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Kimberley Process is a means to sustainable development, says WDC President to KP Intercessional in Washington D.C.

WASHINGTON, D.C.: JUNE 4, 2012 - *The following is the full transcript of the speech delivered by Eli Izhakoff, President of the World Diamond Council, to the Intercessional Meeting of the Kimberley Process, which opened in Washington, D.C., this morning.*

Ladies and gentlemen,

It is a great privilege to be addressing you today, in this setting and in this great city, which has over the centuries witnessed many of history's defining moments. Some of them changed the course of the human experience.

It was here in Washington, D.C., in August 1963 that Dr. Martin Luther King delivered his "I have a dream" speech. In it he expressed the demand of his people and the American civil rights movement that all individuals have an equal right to liberty and self-fulfillment.

It was a watershed moment that reverberated not only in the United States but globally, and its universal message continues to be heard to this very day. Dr. King's words have been repeated many times, in one form or another and around the world, by individuals and nations calling for freedom, equal opportunity and the right to benefit fairly from the fruits of their labor and property.

Dr. King understood intuitively a truth that many of us in the diamond sector came to appreciate more fully through our involvement in the Kimberley Process. It is that we are mutually dependent, and in our line of business this refers not only to the supply chain, but also to our ability to operate successfully over the long term.

"Whatever affects one directly, affects all indirectly," Dr. King once said. "I can never be what I ought to be until you are what you ought to be. This is the interrelated structure of reality."

We empathize with others in the chain of distribution because it is what defines us as moral human beings and business people. It is always possible to turn a quick profit without considering the ethical consequences of our actions, but it is not necessarily good business. And when I say "good" I am speaking both ethically and economically.

Over the past decade we have come to appreciate that if we want to create a sustainable business, then the environment needs to be devoid of ethical challenges.

However, the range of what can be defined as ethical challenges is dynamic, and, as we have all discovered, the range of activities of the KPCS has been dynamic. The public's understanding of what is a conflict diamond has evolved, and the circumstances to which the KPCS has had to react has also been dynamic, even though the original definition in the KP Core Documents remains the same.

At the World Diamond Council Annual Meeting which took place in Vicenza, Italy, just two weeks ago, our General Assembly passed a resolution calling for a discussion to begin within the Kimberley Process that will broaden the definition of conflict diamonds in the Core Documents, so that it will be appropriate to the times in which we live.

As Ambassador Milovanovic stated when she addressed our meeting, in many respects a broader definition has been applied de facto, but the time has come to codify it in the KP statutes.

In our resolution we took a clear stand to protect the safety and wellbeing of all our industry's stakeholders. At the same time we set the parameters to ensure that we are not drawn cynically into situations in which we play no part.

What the World Diamond Council proposes is to broaden the original definition of conflict diamonds to include goods associated with "diamond-related violence in rough diamond producing and trading areas."

In other words we explicitly suggest that diamonds tainted by violence should be considered "conflict" material, and therefore subject to KP sanctions, which the World Diamond Council will help monitor through the promotion of its system of warranties throughout the diamond pipeline. But we specify that the violence must be associated with industry-related activities in diamond producing and/or trading areas.

Clearly the devil will be in the details, but given our history I am confident that we will be able to find the common ground. It will, of course, require a meeting of the minds of many of the individuals seated in this assembly today. But that is good news, because while we clearly do not agree on everything, the fact that we are here indicates our collective commitment to the principle of ridding the world of conflict diamonds.

In Vicenza, I spoke two distinct doctrines within the KP, and I stressed that both are legitimate and need to be addressed.

The one largely includes members from the developed Western markets, who emphasize the critical influence of consumer sentiment.

The other is held predominantly by members from rough producing countries, who are most sensitive of the role that diamonds should play in promoting sustainable economic opportunity at the grass roots level.

It is important to stress that these are not divergent points of view, nor opposite sides of the coin. KP members in the producing countries must understand that the success of our industry is closely associated with consumer sentiment, and the retailers and all the other industry participants along the chain of distribution must appreciate that the stability of

supply in the diamond pipeline will require fair distribution of revenue and added value in the producing areas.

When we met two weeks ago in Italy at the WDC Annual Meeting I was privileged to be flanked on either side by two very influential individuals, both of whom are women that are making a very significant mark in our traditionally male-dominated industry. Each comes from a country that is associated with a different one of the two doctrines I just referred to, but both demonstrated a keen sense of awareness of the point of view of the other, and also of the necessity of enabling the diamond industry to go about its work in an efficient and productive manner.

On my left was Ambassador Milovanovic of the United States, the KP Chair, who spoke at length of the need to modify the definition of conflict diamonds, so that it encompasses situations already encountered and dealt with in an ad hoc manner by the KP. She suggested that the term conflict diamonds would cover "rough diamonds used to finance, or otherwise directly related to, armed conflict or other situations of violence," and this was a description that the WDC General Assembly felt would be a good basis for moving the discussion forward.

But we also applaud Ambassador Milovanovic for looking at the role of KP in the wider perspective, when she suggested that the Kimberley Process would adopt as a goal the promotion of sustainable economic development. It is an approach with which we greatly identify.

The KPSC is not an end unto itself; it is the means to an end, and that end is sustainable economic and social development.

On my right at the meeting in Vicenza sat Her Excellency Ms. Susan Shabangu, the Minister of Mineral Resources of the Republic of South Africa, which is the country that is the Vice Chair of the Kimberley Process and will become KP Chair on January 1, 2013.

Ms. Shabangu spoke most elegantly about the economic potential offered by the rough diamonds in the African producing countries, and I quote: "How do we take this commodity which has been distorted into a symbol of oppression, violence and inequality into a beacon of hope and prosperity for all? It can only be by ensuring that the citizens of these producer countries enjoy a fair share of the revenues generated from their diamond endowments."

But Ms. Shabangu also recognized the promise of the business community in helping realizing the objective of sustainable economic development, noting the role of well established technologies, skills and markets in the developed world present opportunities to partner with Africans to develop the diamond value chain.

This dual approach to responsible business, where on the one hand we impose regulations that are designed to defend the legitimate pipeline from being infiltrated by conflict diamonds, and on the other we promote programs to advance the cause of sustainable development, underlines the fact that the KP, at its core, is a human rights endeavor.

Let us not forget that the Universal Declaration on Human Rights includes both Article 3, which declares that everyone has the right to life, liberty and security of person, and also Article 25, which declares the right of everybody to a standard of living adequate for the health and well-being of himself and of his family.

We certainly should not shy away from the issue of human rights. What we do stipulate is that, as Ambassador Milovanovic herself said, the KP focuses on issues that concern the diamond business. We are sympathetic to all instances of suffering, but we can only act in areas in which we have control.

In this respect we have found common ground 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. According to the agreement between the Civil Society Coalition and the WDC, "the administration of security measures and the implementation of KPCS internal controls within the diamond industry, applicable to participants, should be consistent with international human rights law."

The WDC strongly supports the effort underway to introduce internal reform to the institution of the Kimberley Process, and we participated in the two meetings that took place, here in Washington, D.C., and also in Brussels.

We are keen to see 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 improved information exchange with international law enforcement agencies.

Ladies and gentlemen, next year we will mark 10 years since the launch of the Kimberley Process Certification Scheme. It has been a challenging but most rewarding mission for those of us who have been involved throughout of this period, with up and downs, long negotiations and more than a handful of sleepless nights. But on balance we have a great deal to be proud of.

On that note I will conclude with another quote by Dr. Martin Luther King: "The ultimate measure of a man is not where he stands in moments of comfort and convenience, but where he stands at times of challenge and controversy."

I thank you.