

PRESS RELEASE

FOR IMMEDIATE RELEASE

WDC Communications
communications@worlddiamondcouncil.org



Citing Mahatma Gandhi during World Diamond Congress address, WDC President Eli Izhakoff calls for 'commerce with morality'

MUMBAI, INDIA: October 15, 2012 – *Focusing on the theme of change, Eli Izhakoff, President of the World Diamond Council, has addressed the opening of the World Diamond Congress today in Mumbai, India. In his speech, he supported the principle of expanding the definition of "conflict diamonds," but emphasized that, whatever definition is applied, it must meet the ability of participants to implement the Kimberley Process Certification Scheme effectively, and be directly associated with the trade in rough diamonds.*

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

Ladies and gentlemen,

It is my great pleasure to be addressing you once again at a World Diamond Congress, which is always an occasion that bring up wonderful memories for me personally, of both experiences and people, and also an event of historical significance for the World Diamond Council and our industry's mission to rid the world of the trade in conflict diamonds.

The theme of my address will be about change, and it is an appropriate topic here at the World Diamond Congress and in India.

This year, both the World Federation of Diamond Bourses and the International Diamond Manufacturers Association are seeing a change in their leadership, as new presidents take the helm. I congratulate both outgoing presidents for their dedication and a job well done. It was a pleasure working together with you. And I congratulate the incoming presidents and wish them the best of luck. I am confident of your support and cooperation moving forward.

If there is a country that epitomizes change it must be India. I have been here a good number of occasions over a long period of time and the transformation of the nation

PAGE 1 OF 5

and the diamond industry is nothing short of remarkable. From a cutting center that once was regarded as a specialist in lower-end goods to what we know today, a full service trade and production center that accounts for about nine out every 10 stones polished, and also the world's second largest consumer of diamond jewelry, India is really the jewel in all of our crowns.

I congratulate the hosts of congress, the Bharat Diamond Bourse and the Gem and Jewelry Export Promotion Council for their effort and hospitality.

Over the past two years we have been examining the role of the Kimberley Process in a world that has clearly changed since its certification scheme was first implemented in 2003.

In many respects the Kimberley Process Certification Scheme was an agent of that change, bringing about a dramatic reduction in the incidence of conflict diamonds in the pipeline, thereby cutting off what previously had been a lucrative source of revenue for rebel groups in a number of African countries.

Within a relatively short period of time, the civil wars that had originally instigated the conflict diamond crisis had come to an end. There were other measures that were taken at the time, in coordination with the United Nations Security Council, such as the introduction of peace keeping forces. But it is fair to state that the KPCS played an absolutely critical role.

What has changed is not only the incidence of civil war in Africa, but also the appreciation by government and civil society of the potential of business, and of the diamond sector in particular, to positively influence the lives of ordinary individuals in crisis situations. The success of the Kimberley Process in meeting its goals raised the level of expectation.

This led to the call that the definition of conflict diamonds be expanded, from diamonds used by rebel groups to finance civil war to a more general characterization that would include a wider range of human rights violations.

Now let me be absolutely clear. We in the diamond industry do not want, nor would we have any interest, in having our products or our industry associated with a problematic human rights situation.

Our position is steadfast, and that was emphasized when we reached an agreement with the Civil Society Coalition regarding the incorporation of a statement concerning

compliance with international human rights law into the KP's Administrative Decision on Internal Controls.

What we insist upon is that, whatever definition be applied, it must meet the ability of the participants to implement the KPSC effectively, and be directly associated with the trade in rough diamonds.

At the World Diamond Council Annual Meeting that took place in Vicenza, Italy, earlier this year, the Kimberley Process Chair, Ambassador Gillian Milovanovic of the United States, suggested that the term conflict diamonds should cover "rough diamonds used to finance, or otherwise directly related to, armed conflict or other situations of violence."

During the meeting, the World Diamond Council General Assembly passed a resolution noting that Ambassador Milovanovic's definition would be a good basis for moving the discussion forward.

They say that great leaders transcend time and distance, and that certainly was the case with one of India's most famous sons, Mahatma Gandhi. In an article that he wrote almost nine decades ago, he described the seven roots of violence. They included "wealth without work, pleasure without conscience, knowledge without character, science without humanity, worship without sacrifice, politics without principles," and "commerce without morality."

All are critical, but it is about the last one that that we have been most concerned with in the World Diamond Council and the Kimberley Process.

I would note that while the geopolitical situation has changed, and while we are considering changes to the definition of conflict diamonds, there are essential elements that remain the same.

One is that the Kimberley Process, which is administered by government bodies, is concerned solely with rough diamonds. That should not change. The paper trail, which also includes loose polished goods and jewelry, is managed by us, the members of the industry, when we administer the WDC Chain of Warranties.

Indeed, the mechanics of the Kimberley Process Certification Scheme, together with the WDC System of Warranties, would remain the essential components of defending the diamond pipeline from the infiltration of conflict diamonds, also after consensus is reached on an expanded definition.

Just several days ago, I submitted to a special United Nations Security Council committee that is monitoring the situation in Côte d'Ivoire, the WDC's position on smuggled rough diamonds from that country. As many of you know, Côte d'Ivoire has been subject to a UN embargo since December 2005, and rough diamonds emanating from there qualify as conflict diamonds according to the original definition.

In the position paper, we noted that the World Diamond Council is aware of reports of the smuggling of small number of goods from the country, and, while they would constitute only a very small fraction of the number of legitimate rough diamonds in the marketplace, our policy concerning conflict diamonds is one of no tolerance whatsoever. This means that all measures must be implemented to prevent such goods from entering the pipeline.

But we also noted that the elements are already in place that should prevent the smuggled diamonds from Côte d'Ivoire from infiltrating the pipeline. Here, of course, we are referring to the Kimberley Process Certification Scheme and the complementary WDC System of Warranties.

For our part, we remain committed to co-hosting seminars at Kimberley Process meetings, and to speaking out at industry events such as this one, to address the issue of more effective enforcement of KP principles and address the challenges of cross border trafficking. We also said that our members have been actively engaged with agencies such as the World Customs Organization and Interpol.

At the same time, in our position paper we said that we expect immediate and decisive action on the part of the legal authorities in any country or other jurisdiction in which there are reports of attempts to infiltrate diamonds from Côte d'Ivoire, with the goal being to prosecute and punish any individual who knowingly handles conflict diamonds.

We are certainly in favor of reforming the Kimberley Process Certification System, to make it more effective and efficient in world that exists 10 years after KPCS was first introduced. We strongly endorse the establishment of a permanent Administrative Support Mechanism, which will ensure continuity and improve the efficiency of KP's working bodies. We also would like to see a toughening of the peer review system to improve compliance with KPCS's minimum requirements, and better information exchange with international law enforcement agencies.

We are also considering internal changes to improve the effectiveness and efficiency of the World Diamond Council itself. This July, the WDC Board approved, as per my recommendation, the creation of a Steering Committee that will examine the restructuring of the council in terms of membership, financing and administration. It is headed by our vice president, Andy Bone.

Ladies and gentleman, I believe that we can all agree that the Kimberley Process has been good for our industry. While it has demanded much of us, and at considerable expense, it struck a massive blow against the incidence of illegitimate goods in the pipeline, and demonstrated our commitment to what Mahatma Gandhi would have termed "commerce with morality."

And I will conclude by quoting that great man once again. "The difference between what we do and what we are capable of doing," he said, "would suffice to solve most of the world's problems."

I thank you.

* * * *