

President's Report

Eli Izhakoff

World Diamond Council Annual Meeting
St. Petersburg, Russian Federation
15 July 2010



My dear colleagues,

We gather in St. Petersburg following a two-year hiatus from our previous meeting, which took place in Antwerp in July 2008. This unusually lengthy period of time was not indicative of any relaxation in the level of activity in our organization, quite the contrary, but rather because of the global economic crisis. In 2009, while it would have been preferable to meet in plenary session, it was felt that we could consult with our members using different channels, and not add to the financial burden carried by the host country and visiting delegations.

However, while we may not have met in plenary session, the wheels of our organization continued turning uninterrupted. Our bylaws were reformed and a new Board of Directors and officers were elected. Most importantly, we continued to represent our industry within the framework of the Kimberley Process, and, as everyone is aware, this has not been an uneventful period for the KP.

Given the essential connection between the World Diamond Council and the Kimberley Process, we cannot be idle observers about any issue affecting its mission. The KP today finds itself at a crossroads, largely as a result of the passing of time, and to some degree because of its own success. It was established at the turn of the millennium to tackle the threat of diamonds in the legitimate pipeline being used to finance civil war, and to a very large degree it has met that challenge. The diamonds in the trouble-spots that we are looking at today do not neatly fall under the original definition of a conflict diamond. This certainly does not mean that we should not address such issues, but it does require that the Kimberley Process must evolve, and that process should be managed carefully and with a good deal of forethought and planning.

We go about our mission in the public eye, and while we cannot afford this fact of life to force us into hasty and reckless decisions, the requirement that we be seen to be doing the right thing should be a primary concern. For while the principle purpose of the World Diamond Council is the coordination of the diamond and jewelry industries' campaign against conflict diamonds, another purpose of vital importance is to protect the reputation of our business community.

The great American Supreme Court Justice Louis D. Brandeis once said: "Sunlight is the best of disinfectants." It is a concept to live by, for if one lives in a glass house, one must be seen to be behaving correctly. Conversely if one operates with the shutters down, there always will be those who believe that there is more than what meets the eye. The plenary meeting today has been opened to the media, as was the case with previous plenary meetings. We have nothing to hide, and we do our utmost to demonstrate that.

As an organization that functions in the public eye, it is also critical that we are seen to be operating in an orderly manner and that we are fully representative of our industry. The reforms that we instituted over this past year were in part designed to do just that. We re-wrote the bylaws, created new committees – including an audit committee and a KP Task Force – and we added retail members to our Board of Directors. We currently are in the process of creating membership criteria and reforming the financial underpinnings of the association. This being done by a working group led by Vice President Ernie Blom.

The reforms and new bylaws were adopted and new board elected on December 14, 2009. The newly elected board convened on January 14, 2010 and elected the officers and its new committees as provided by the new bylaws.

Our committees and Board of Directors met yesterday, June 14. The Board of Directors received an audited financial statement with a report from the independent auditor Steven Merdinger, who will also report to plenary today, June 15.

Just as we were committed to improving the efficiency of our own organization, we have acted and are acting to do the same for the Kimberley Process. We have proposed a number of reforms: (1) the administration of the KP be strengthened through the hiring of a professional staff to manage its day to day affairs; (2) the current decision-making process, which requires absolute consensus for a resolution to pass, should be changed so that resolutions can be passed by a super-majority; (3) the rules on the publication of internal reports should be relaxed, with the goal being full transparency of all actions and conclusions.

Our involvement in the Kimberley Process remains the key focus of our activity. Through our newly established KP Task Force, we have participated by teleconference in all the KP committees and we continue to play a significant role in review visits and missions.

This includes addressing the situation in Zimbabwe. At the KP Plenary in Swakopmund, Namibia, last year, we urged the Kimberley Process to take decisive action. Indecisiveness and delay, we noted, is bad for the affected communities and individuals in and around Marange, who are denied security and decent living conditions; It is bad for the Government of Zimbabwe, which suffers loss of revenue and reputation; it is bad for legitimate production in Zimbabwe that supports local communities; and It is bad for our industry.

The impasse that was reached at Inter-Sessional KP meeting in Tel Aviv last month, over whether to accept or reject the recommendations of the KP Monitor for Zimbabwe, not only highlighted the fact that the Zimbabwe issue is far from being resolved, but also the need to reform the KP decision-making process.

The inability to reach a decision in Tel Aviv was unfortunate, but it certainly was not for a lack of trying. A good number of our members worked practically through the night in an attempt to reach a solution. But to avail.

But failure is not an option; and neither is any solution that would threaten the coalition involving our industry, governments and civil society, which always was the foundation upon which this important enterprise has stood. We must remain united and make sure that the KP remains so. That is the only way that we can achieve our aim.

The release from jail of the Zimbabwe human rights activist Farai Maguwu on July 12 was a much-needed step in the right direction. His incarceration for more than a month by the Zimbabwe authorities was an intractable obstacle for several of the countries that blocked acceptance of the report delivered by the Kimberley Process Monitor for Zimbabwe, which had stated that the country met the minimum demands for a resumption of diamond exports. While we continue to call for the charges against Mr. Maguwu to be dropped, we hope that his release will help break the log-jam that was experienced in Tel Aviv.

The convening of our Annual Meeting only three weeks after the Tel Aviv InterSessional provided a useful opportunity to convene a KP Mini-Summit, with the goal being to make progress from where things were left off in Tel Aviv. We, at the World Diamond Council, were pleased to be able to provide this opportunity to our partners in government and civil society.

In conclusion the chair thanks, on behalf of the World Diamond Council, the Diamond Chamber of Russia, who have served as gracious hosts for 2010 Annual Meeting in St. Petersburg. The organization of such an event requires both a tremendous amount of time and effort, and the Diamond Chamber of Russia have certainly provided us with just that. As the jewel in Russia's crown, the city of ST. Petersburg has proven to be a most fitting venue for the 7th Annual Meeting of the World Diamond Council.

I thank you all.

Eli Izhakoff
President and CEO
World Diamond Council

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