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The diamond sector is committed to Africa's economic development, stresses WDC President at the 2012 Zimbabwe Diamond Conference

VICTORIA FALLS, ZIMBABWE: NOVEMBER 12, 2012 – *It is enabling countries like Zimbabwe to use their natural resources to meet the challenges of the future that is the essence of the mission of the Kimberley Process and the World Diamond Council, said Eli Izhakoff, WDC President, in his address to the opening session of the 2012 Zimbabwe Diamond Conference.*

The following is the full text of Mr. Izhakoff's speech to the 2012 Zimbabwe Diamond Conference:

H.E. Robert Mugabe, President of the Republic of Zimbabwe; H.E Thabo Mbeki, former President of the Republic of South Africa; H.E. Prof. Arthur Mutambara, Deputy Prime Minister of the Republic of Zimbabwe; H. E. Dr. Obert Mpofu, Minister of Mines and Mining Development of the Republic of Zimbabwe; H.E. Susan Shabangu, Minister of Mineral Resources of the Republic of South Africa; H.E. Ambassador Gillian Milovanovic, Chair of the Kimberley Process; honorable ministers, excellencies, ladies and gentlemen:

Over the many years that I have been involved in the public life of diamond business, I have been lucky enough to visit and speak at many venues, some of them in truly spectacular settings. But I can say with confidence that Victoria Falls, just a short way away from here, is the most stunning I have seen, in terms of its raw natural beauty. I congratulate the conference organizers for their inspired decision to hold this event in this place.

None of us should overlook the symbolic significance of the venue, for it emphasizes the natural wealth that is contained in this corner of the world. Local people call the waterfalls "Mosi-oa-Tunya" – excuse my pronunciation – or "the smoke that thunders," but to the world it is known as Victoria Falls, in honor of the queen that ruled the British Empire when it was discovered by the Scottish explorer David Livingstone in 1855.

Now, I tell you this not to give you a lesson in history or geography, but rather to illustrate that there is frequently a difference between the Western and African

PAGE 1 OF 5

perspective. When I was young, we were taught that David Livingstone “discovered” the waterfalls, but, of course, they were well known to local people for centuries. Indeed, I suspect that nobody really knows who first discovered them.

What Livingstone did, of course, was to bring the waterfalls into the Western consciousness, and as was the custom, they were then named to show their association with the British Empire. It was only with the establishment of an independent Zambia in 1964 and then an independent Zimbabwe in 1980 that the length of the waterfall came the full control of Africa’s indigenous people.

The continent’s diamond resources are similarly associated with its colonial past, but with a fundamental difference. For, while the waterfalls are fixed in place and it is extremely unlikely they will ever be moved and reassembled in another location, the ultimate value of the gem diamond is fixed by the customer in the consumer markets, and those markets, more often than not, are located outside of Africa.

Now do not misunderstand me. I am not contending that the consumer holds absolute or even primary power, because without the diamond being extracted from the earth there is nothing to talk of in the first place.

What I am saying is that, when it comes to natural diamonds, the producer is reliant upon the consumer, just as the consumer is reliant upon the producer. In the diamond pipeline, we are all interconnected and all interdependent.

It is fair say that until the end of last century, we in the diamond industry were not fully aware of this interdependency. The advent of the conflict diamond crisis, and realization that the products we handled were associated with the suffering of innocent people in mining countries, was for many us a rude awakening.

But we were ready to act, and we did by playing what I can confidently state was an imperative role in the establishment of the Kimberley Process Certification Scheme, to which we added the complementary WDC System of Warranties. And in doing so we worked together with officials of governments from rough diamond mining countries, diamond cutting and trade centers and consumer centers, as well as with representatives of civil society. We did not always agree at first, but we were equally committed to finding solutions.

The dynamic that was created, often late into the night, created a common bond. It also engendered empathy for the other sides’ points of view, and a sense of mutual trust. We came to appreciate that, even when we did not see eye to eye, our intentions were true and honest.

What I and my colleagues in the industry came to understand more fully is that, in countries like South Africa, Botswana, Namibia, Sierra Leone, Angola, the DRC, Guinea, Tanzania, Ghana, Lesotho and now Zimbabwe, millions of people regard the diamond not only as the most beautiful and valuable gemstone on the face of this earth, but also an agent to a better life, for them and their children.

We came to realize that the men and women who were seated around table with us saw as their mission the task of securing the economic future of their countries.

It has been said before that most of the world considers the diamond and diamond jewelry to be a luxury and non-essential product. And, while we understand why this is the case, it is not an opinion shared by the men and women involved in the diamond trade and industry. For us, too, the diamond is the source of our livelihood.

It is because the diamond is essential to us that we are so acutely aware of consumer sentiment, and do all that we can to ensure that the natural romance, mystery and legacy of the stone remains unblemished.

