

Avi Paz: "WFDB Has The Ability to Enforce KP"



The Kimberly Process Certification Scheme is vital and important for our industry's future and growth. We should all take all the necessary actions in order to strengthen it and to make sure it continues being strong, fair and effective. We, the WFDB play an exemplary role in advancing complete transparency in the rough diamond supply pipeline. As I have said before, there is no other industry in the world that has taken regulatory measures upon itself similar to that of the KP.

I would like use this opportunity to stress once again that the WFDB is fully committed to the KP and remind us all that, at the end of the day, the WFDB is the organization within the industry that has the ability to enforce the KP resolutions.

As such, our commitment is unequivocal and we should continue doing everything to protect the purity of the diamonds and the integrity of everyone involved in our industry throughout the pipeline. As you all know we have acted firmly in the past in order to achieve that and will continue to act in the same manner in the future.

At the moment it is still not clear if an agreement was achieved (*ed. note: an agreement was reached; details can be found through the July 20 edition of The Centurion*) but we are working very hard on it and I would like to use this opportunity to thank the chair of the KP, Mr. Boaz Hirsch, The Zimbabwe government representatives, NGOs, and industry members and all the stakeholders for the effort and hard work. Having said, that I would like to stress that we feel very uncomfortable about the fact that up till now the KP did not accept the special monitor report.

Just as we are firm we also all have to be fair: our view is that after receiving the report of Mr. Chikane, the KP was obliged to approve the export of rough diamonds from Zimbabwe. Unfortunately that was not done. We must remember that a deadlock such as the one we are experiencing now, is very bad news.

We should do whatever we can in order to solve it and to refrain from such deadlocks in the future. We have to remember that it is not only the diamantaires that will be harmed by it, but also the millions of people in the producing and manufacturing countries that their welfare and prosperity depend very much on the diamond industry.

If there is a specific problem somewhere, we are totally committed to addressing and solving it but the NGO's waving slogans about the return of the conflict diamonds is not a responsible thing to do and I call them to refrain from doing so.

Before I conclude I would like to use this opportunity to thank Mr. Eli Izhakoff for his fine and professional work as president of the WDC. Thank you very much and I wish you all a nice and fruitful conference.

Eli Izhakoff: KP Coalition of Government, Business and Civil Society Remains Critical to Future of Global Diamond Industry and Trade



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 shortcuts.

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 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 these 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.

CIBJO President Gaetano Cavalieri: 'The Jewellery Industry is Advanced in Accommodating principles of Corporate Social Responsibility'



First allow me pay tribute to the WDC President, Eli Izhakoff, for the role that he has played for since the establishment of the World Diamond Council in 2000. It has been a privilege to be associated with the organization, which over the past decade transformed not only the way that things are done in our industry, but also the way in which we are viewed by the world.

Let me also recognize our hosts here in St. Petersburg, the Diamond Chamber of Russia. Sergey, as one who has had some experience of staging international conferences, I know how much time, effort and thought went into the organization of this event. Our thanks go out to you and your staff for welcoming us to this beautiful city.

Three weeks ago I was in New York, where I attended the Leaders Summit of the Global Compact, which for those who are not familiar with the organisation is a United Nations-created alliance of government, civil society and business, whose goal it is promote the UN's CSR, development and sustainability programme.

It was an impressive gathering, and it brought to New York representatives of some of the largest corporations in the world. Sitting round the table with them, one of the things that struck me is that, in many respects, we in the diamond and jewellery industries are considerably more advanced than most when it comes to restructuring our businesses and ways of operation to accommodate the principles of CSR.

Let me illustrate. The Global Compact Summit took place in shadow of two corporate disasters. The first, of course, is the global financial crisis, which to a very large degree was

precipitated by irresponsible lending and investment policies of the banking sector.

The second disaster was the BP oil spill in the Gulf of Mexico, which threatens wildlife and has shut fishing along much of the United States' southern coastline. There were, of course, many representatives of both the banking and energy sectors at the Global Compact summit, but I never heard any of them discuss what they, as business communities, were going to do so as to ensure that calamities of this sort never happen again.

Another issue that struck me in New York was the almost complete absence of smaller and medium sized companies. Indeed, one of the subjects discussed was need of the Global Compact to extend its reach to the SMEs. As we well know, in this business, we are predominantly comprised of small and medium-sized companies. Many, if not most of the office holders and board members of the World Diamond Council come from that type of background.

It often seems that we are more successful in tackling problems like conflict diamonds than in letting the world know what we have done, and who we really are. But we are making headway.

Just before travelling to New York I was in Antwerp, where CIBJO's World Jewellery Confederation Education Foundation hosted its first Executive Course in CSR. Attending the course was the Chief of Partnerships and Resource Mobilisation of the United Nation's Institute for Training and Research in Geneva. At the end of the event, he invited CIBJO to participate in UNITAR Week, which will take place in the United Nations Pavilion at the Shanghai World Expo from September 19-26. In issuing the invitation, he expressly stated that the United Nations would like to use our industry as a case study and role model of how a business community has mobilised in adopting Corporate Social Responsibility and Corporate Social Investment as an industry-wide strategy. If you think back 10 years, this is truly remarkable development.

There is much still do; the situation in Zimbabwe illustrates that very well. But we have an important story to tell the world, and plan to do that in Shanghai. One of the people who I trust will be there is Eli Izhakoff, who will be able to show how the World Diamond Council led the way.

There is another important aspect to our CSR strategy, and that I can illustrate by telling what occurred after the Global Compact Summit. From New York I travelled to Lima, Peru, where I concluded an agreement involving CIBJO, the Peruvian Ministry of Trade and Tourism, the Peruvian Exporters' Association and the country's national association for occupational training. It involves the establishment of a U.S. \$6.2 million training programme, designed to improve the skills and efficiencies of 12,000 Peruvian jewellery artisans, as a first step to building a sustainable, responsible and ethical jewellery industry in Peru.

There are two sides to the CSR coin. The one side involves the absolutely critical role of the World Diamond Council, which protects the integrity of our chain of distribution. The other side is engaging in activities that improve the prospects for a better life for families and communities in the areas in which we are active.

Our industry has chosen CSR as a strategic business alternative. Our mission is to instill

the principles of CSR throughout our industry. Corporate Social Responsibility is a form of behaviour. It is a way of life. It is a philosophy by which you run your business.

From a consumer perspective, our CSR strategies should define our products and our industry. But it should not simply be a strategic choice for individual companies. It has to be a strategic choice that we make as an entire community. In fact, I would suggest that with the establishment of the World Diamond Council we made that choice 10 years ago.