



*For Immediate Release*

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## **Izhakoff: KP coalition of government, business and civil society remains critical to future of global diamond industry and trade**

Press Release

*Moscow, Russia - June 15, 2010:* Addressing the 7th Annual Meeting of the World Diamond Council (WDC) in St. Petersburg, Russia, WDC President Eli Izhakoff stressed that the Kimberley Process coalition of government, business and civil society remains critical for the future of the entire diamond industry and trade. The full text of Mr. Izhakoff's speech follows below.

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Colleagues and friends,

The events of the past weeks and months have consumed the bulk of our time, as we have struggled in a search for an equitable solution to the sale of diamonds from the Marange region of Zimbabwe. But my intention today was to look at the big picture, which is the role of the World Diamond Council as a factor in the diamond business, 10 years after it was established. I still intend doing just that, but first I must relate to the developments of the past several days.

The release from jail of Farai Maguwu on Monday clearly was a much-needed step in the right direction, and we hope it will help us deal with the merits of the situation, without being sidelined by other issues.

A great many people worked day and night in the effort to bring about Mr. Maguwu's release from prison. Some did so publicly, and others did so quietly behind the scenes. First and foremost, as one of those people I can say that our purpose for doing so was to ensure that human rights proponents are not made to suffer for the courage of their convictions. At the same time, we were very aware that millions of ordinary

Zimbabweans are relying on us to succeed, because their futures will depend on revenues generated by the country's diamond deposits. It is essential that a way be found so that diamonds from Marange will legitimately make their way into the pipeline.

Four days ago, for several hours the attention of billions of people was focused on a football stadium, fittingly named Soccer City, which is located on the edge of Soweto outside of Johannesburg. They came together to watch two teams meet in the FIFA World Cup Final, as they do every four years. But this time it was special, because of where the game was being played.

For the first time ever, one of the world's two largest sporting events was held on the African continent, and the final game took place in a township that just 20 years earlier was symbolic of dire poverty, hopelessness and civil unrest. Soweto is still a very tough neighborhood. But where it once was a powder keg ready to explode, today it represents one of Africa's most shining beacons toward a better future.

The 2010 World Cup taught us to reject the notion that Africa is a lost case. Indeed, right up until first kickoff, there were those who doubted that the stadiums would be ready, that there would be sufficient hotel rooms and that people would be able to move from city to city. However, over the past six weeks the world learned something that we in the diamond industry already know, and that is, when business, government and civil society join hands, it is possible to achieve almost anything.

Ten years, when civil war was raging in countries like Sierra Leone and Angola, and the diamond trade was being denounced as profiteering and uncaring, the prevailing opinion, particularly among the NGOs, is that we would not act against the conflict diamond trade unless threatened by a full consumer boycott. We knew that we are people of conscience, but they could not know that from across a picket line.

What changed things was dialogue. By sitting down together and listening, we learned that, while we did not always see eye to eye on strategy and timing, we shared similar goals. We agreed that no diamond ever should be used to bring violence and suffering upon innocent people, and also that rough diamond deposits are natural resources that can be used to improve the opportunities of communities in the areas in which they are located. For the people of Africa a diamond should symbolize hope, not hopelessness.

It was no coincidence that the Kimberley Process was born in South Africa. Ten years ago the people of that country, as did their neighbors in Botswana and Namibia, understood that the solution to the conflict diamond problem was not in threatening the foundations of a business upon which millions of their countrymen depend. The solution would rather be obtained by finding common cause between the government, the diamond and jewelry industry, and representatives of the NGO community.

The Kimberley Process Certification Scheme that was launched in 2003 was a remarkable achievement. For not only was it conceptualized and formulated by a group with such divergent opinions and backgrounds, but in order for it to work it had to be legislated and then implemented in each and every one of the countries that were signatories to the process. There were no short cuts.

In fact, had we realized what exactly was involved when we began the journey in the year 2000, I am not certain that any one of us would have had the gall even to get

started. But we did, and today our industry and Africa are all the better for it.

The role that was played by the World Diamond Council was absolutely critical. For not only were we able to demonstrate that, as an industry, we were committed to doing the right thing, but through negotiation we were able to create a system that works on the ground. If the Kimberley Process Certification Scheme had not been integrated properly into our system of doing business, it would be rendered ineffective. By cooperating and voluntarily agreeing to be regulated, we reconstructed our pipeline so that only diamonds carrying KP certificates would pass through it.

The results spoke for themselves. The incidence of conflict diamonds in the pipeline fell from a high of 4 percent to less than 2 tenths of 1 percent. Civil wars ended in the countries where they once raged, and the diamond industries came to be considered not as generators of violence, but as sources of economic growth.

However, as we all know now, the story does not end there. Political unrest, although not necessarily civil war, continues to exist, not only in Africa, but also in Latin America and elsewhere. And when there are diamond deposits involved, people question whether we are doing the right thing. With little regard for our track record over the past decade, and without considering that we rewrote the history books in helping set up the Kimberley Process, people suggest that our primary motive remains getting the rough diamonds, irrespective of from where and in what way they were sourced.

But it is useless complaining. We deal in a luxury product, and in the eyes of some that means that our motives will always be suspect. Come what may, we have to live by ethical standards that are higher than those which are applied in most other business sectors.

What this means is that we have to develop models that will enable us to address the issues raised in countries like Zimbabwe, even though they do not fully comply with the criteria for conflict diamonds that were formulated 10 years ago. And in doing so we will have to find the correct balance for fulfilling three critical needs: (1) the need of the citizens in the affected country to benefit from the revenues generated by their diamond deposits; (2) the need of jewelry consumers to feel that the products they buy are not tainted by human suffering; and (3) the need of the diamond industry to go about its business in an economic fashion. If any one of the needs are not met, the system will fail.

But as we demonstrated over the past decade it can be done, as long as we maintain that coalition of government, industry and civil society. Indeed, it is the built-in tension that exists between the three parties which provides the energy required to find the correct balance for fulfilling those three critical needs.

It's not always easy. It takes sleepless nights in Tel Aviv, mini-summits in St Petersburg, and more meetings and teleconference calls if necessary. But an equitable solution is possible. It can, must and will be achieved. It is why, 10 years later, we are still here.

It is also why we have to continue examining ourselves, both in the World Diamond Council and in the Kimberley Process. Conditions change, new situations arise, and we must adapt. A series of reforms were implemented in the World Diamond Council over this past year, and we publicly have been called for a number reforms to the Kimberley

Process, so as to improve the organization's efficiency and transparency.

In conclusion, I would like to thank our hosts here today, and in particular the Diamond Chamber of Russia and its president, Sergey Oulin, who is of course also a vice president of the World Diamond Council. We like to refer to the diamond as the most beautiful of God's creations. As we all know now, St. Petersburg is one of the most beautiful creations of man. Thank you for bringing us to this city, and thank you for organizing this event.

And I thank all of you as well.

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*The 7th Annual Meeting of the World Diamond Council in St. Petersburg, July 15, 2010.*



*From left: Avi Paz, president of the World Federation of Diamond Bourses, Boaz Hirsch, chairman of the Kimberley Process, and WDC President Eli Izhakoff at the head table of the 7th Annual WDC Meeting.*