I also know that this understanding is appreciated by my African colleagues. Even during the most difficult months of 2010 and 2011, when tempers ran high and emotions were on a razor edge, nobody left the table. We carried on talking. It was clear to everybody that the Kimberley Process was the only game in town, and without it we were all likely to lose.

Over the past several years, I spent some challenging but always fascinating times with Minister Mpofu, who is a man that I feel you all will agree does not hesitate to speak his mind. There were those who believed that he would shake the industry to its very foundations, and two years ago few would have predicted that he would be presiding over a gathering such as this – a conference in Zimbabwe, with the leadership of our business and the Kimberley Process in attendance.

Minister Mpofu, please accept my compliments for initiating this conference, and my thanks for the generous way in which we have been hosted in your beautiful country. And in particular, let me congratulate you for inviting the KP Chair, Ambassador Milovanovic, to be a keynote participant, thereby emphasizing Zimbabwe's commitment to the Kimberley Process.

Ambassador Milovanovic is also deserving of our congratulations. She assumed the sensitive position of KP Chair at a time when the role of the United States was viewed with a degree of suspicion by a good number of delegations in the Kimberley Process. And over the past almost 11 months, while she has remained true to her convictions,

she has also demonstrated a sympathetic understanding of the positions of the others in the KP, and particularly those of the African producing countries.

Ambassador Milovanovic has also emphasized what has been a fundamental principle in the organization, and one that we in the World Diamond Council believe is critical to existence – and that is decisions cannot be taken unilaterally.

They must come about through multilateral discussion, with the appropriate time and effort invested in order to arrive at solutions which are acceptable across the board.

I strongly believe that the success that Ambassador Milovanovic has had in advancing the KP agenda during her term in office has been aided significantly by the partnership that developed with the country holding the position of Vice Chair, South Africa, and the understanding from the very beginning that the American and South African terms in office were interlinked.

A sense of common purpose was established from the start, and this engendered an atmosphere of cooperation.

At the Annual Meeting of the World Diamond Council in Italy earlier this year, I had the privilege of being seated between Ambassador Milovanovic and South Africa's Minister of Mineral Resources, Ms. Susan Shabangu. Together, they represented the unified position of the Kimberley Process. It was a powerful and important message for our industry and the world.

In her address to the WDC Annual Meeting, Minister Shabangu spoke eloquently about the role that diamonds should play downstream in the African producing countries. Diamond beneficiation has the potential to become the major driver in advancing the empowerment of the historically disadvantaged, she said, presenting opportunities for new entrepreneurs in large and small scale ventures. The development of the diamond sector has immense economic potential, and could contribute positively in addressing the socio-economic issues that challenge democracy and nation building in the region, Minister Shabangu told us.

In healing over many of cracks that has developed in Kimberley Process in recent years, Ambassador Milovanovic has not shied away from tackling the pressing challenges facing the organization.

Among them is the reform of the organization, including the establishment of a permanent Administrative Support Mechanism, or ASM, which will provide logistic, organizational and communications support to the KP on an ongoing basis, irrespective of who is the KP Chair at any point in time. The World Diamond Council has proposed

that it take responsibility for the management of the ASM, which it would do with the collaboration of four of its members, which include the Gem and Jewelry Export Promotion Council of India, the Israel Diamond Institute, the Antwerp World Diamond Center and the Diamond House of the Government of Ghana. The ASM would provide a significant upgrade to the management of the KP.

But undoubtedly, the most sensitive tackled by Ambassador Milovanovic during the past year has been the expansion of the meaning of “conflict diamonds” so that it applies to a less narrowly defined range of human rights issues.

She used the occasion of the 2012 WDC Annual Meeting in Italy to propose that conflict diamonds come to include “rough diamonds used to finance, or otherwise are directly related to armed conflict or other situations of violence.”

The WDC General Assembly immediately endorsed her suggestion as a proposal that would be constructive in advancing the discussion on the expanded definition for conflict diamonds. Clearly, with a product that is so closely associated with the human emotions of love and commitment, it is nobody’s interest that the diamond be associated with organized violence.

But we in the World Diamond Council insist that the expanded definition be carefully considered, with all parties consulted, and that a decision be arrived through consensus. Most importantly, it needs to be specific, be directly associated with diamond production, and be something that we are able to implement within the context of our existing structure.

The purpose of the Kimberley Process is to defend the diamond pipeline so that the diamond business will serve the legitimate interest of all its stakeholders. It should never become a tool to advance the narrow political interests of one group or another.

Zimbabwe is a country that should come to be considered a role model for the diamond business in promoting sustainable development. For while it has formidable economic and social challenges, it also is blessed with very significant rough diamond deposits, which hold the potential to improve the quality of life for all of its citizens.

It is enabling countries like Zimbabwe to meet its challenges that is the essence of the mission of the Kimberley Process. It is why we are gathered in this beautiful setting here today, and it is why the World Diamond Council is proud to be a member of this forum.

I thank you for your attention.

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