



# World Diamond Council

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## WORLD DIAMOND COUNCIL 1ST ANNUAL MEETING LONDON ~ JANUARY 17 - 18, 2001

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Ladies and Gentlemen, it is a great pleasure to address this, the second gathering of the World Diamond Council. Since its inception last year, the Council has achieved much in addressing the problem of conflict diamonds on behalf of the legitimate diamond industry. It has established a successful rapport with the United Nations, concerned governments and NGOs. In collaboration with them, it has helped to promote and implement important measures that will rid our industry of this scourge.

Let us, for a moment, consider how far we have come. This time last year, the industry was being widely criticised for its perceived indifference to the problem. Some went further and accused the industry of complicity. Occasionally, it was even implied that diamonds alone were responsible for conflict and misery in Africa. For its part, the industry reacted with perhaps understandable outrage. Argument and counter-argument ensured that ignorance and suspicion on both sides thrived. Then, the industry began to accept its share of responsibility for driving the trade in so-called conflict diamonds out of legitimate channels, whilst the NGOs and the media began to accept that the problem was far from simple and that in many parts of the African continent, diamonds are an agent for growth and development.

As a leader of the industry, it naturally fell to De Beers to set an example. For two and a half years now, De Beers has been working with the United Nations and, since 1999, the governments of America and Britain in seeking and developing practical solutions. In that time, we have taken measures that have far exceeded the requirements of UN sanctions and in May last year, we submitted a detailed document to Congress in Washington containing proposals that have become part of the "Kimberley process" and the recent resolution before UNGA.

Although we have achieved much in explaining the dynamics of the industry - some of them complex in nature - persistent ignorance about the diamond trade sometimes fuels unfounded suspicion and mistaken allegations. An example of this is contained in the recent report published by the United Nations Security Council Panel of Experts on Sierra Leone. In the report, the Panel highlights the volume of diamonds being transferred between the UK and Switzerland. It states that Switzerland is not a diamond producer, but none of the goods bear any description of where they were mined. It is, therefore, implied that some complex method of smuggling diamonds on a large scale was being carried out and unfortunately, the media found it only too easy to infer this.

The truth, as it so often is, is rather less exciting. The majority of the goods referred to belong to De Beers. Those we import from Africa, via Switzerland, for reasons of security and insurance, have for some time stated clearly that they originate from South Africa, Botswana, Namibia and Tanzania. The rest are simply transfers - not sales - of sorted diamonds between our offices in London and Lucerne where we also have a sorting facility and hold Sights for the convenience of our clients. These are internal transfers of diamonds that have already had their origin declared when they first entered the country, and when sold carry our well-established guarantee that they do not contain goods purchased from any area controlled by rebel forces.

The subject of these transfers was discussed in a television broadcast on the BBC's Newsnight. Also in that broadcast was an interview with Mr. Peter Hain, the British Government's Minister for Africa in the Foreign Office, who was in possession of the facts, but unfortunately did not use the opportunity to correct misperceptions about the role of Switzerland in the diamond trade. Instead, he concluded his interview by implying that Botswana, Namibia and South Africa "had to clean up their act".

I have already responded to Mr. Hain, saying that his remarks did not reflect the efforts that the governments of those countries have been putting into the 'Kimberley Process' and reminding him that on numerous occasions he has, quite correctly, stressed that nothing should be done to damage the legitimate diamond trade and, in particular, the economies of those southern African countries dependent on diamond revenues.

I also explained the issue of the Swiss transfers and assured him that these procedures have been, and continue to be, carried out with the full co-operation of Her Majesty's Customs. In fact, we have already reviewed our procedures as a result of changes in the way we do business and I have informed Mr. Hain that we will be restricting such internal transfers to an essential minimum.

The confusion and unwarranted suspicion does not stop there. In addition to the Sierra Leone report, there has also been a similar report on Angola, in which that particular Panel claims that it "has received information that major dealers, some of them well known clients of De Beers are knowingly buying rough diamonds from UNITA along the Angolan/Congolese border". This allegation is without any foundation. As you know, De Beers enjoys very close relations with its clients and we know that none of them are operating anywhere near that area. Furthermore, through our Supplier of Choice initiative, they are strictly bound to adhere to our Best Practice Principles. Failure to do so will result in the severance of our relationship with that Sightholder and the serious implications that would have for him and his business. The accusation, based on rumour, therefore defies logic.

All the examples I have used illustrate how misinformed officials can create needless distractions on this very serious issue. This results in time wasting and provokes unnecessary tensions in the otherwise constructive relations, which have been built-up between industry and governments. All we ask is to be consulted - and preferably before publication - when allegations are made and doubts arise.

On a more positive note, we witnessed an encouraging break through last July in Antwerp, when leaders of the industry saw the need to unite and lead by example.

Their joint resolution laid the foundations for the creation of the World Diamond Council, of which De Beers is proud to be a member. I am sure you would agree with me that we owe much to our friends in the International Diamond Manufacturers Association and the World Federation of Diamond Bourses for their leadership and foresight. Since then, Eli Izhakoff has led the WDC with courage and conviction. Under his chairmanship, this fledgling organisation has rapidly gained credibility and earned the respect of those the industry seeks to work with in the international community.

Although much has been achieved, there remains a small, but significant minority that continues to disregard even the most basic codes and practices set out by the international community and the World Diamond Council. However, their determination to continue their shameful activities is no match for the determination of the legitimate diamond industry, united here in its resolve to make sure that not only do rogue traders have fewer places to hide, but - in co-operation with governments and the international authorities - they will also be brought to justice.

Let me repeat what we in the industry have said many times before. One diamond used to fund conflict is one too many. The diamond industry has clear moral and commercial reasons for wanting to rid the world of the trade in conflict diamonds. We do not want these people in our industry and we do not want to see them abusing diamonds. Diamonds are the inheritance of the people of Sierra Leone, Angola and Congo and should be used to provide development and prosperity, as they have done, and continue to do, for the people of Botswana, South Africa and Namibia.

It is important that we continue to send out these messages at every opportunity. Not only to protect development in Southern Africa, but also to point out that once peace has been secured, Sierra Leone, Angola and the Congo will need precious resources to rebuild their economies. This will not happen if the image of diamonds is allowed to be tainted by the activities of a few moral delinquents.

It is equally important that we maintain momentum in securing a reliable regime of international certification. The excellent work accomplished by the Diamond High Council in Belgium in this area must be consolidated and built upon. De Beers fully supports this process and I know the United Nations, the relevant governments and World Diamond Council reflect this view. In addition to this, the executive of the WDC has been working on a legislative framework that sets out an integrated strategy to harness the efforts of industry and the authorities.

This illustrates the seriousness and sense of urgency present within the diamond industry to tackle the problem of conflict diamonds. We trust that governments and the United Nations will lose no time in introducing the relevant legislative framework to support the legitimate diamond industry in its efforts.

Conflict diamonds have brought to the attention of everyone in the international diamond industry the need to establish appropriate and effective business practices that reflect the need in the 21st Century for us all to become more transparent and accountable to our various stakeholders. Modernisation and reform is perhaps overdue in our industry and we should welcome the opportunities that this issue has provided.

Ladies and Gentlemen, these are exciting times for the diamond industry. Through the measures being taken to deal with conflict diamonds and with our eyes focused on more competitive and prosperous horizons, we are ensuring that this industry is suitably fit, morally and commercially, to face the challenges and opportunities of the 21st Century.