



World Diamond Council

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U.S. REGULATIONS BACKING KIMBERLEY PROCESS TO BE IN PLACE BY END OF JULY

NEW YORK (July 28, 2003) – The World Diamond Council, in a continuing effort to implement the Kimberley Process in the United States, announced today that U.S. regulations are expected to be fully in place by the end of July in compliance with deadlines set at the April meeting of the Kimberley Process.

“We welcome full implementation of the Kimberley Process system in the United States,” said Eli Izhakoff, President and CEO of the World Diamond Council. “Given the importance of the U.S. market to the diamond industry, full compliance with international agreements to protect the legitimate trade from conflict diamonds is imperative.”

Jay Bruns, the U.S. State Department’s Special Negotiator for Conflict Diamonds, has provided the WDC with updated information regarding U.S. regulations that will change U.S. Customs procedures. From the date the rules go into effect, rough diamonds will no longer be permitted entry into the United States unless they are accompanied by an authentic Kimberley Process certificate from the originating country. The certificates state that the diamonds are handled in compliance with the Kimberley Process Certification Scheme, and with United Nations resolutions preventing the trade in conflict diamonds.

The federal rules further require that rough diamonds exported from the United States be accompanied by a U.S. Kimberley Process certificate, issued through the U.S. Kimberley Process Authority (USKPA). The rules will require each certificate be assigned a unique number by the Automated Export System of the U.S. Census Bureau.

The USKPA is an industry-based entity that licenses shipping and diamond companies to issue K.P. certificates for use with exports of rough diamonds from the United States. Strict procedures for issuing and tracking K.P. certificates are required by the USKPA. Periodic audits are conducted by the USKPA to assure the integrity of the system. The directors of the USKPA are Matthew Runci of Jewelers of America, Martin Hochbaum of the Diamond Dealers Club of New York, and Cecilia Gardner of the Jewelers Vigilance Committee.

Supplementing the legal obligations provided by the new federal rules, the U.S. industry has agreed to participate in a voluntary international program of self-regulation by providing warranties for all diamonds. These warranties, provided by suppliers of rough and polished diamonds as well as suppliers of jewelry containing diamonds, state that the diamonds have been purchased from legitimate sources not involved in funding conflict and in compliance with United Nations resolutions. The warranties serve as an assurance that the diamonds sold are conflict free. This warranty can then be passed through all levels of the trade, down to consumers, who can be assured by retailers that the diamonds they buy have not been used to fund conflict.

“Vital to the success of the voluntary system of warranties is the initiative of retail jewelers in consistently securing from their diamond and diamond jewelry suppliers the appropriate warranty language either on invoices accompanying shipments or in legally binding contractual agreements with those vendors,” said Matthew Runci, President/CEO of JA and Executive Director of the WDC. “Accordingly, JA today announced that it is enlisting the active support of all state jewelry associations in its continuing effort to secure utilization of the system of warranties by all JA member jewelers. State associations that secure written commitments from all of their members to utilize the warranties will receive special supplementary subsidies for education programs at their events.”

Recommended guidance and information materials for retail jewelers, including sample language for use with vendors, may be downloaded from the JA website, www.jewelers.org.

WDC has made available a guide booklet for compliance with the Kimberley Process certification system. The booklet is available from the Jewelers Vigilance Committee, the Diamond Dealers Club of New York, the Manufacturing Jewelers and Suppliers of America, the American Gem Society, Jewelers of America, the World Federation of Diamond Bourses, the International Diamond Manufacturers Association, and CIBJO (the

International Jewellery Confederation). It can also be downloaded from www.worlddiamondcouncil.org, www.jvclegal.org and www.jewelers.org.

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