



## **World Federation of Diamond Bourses**

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### **Zimbabwe Diamond Conference 2012**



Presentation delivered by Mr Ernie Blom  
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Good morning ladies and gentleman, ministers and honourable guests.

I would like to thank you for inviting me to this, ***Conference to Unlock Diamond Potential in Zimbabwe*** as a guest speaker. The World Federation of Diamond Bourses (WFDB) and I are honoured to be part of this. I would also like to take this opportunity to congratulate the organisers of this conference on a job well done. This conference is strategically important as conferences like these make the world aware of what is happening on the African continent, as George Kimble of *Africa Today* said: "The darkest thing about Africa has always been our ignorance of it."

As the President of the WFDB I would like to give you some background on this very important industry body.

Founded in 1947 as an entity that would unite diamond exchanges under one roof, the WFDB would come to provide a common set of trading practices for bourses trading in rough and polished diamonds.

The objective of the WFDB is to protect the interests of affiliated bourses and their individual members and to further the amicable settlement or arbitration of differences and disputes between members and bourses. In furtherance of this objective, it is the aim of the organisation to participate in the promotion of world trade and to encourage the establishment of bourses in producing countries with the view of eventual affiliation of all centres where diamonds are actively traded. It is vital that Africa be part of the world diamond industry and bodies like the WFDB's and not operate in isolation as this would result in a lack of access to global markets and it would also be very costly for the country.

Members of the bourses affiliated with the WFDB pledge themselves to uphold the traditions, principles of mutual trust, consideration and friendship which prevail among members world-wide. They pledge themselves to abide by and hand down these principles and to ensure that they will forever serve as a basis in business relations between members.

The WFDB currently has 28 bourses from 26 countries which represent approximately 25,000 members and it is estimated that as much as 95% of all rough and polished diamonds are traded through bourses.

The WFDB is very keen to expand its African membership and to this effect special provisions have been made to facilitate this within the organisation. Africa is a critical partner in the world diamond trade as 65% of rough diamonds are mined on this continent. The decline in the world production of rough coupled with the increase in demand for diamonds has opened a major market opportunity for the diamond mines of Zimbabwe. The diamond reserves available in this country will go a long way in filling the gap left by mines nearing their end of life in other diamond producing countries.

The potential opportunities created by the diamond industry for the country is enormous and, if managed well, can transform Zimbabwe and its people through a number of social and industrial programmes to one of the world's most sought after diamond producing countries. Zimbabwe's diamonds could be the key to unlock many development opportunities for its citizens. By developing skills many downstream employment opportunities could be created which is why Malcolm X said: "Education is our passport to the future, for tomorrow belongs to the people who prepare for it today."

The Chair of the Kimberley Process (KP) founded in Kimberley, South Africa in 2003 will be moving to South Africa in 2013, a fitting way to celebrate 10 years of success. During the past ten years the KP has very successfully eradicated conflict diamonds to almost zero. The current Chair of the Process, the USA, has put forward plans to reform certain existing definitions of conflict diamonds. The WFDB agrees that change is inevitable and support any positive changes as long as all stakeholders are made part of the discussion and the process is fully inclusive.

Following the announcement of the Diamond Source Warranty Protocol, by Jewelers of America (JA), the Jewelers Vigilance Council (JVC) and the Diamond Manufacturers & Importers Association of America (DMIA), the WFDB members voiced their grave concerns as to its effect on the flow of goods throughout the legitimate diamond supply pipeline. The industry, which is already very heavily regulated and self-regulated, will find itself facing possible difficulty in trading in the American market which still represents around 40% of the world retail trade, not to mention extra cost involved. The industry has called for more talks and the inclusion of all role players in any process involving diamonds. This type of regulation will have a ripple effect on all parties in the supply chain. Legislation of this nature could also lead to suppliers being classified as first or second class traders, or we could be talking about "segregation diamonds".

In Africa we also have the African Diamond Producers Association (ADPA) which was created to assist in looking after the interest of African producing countries on the world diamond stage. Membership of the WFDB will certainly go a long way in developing this objective. Secondly the ADPA also assist with the relationship between foreign mining companies and the countries in which they operate across Africa.

The supply of synthetic diamonds is growing, but remains a small percentage of the overall market. As I recently said at the World Diamond Congress in India, synthetic stones have a place in the market but certification and sales must be very strict in order to protect

consumers against possible misrepresentation. A call has been made on laboratories around the world to ensure that these stones are clearly marked as synthetics and the diamond industry should have a zero tolerance for any tampering or abuse of the process. At the World Diamond Congress, laboratories were also called on and asked to recognise overtones on diamonds and to make this part of the certification process as it has a marked impact on price.

Whilst Africa is a major producer of diamonds it remains one of the smallest consumers of diamond jewellery. We, as a continent, must work together to help build a diamond jewellery culture across the continent. By doing this we can build a consumer market for our product and further ensure downstream employment in polishing, cutting, design, manufacturing and retail. The employment and skills development opportunities that exist would be of enormous benefit to any country. This process will take time to develop but we need the courage to start now and build awareness for diamond jewellery by means of generic advertising, remembering the Nigerian proverb: "Courage is the father of success." This process will have to go hand in hand with the building of consumer confidence in local and international markets.

Zimbabwe has the potential to become one of the great diamond centres of the world, but in order to achieve this the country has to become part of the global industry. The process from mine to consumer needs to be managed in order to create wealth and skills for the producing country. The choice rests with Zimbabwe in how they deal with this mineral wealth Mother Earth gave them.

In closing today, before we move to the Q&A session, I would like to state that even though I am the president of the WFDB, I am a proud African, born and raised on this great continent and together we can walk this path to success.

I would like to end off on a very special line written by one of South Africa's great singers and song writers, the late Miriam Makeba: "Africa has her mysteries, and even a wise man cannot understand them. But a wise man respects them."

End.