill that would be effective, would not undermine the Kimberley Process negotiations or other multilateral efforts to prevent trade in conflict diamonds, and would comply with U.S. international obligations. H.R. 2722 achieves each of these objectives.

First, the bill enumerates specific measures that countries could adopt to help ensure that conflict diamonds do not enter the international stream of commerce. Countries that adopt such measures will be deemed to have taken effective steps to stop trade in conflict diamonds and will be permitted to export diamonds to the United States.

Second, the bill is designed to complement multilateral efforts to prevent trade in conflict diamonds. The bill encourages countries to comply with resolutions issued by the UN Security Council that require countries not to import conflict diamonds. It also stakes

out a clear U.S. position on the elements of an effective international regime and encourages countries to adhere to the framework arrangement that will emerge from the Kimberley Process.

Finally, the bill is designed to comply with international law. The bill would authorize the imposition of trade measures only if necessary to protect the essential security interests of the United States or pursuant to UN Security Council resolutions, consistent with U.S. foreign policy interests and international obligations.

### **EFFORTS TO ADDRESS THE PROBLEM OF CONFLICT DIAMONDS AT THE INTERNATIONAL LEVEL**

H.R. 2722 is landmark legislation. It placed the United States squarely at the forefront of the effort to stop trade in conflict diamonds. However, as I think we all recognize, the effort to prevent such trade will be vastly strengthened if all actors in the global diamond trade – producers, distributors and governments – join together in a comprehensive regime.

Multinational efforts to deal with the problem of conflict diamonds have focused on two fronts – United Nations sanctions and the negotiation of an international certification regime in the "Kimberley Process."

#### *UN Sanctions*

The UN Security Council has been very active in taking steps to prevent trade in conflict diamonds. The Council issued resolutions calling on countries not to import diamonds from Sierra Leone and Angola unless the diamonds are accompanied by a certificate of origin issued by the internationally recognized authority. The resolution regarding diamonds from Sierra Leone was extended just last December for another 11 months. The Council issued another resolution in March 2001 calling on countries not to import diamonds from Liberia, due to its history of acting as a conduit for conflict diamonds coming from other countries.

The United States has put these UN sanctions in place through three Executive Orders. H.R. 2722 is meant to work within the framework created by these sanctions and to encourage other countries to comply with their UN obligations.

#### *Kimberley Process*

The Kimberley Process is a much broader initiative. Since its first meeting in May 2000 in Kimberley, South Africa, it has grown into a sophisticated international negotiation with a growing number of participants.

Through the Kimberley Process, over thirty members of the international community, including the United States, have come together to negotiate an international regime to eliminate trade in conflict diamonds. This effort is truly extraordinary in that the NGO community and the diamond industry participate directly in the discussions and will be key to the operation of the regime once it is implemented.

The United Nations has played a central role in urging completion of the process and garnering international support. In December 2000, the UN General Assembly endorsed the work of the Kimberley Process when it unanimously passed resolution 55/56.

Last December in Botswana, the Kimberley participants issued a working document entitled "Essential Elements of an International Scheme of Certification for Rough Diamonds, with a View to Breaking the Link Between Armed Conflict and the Trade in Rough Diamonds." The document has been sent to the UN General Assembly, where it will be discussed in March.

### **NEXT STEPS**

Over the coming year, participants in the Kimberley Process should begin to implement the elements of the certification system. However, there are several key issues that remain to be resolved.

These issues include monitoring of international systems, compilation of statistical information on the global diamond trade, resolution of organizational issues, and ensuring that the certification system complies with international trade rules. The participants agreed in Botswana to create working groups to discuss each of these issues and report back to the other participants at the next Plenary meeting in Canada in March.

Nine countries are participating in the working group on trade issues, including the United States, Canada, the EU, China, Japan, Switzerland, South Africa, Namibia, and Russia. USTR and the State Department are participating in the working group on behalf of the United States.

Since December, we have been actively engaged in discussions with other members of the working group. The first meeting of the working group will be held in Geneva this weekend. By the time the Plenary convenes in Canada, we hope to have resolved most or all of the concerns related to compliance with international trade rules.

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Thank you again for the invitation to testify here today. I look forward to working closely with you and your staff in the future to address this difficult and complex problem.

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