



World Diamond Council

Eli Izhakoff, Chairman / 580 Fifth Avenue / New York, NY 10036 / USA

31 December 2006

Members of the World Diamond Council

Dear WDC Member,

I am sure you will agree that 2006 has been both challenging and invigorating for all of us in the diamond industry. It has been the most frenetic year and one in which, I am proud to say, the membership of the World Diamond Council was not found wanting when it came to addressing the demands and concerns of a world that is now focused, as never before, on the activities of the international diamond industry.

Although 2007 will be equally challenging and there remains much to do, I believe that we are now well placed to build on the achievements of this past year. Together, we have demonstrated that we are sincere in our determination to work with governments, the international community and civil society to strengthen the Kimberley Process Certification Scheme and the System of Warranties.

Much of the increased media scrutiny we have seen over recent months has of course been inspired by the release of *The Blood Diamond*. In 2006, we grasped the opportunity provided by the release of this film to increase awareness throughout the industry regarding the obligation to be Kimberley compliant and articulate the benefits diamonds bring to many in Africa and elsewhere. The launch of the Education Pack and the diamondfacts.org website at this year's JCK fair was a great success. This pack is now available in 13 different languages and the website is now a much-used resource.

The highlight of the year was the successful conclusion of the Kimberley Process Plenary in Gaborone, Botswana. The lead up to the Plenary was hardly auspicious, with – amongst other things – the three-year review of the Kimberley Process coming to a conclusion, with more than 80 of its recommendations having failed to gain consensus and reports of the smuggling of diamonds into Ghana from Ivory Coast. The WDC was quick to alert and call upon government members of the Process to take swift and decisive action. These proactive measures culminated in my address to Plenary, which combined with Partnership Africa Canada's excellent speech, set the tone of debate for the next three days, during which much progress was made in resolving many of the problems we faced together with governments and the NGOs.

Much of this success was a result of the considerable contribution made by Mr. KG Moshashane as Chair of this year's Plenary. His statesman-like leadership and direction of the proceedings was an inspiration to us all.

As I said earlier, there remains much to do and we are determined not to rest on our laurels. Looking forward to 2007, media scrutiny will continue into the New Year, as *The Blood Diamond* is released around the world. The NGOs will continue to challenge and judge us and we must not be found wanting. We must continue to drive the message home to all our constituents that compliance with the Kimberley Process and the System of Warranties is not optional. We must also continue to demonstrate that diamonds are a force for good and carry out our business in a way that ensures they are.

We look forward to the European Community (EC) assuming the Chair of the Kimberley Process. Mr. Karel Kovanda will be heading the EC delegation and having left such a positive impression in Gaborone, I am confident that he will carry on the excellent work of Mr. Moshashane. Mr. Kovanda will have to deal with many challenges this year, including the review of the situation in Ghana, the resolution of irregularities in South America and recent reports of smuggling in Zimbabwe.

We do not intend to soften our approach in demanding swift and effective action by the Chair and governments on these important issues. However, we will continue to work closely and productively with the Chair to ensure that the Kimberley Process and the System of Warranties will become evermore robust, and provide the consumer and all who work in the international diamond industry with the assurance and protection they demand and deserve. We must continue to work together, not just to eradicate the trade in conflict diamonds today, but to ensure that diamonds are never again vulnerable to such abuse in the future.

Finally, we must never forget that diamonds are purchased and treasured by consumers because they represent the very highest human values, such as love and commitment. In addition, we have every reason to be proud that this unique and beautiful product continues to make a unique contribution to the future prosperity of developing countries. I believe that we are privileged to work with such a product and that it is our responsibility to do all we can to reflect these values, through our actions and the way we conduct our business.

I would like to thank you for your support and hard work over the last 12 months and wish you and your loved ones a peaceful, healthy and prosperous New Year.



Eli Izhakoff
Chairman, World Diamond Council.