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**WORLD DIAMOND COUNCIL RESPONDS TO GAO REPORT,  
AFFIRMS NEED TO CONTINUE TO IMPROVE AND ENHANCE THE  
UNITED STATES CLEAN DIAMOND ACT, KIMBERLEY PROCESS  
CERTIFICATION SYSTEM**

(New York, NY) – September 29, 2006 –The World Diamond Council (WDC) released the following statement today from its Chairman Eli Izhakoff in response to the U.S. Government Accounting Office (GAO) report on the implementation of the United States Clean Diamond Act, the U.S. law that enforces the UN-mandated Kimberley Process (KP) on the import and export of rough diamonds:

“The WDC is in full agreement with the GAO report in its assessment of both the success and weaknesses of the implementation of the Clean Diamond Trade Act. The report acknowledged that the U.S. systems for reporting rough diamond statistics and controlling imports and exports of rough diamonds have improved. However, it also noted that there are vulnerabilities to the system and provided several recommendations for improvements. The report offered no evidence that there are conflict diamonds entering the U.S. market.

The integrity and effectiveness of the KP are of paramount importance to the international diamond industry. The GAO report states that the Kimberley Process Certification System covers 99.8 per cent of global production of rough diamonds. This success is a direct result of the collaboration between the diamond industry, NGOs and governments, of which the United States played a crucial and leading role. In the interests of sustaining the integrity of the KP, we believe the report’s recommendations should be implemented immediately. The WDC is committed to continue working with the U.S. government to further improve the existing systems, increase the accuracy of U.S. rough diamond trade data, as well as enhance procedures for inspecting rough diamond imports and exports.

The WDC maintains its position that one diamond traded outside the law is one too many, and we remain committed to building on the success the KP has already achieved. This is why the WDC is also actively working to improve the KP on the export side. The WDC recently appealed to all KP participants to act swiftly to resolve the serious issue of reports that rough diamonds from the Ivory Coast are being smuggled into Ghana bypassing KP procedures. It is our hope that by addressing the issue of conflict diamonds at its source, the WDC along with our partners, will be able further improve upon the KP.”

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