



World Diamond Council

**WORLD DIAMOND COUNCIL 5TH ANNUAL MEETING
JERUSALEM ~ MAY 9 – 10, 2007**

CHAIRMAN'S REPORT: ELI IZHAKOFF

Dear friends and colleagues, I am pleased to report that the World Diamond Council has accomplished much of what we set out to achieve last year in Catania.

Twelve months ago we deliberated on our position and response to a series of challenges that some described as the 'perfect storm'. In the United States, for example, the Government Accountability Office was compiling a report for Congress on the effectiveness of the Kimberley Process Certification Scheme in America. Several high profile celebrities from the American music industry were developing documentaries and imparting emotional, if not always well-informed, comment on the role of diamonds in African conflict and the Kimberley Process was undergoing a three-year review, subjecting its structure and effectiveness to close scrutiny by the NGOs and other commentators.

One of our greatest challenges, however, was the release of the film, *Blood Diamond*. This film revived and renewed media and public interest in the issue of conflict diamonds. It acquired a new dimension as Hollywood joined the debate, casting a brighter spotlight on the diamond industry and its activities.

The film was a retrospective view on unspeakable atrocities inflicted upon an innocent civilian population almost a decade ago and there is no question that the sale of criminally acquired diamonds made a significant, albeit not exclusive, contribution to the ability of rebels to continue their ruthless and savage campaign. We must also accept that it is not wholly unreasonable for some to have asked if the industry could not have acted sooner.

Given the carnage witnessed in 1999, all but a few would agree that this was a story that had to be told. However, given the events of the last seven years, it was certainly not the whole story. We had a strong case to present to the consumer and other key stakeholders that, through the WDC, the diamond industry had contributed a great deal to bring this insidious trade to an end.

As a result, in Catania, I asked Rory More O'Ferrall to head a WDC task force to increase awareness and compliance throughout the industry and educate the public

regarding the industry's leading participation in the Kimberley Process and the good that diamonds do in places such as Africa.

This led to unprecedented co-operation and activity across the industry, as we developed a strategy of full engagement with all our key stakeholders, the most important being the retailers who play a vital role in communicating industry activities and values to the consumer.

Let us reflect briefly on some of the results of that co-operation. We refined and improved upon our key messages to the world and our own constituents, reminding the world of our commitment to the Kimberley Process and the System of Warranties and the measures we had taken to encourage awareness and implementation at all levels.

We agreed on deploying a more robust approach when it came to expressing our concerns regarding weaknesses or failings related to the Kimberley Process and we did not shy away from challenging the views and opinions of civil society if we believed they were wrong, or unjust. We did not stop there, however. We also provided solutions, expertise and resources and, where we thought they were right and reasonable, we supported the NGOs.

We developed a world-class website – diamondfacts.org – to convey these views to demonstrate how diamonds have a positive and lasting impact on the lives of millions around the world.

All of this inspired a new confidence throughout the WDC and from that confidence the courage not only to be proud of our achievements, but to also acknowledge and reflect upon our mistakes, how we have learned from them and how we intend to further improve on our performance.

The Kimberley Process Plenary in Gaborone last November was a seminal moment. It was a test not only of our resolve, but also that of the representatives of 71 governments and the NGO community.

The mood leading up to that meeting was inauspicious. Breaches of and anomalies within the Kimberley Process, from Ghana to the United States had been documented by the United Nations and commented on by NGOs. We gathered in Botswana in an atmosphere of suspicion and gloom.

However, pragmatism and common sense prevailed. On the opening day, I shared the platform with Ian Smillie of Partnership Africa Canada. It was clear from the start that we were equally determined to achieve success.

In my opening remarks I made it clear that the international diamond industry believes that a workable and effective Kimberley Process is absolutely essential if we and the millions of people who depend on this industry are to be properly protected from criminal activity and rebel or terrorist organizations that have no interest whatsoever in protecting the lives of innocents, in business ethics or in sustainable development in Africa.

I went on to emphasize that a successful conclusion to the Plenary and the challenges we faced was of paramount importance to the international diamond industry and that failure was not an option.

After three days of intense debate and negotiations we achieved our objectives. I would like to add that it would have been a great deal more difficult without the determined leadership shown by KG Moshashane, Chair of the Process at the time.

The last 12 months could prove to be the year that the WDC came of age. We have enhanced our role in the Kimberley Process, demonstrating greater leadership and maturity, an achievement that would not have been possible without the support, expertise and contribution from BHP Billiton, Rio Tinto, Leviev, Tiffany, Alrosa, Sterling, ABN AMRO and, in particular, De Beers. We have shown to ourselves that greater unity and more efficient organization can pay dividends.

We must not, however, rest on our laurels. We will face many more challenges in the future and we must prepare ourselves. We must all look to ourselves and consider our individual place in the future of the WDC and what contribution we can make to its future success and development.

Next month, leading members and contributors will be hosting a fundraising event at the JCK fair in Las Vegas. I urge and encourage all of you who can to attend. Terry Burman will be our host and will elaborate on the need for each of us to reflect on our future involvement.

The World Diamond Council has given this industry well-earned credibility, an international profile and respect. I am proud to be its Chairman and equally proud of, and grateful for, the support I have received from friends and colleagues in the industry.

In conclusion, the future provides us not only with challenges, but also with many exciting opportunities. The opportunity to build on our success, the opportunity to demonstrate greater unity, commitment and purpose. The opportunity to reflect the values of the unique and beautiful product from which we – and millions of others – derive our living.

I believe that the World Diamond Council is part of that future, because there can be no turning back to the days when we were seen to be turning a blind eye.

Properly financed, with enhanced governance and universal participation, the WDC can spearhead an industry invigorated with confidence that is fit-for-purpose, inspires trust and sets a challenging example for other businesses to follow. I urge and encourage you to join me and others in pulling together and shaping that future.