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## **In all fairness, what about the WFDB Mark?**

*By Avi Paz, president of the World Federation of Diamond Bourses (WFDB) as published on the WFDB website*

I had the distinct pleasure of attending the 2011 Antwerp Diamond Conference in late May. It was an excellently organized and informative event, and a great deal of praise is due to the organizer, the Antwerp World Diamond Centre (AWDC), and in particular AWDC President Nikhil Parikh, AWDC CEO Ari Epstein and their staff. It was, in my opinion, one of the best international diamond conferences Antwerp has ever organized. As someone who was raised in this beautiful city, I was filled with pride.

The first day of the conference concluded with a panel discussion that included representatives of the world's leading diamond producers. Seated on stage were Jean Marc Lieberherr of Rio Tinto, Martin Leake of BHP Billiton, Tim Dabson of De Beers' Diamond Trading Company, and Leonid Tolpezhnikov of Alrosa. For good measure, diamond industry consultant and commentator Des Kilalea of RBC Capital Markets also participated.

As one who has attended a great many such events, the panel discussion began in an unusual manner. Explaining the procedure by which questions would be taken from the audience, the moderator Anish Agarwal noted that the representatives of the mining companies would not be able to answer questions about pricing and related issues due to antitrust considerations. He said there were lawyers in the hall who would intervene if "things got out of hand."

However, the panel discussion could have been even more interesting had the lawyers in the room been mandated to react to any of the other issues that came up in the panel discussion.

At one point during the discussions, Martin Leake noted that any company wishing to be eligible to buy rough diamonds from BHP Billiton must be a member of the Responsible Jewelry Council (RJC) and consequently must go through an auditing process by a third party to become certified by the RJC. This information was not news in and of itself. Martin Leake was merely restating what has been said before by other BHP Billiton representatives.

What I fail to understand is why these BHP clients, invariably all diamond companies whose owners are members of one of the 29 diamond bourses affiliated to the World Federation of Diamond Bourses, would be required to become RJC members or otherwise would be barred from entering a rough tender.

After all, as members of good standing of a WFDB-affiliated bourse, these diamantaires are subject to the stringent by-laws and regulations of their respective bourses and, in extension, of the WFDB. In addition, since 2008, bourse members of good standing also are eligible to become a holder of

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the WFDB Mark, which is the WFDB's own mark of excellence that can be displayed on their business cards, invoices, web sites, and so forth. More than 1,500 bourse members are already WFDB Mark holders, and more are joining the program every week.

I asked Martin Leake why bourse membership, and by extension the WFDB Mark, would not be a good enough an indication that an individual or company adheres to ethical and responsible rules of conduct? He was polite, but did not offer a convincing or even definitive response.

In an industry in which a handful of companies produces the overwhelming bulk of rough material, does not a requirement that one has to be member of specific organization, like RJC, constitute an unreasonable barrier to fair trade? I fear it does. In any business community, where smaller and medium-sized companies find themselves under increasing economic pressure, this is one artificially constructed obstacle that we should not have to contend with. It would have been interesting to have heard the lawyers in the room answering my question...

It is certainly something that deserves looking into. On behalf of the more than 12,000 bourse members who run their businesses ethically, under the guidance, rules and regulations of the world's leading diamond organization, I would suggest that the legal counsels of the major rough diamond producers examine this matter urgently.

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