

Gareth Penny
Managing Director, De Beers

World Diamond Council gala dinner,
1 July 2008,
Antwerp

Honorable Minister, distinguished guests, ladies and gentlemen.

Eli, thank you for the opportunity to address this distinguished gathering this evening.

Eight years ago, here in Antwerp, leaders of the diamond industry declared 'zero tolerance' on conflict diamonds and laid the foundations for the creation of the World Diamond Council.

At that time the industry was under intense and unrelenting media scrutiny as a result of equally intense pressure from the international community and civil society. The industry was regarded, by many, to be part of the problem.

Today, the WDC is seen the legitimate and authoritative voice of the international diamond community. Under Eli's leadership, it has earned the respect of governments and NGOs alike, providing expertise and assistance in the development, implementation and ongoing success of the Kimberley Process.

In doing so, the WDC has attracted credibility and provides us all with the opportunity to demonstrate the values that underpin our industry and prove that we are part of the solution.

I would, therefore, like to congratulate Eli and other colleagues and friends in the WDC, particularly Mark van Bockstael and Cecilia Gardner, for their outstanding achievements.

In addition to these achievements, the World Diamond Council, has demonstrated the positive effect that the private sector can have in the development of stability and prosperity in emerging economies, particularly in Africa.

Last month, in Washington, I spoke of the role the private sector can and must play in addressing the challenge of poverty and building a more prosperous Africa in the decades ahead. We should not underestimate the role our industry can play in achieving this.

To begin with, however, we must establish a positive approach and not subscribe to the view that Africa is a lost cause. For example, the typical perception, here in the West, is that all Africans are either victims or villains. We do not believe this to be the case.

There is another view; one we call, 'Africa Working' – where Africans are not only lifting themselves out of poverty, but collectively lifting their nations to new levels of sustainable prosperity. It is here we, in the private sector, can have an impact.

For those of you who might think this optimism to be unfounded, I invite you to consider the following:

- In 2007, African continental economic growth averaged nearly six per cent, with the best performers closer to 7 percent. Compare that with the dismal economic performance in Africa in the '80s and '90s, when growth rarely exceeded two per cent.

- Twenty-five years ago there were only three democracies in Africa - Botswana, Senegal and Mauritius. Today, more than 40 African countries have held multi-party elections. And while they may not be perfect, the trend is clear to see.
- Good governance, the rule of law, independent judiciaries, a free press and civil society growing in confidence are, despite some important exemptions, increasingly the norm, encouraging vital foreign capital investment and reducing dependency on overseas aid.
- Those diamond producing countries, until recently plagued with civil conflict, have seen some truly remarkable changes. For example:
 - The DRC successfully concluded its first Presidential elections;
 - Angola looks set to follow suit as it manages one of the fastest growing economies on the continent;
 - Sierra Leone has just completed another round of peaceful democratic elections;
 - and Liberia recently elected Africa's first female head of state.

Greater transparency in the way diamonds are traded in Africa and the subsequent increase in Government revenues are part of this increase in economic growth and improving governance.

I would like to explain why we in De Beers believe these improvements are essential to the future of our industry and why we should endeavor to continue our efforts.

Firstly, transparent and good governance in the way we conduct our business has a positive impact on the integrity of our product.

Our collective experience, gained largely through our involvement in the Kimberley Process, has taught us much. Above all, it has taught us that we all have a responsibility to ensure that we are not only aware of where our diamonds come from, but also to ensure, where we can, that the communities from where they came have a peaceful and stable existence, and experience lasting social and economic benefit from them – just as we would expect for ourselves.

As I have said before, the integrity of our product is now an essential element of our offer to the consumer, and the level of that integrity will be measured entirely on the way we conduct our business.

Quality is no longer just a physical manifestation of the products purchased by consumers. Quality and value are now measured against where the product comes from, who manufactured it and how.

Secondly, the diamond industry has and can continue to play a role in increasing economic prosperity on the continent to the benefit of all involved.

For example, today De Beers and its partners contribute more than \$4.6 billion dollars to African economies each year. In some ways, diamonds represent one of the largest transfers of wealth, from the rich western consumer markets to developing African producer countries. To put that in perspective, for example, the diamond industry in Botswana accounts for 33 percent of its gross domestic product and approximately 70 percent of the government revenue. Through initiatives such as beneficiation, our clients now have the opportunity to contribute to and benefit from this success.

Working together with governments and civil society, there is no reason that this industry cannot help to achieve the same elsewhere.

By ensuring that we purchase our goods from sources that encourage and develop the skills and abilities of local communities to retain and utilise the value of their diamonds, we will help to provide an engine for growth that will lead to wider economic investment.

I don't claim that we have all the answers. However, we do have some insights that have provided us with a sustainable business for more than 120 years and we believe that they will help to secure an equally sustainable future. They are:

- To form strong partnerships with Government so you both learn what it takes to succeed for business and for the country as a whole
- Commit to building a citizen-run organization, developing skills at the managerial level
- Help small citizen companies develop by outsourcing your supply chain
- Look to shift skilled value-adding jobs to Africa
- Play an active role in leading the fight against HIV/AIDS and in supporting education. It's key to your business and your communities' long-term success
- Focus on the impact of climate change on Africa
- Support international efforts to eliminate corruption and support good governance, which will multiply the positive impact of business ten-fold
- To share the wealth in a sustainable manner. Although you must first create it, for business, the 'how' you create it can make a big difference when it comes to making it sustainable

Not every one of these will be relevant to all businesses in our industry, but we believe they are principles that provide the basis on which we can benefit from ensuring that we assist in turning Africa's natural assets into national wealth.

However, to be viable, they must provide lasting social and economic benefits for all.

To be legitimate, they must involve the participation of governments, civil society and communities.

To succeed, they must become central to the way we do business and not considered as some kind of philanthropic gesture.

Representing the entire value chain, from mining to retail, the World Diamond Council is a powerful voice in the industry and I believe it can continue to play a vital role in promoting a greater understanding of principles such as these. Informing everyone in our business, and consumers around the world, of the industry's achievements and how each of us can do more.

I believe passionately that the international diamond industry, as part of the wider private sector, operating in an environment of good governance and the rule of law, can and should be an essential contributor to the building of a peaceful and prosperous Africa. However, it's not just doing business that will make the difference, but the way we practice our business that is the key.

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