

## **Alex Popov Speech to Kimberley Process Intersessional Meeting**

Good morning your excellencies, ministers, honored guests, colleagues, ladies and gentlemen, and all protocols observed.

My name is Alex Popov, I am the president of the Moscow Diamond Bourse, and Chairman of the World Diamond Mark Foundation (WFDB), and I am here to deliver a speech on behalf of Ernie Blom, the President of the World Federation of Diamond Bourses, who was unable to make it to this meeting, and sends his apologies.

Firstly, I would like to thank our colleagues from Angola for holding such a well-organized event for this most important of meetings. We, this year, celebrate the 13<sup>th</sup> anniversary of the Kimberley Process Certification Scheme. And I use the word 'celebrate' deliberately since we, in the diamond industry, have a great deal of which to be proud, where self-regulation is concerned.

We can safely say that we are one of the global leaders as far as taking the initiative and dealing with our internal issues is concerned. We led the way in bringing together industry, governments and civil society to deal with what had become a serious problem and that was attracting much adverse publicity for our precious business. I do not believe there are many other industries that have taken such extensive steps to ensure that their house is in order.

Indeed, if we look not so far away – at the precious metals sector – a product that is very close to us, of course, in the production of jewelry, we see that it is being seriously affected by the American Dodd-Frank Act which requires publicly listed American firms to provide detailed information to the U.S. Securities and Exchange Commission about the gold they use in their products that is sourced from the Democratic Republic of Congo and nine neighboring states.

When industry bodies do not act to correct wrongs, this leaves the way open for governments to act and they, as we know, are not as aware of the intricacies of our industry as are we, the people on the ground.

According to various reports, the Dodd-Frank Act is so complex that many firms are avoiding sourcing gold from the DRC altogether in order to stay on the safe side. This is having a deleterious effect on communities in the country which depend on gold sales for their livelihoods.

And just last month, European legislators unexpectedly voted in favor of a law requiring firms to ensure they do not use so-called conflict minerals from Africa and other areas that end up funding warlords.

The Kimberley Process plays a vital role in the life of the global diamond business and shows how seriously we take the importance of keeping our trade clean of conflict diamonds. The KP helps show consumers, the end-buyers of our products, the steps we take on a daily basis to stamp out the possibility of diamonds being used to fuel conflicts.

The WFDB, of course, supports the critical work carried out by the KPCS via its membership of the World Diamond Council (WDC). We have the greatest respect and admiration for the hard work that the WDC carries out on our behalf, as well as on behalf of other industry bodies.

Indeed, I should point out that we have supported the work of the Kimberley Process since its very inception in 2003. And, even before that, in the year 2000, the WFDB formulated and implemented its own chain of warranties system.

We remain very solid supporters of the Kimberley Process and believe it should remain firmly focused on fulfilling its mandate of dealing with the issue of conflict diamonds.

May I also take this opportunity to stress the complete opposition of the WFDB to money laundering and our total condemnation of this criminal behavior. We will continue to cooperate closely with the Financial Action Task Force on this subject. Money laundering has no place in the work of the diamond industry which works in a completely lawful and legitimate manner.

We are also busy working on, and creating, a KYC (Know Your Customer) program in the field of anti-money laundering.

The WFDB is also working on a global template with ABN Amro Bank which is, as we all know, one of the largest financiers of the global diamond business. We believe this framework will provide diamond companies on the one hand, and the banking community on the other, with detailed information about how to move forward. By showing each side the issues that are uppermost in the minds of the other, this will result in a compact that will secure a bankable, international diamond trade.

The WFDB is also consulting with attorneys to help create a compliance manifesto that will enable diamantaires to demonstrate that they are working in a compliant and legitimate manner that is in line with the highest levels of business practices.

These are some of the steps that the WFDB, which represents via its 30 affiliated bourses right across the world more than 95 percent of the people engaged in the diamond business, has outlined as ways to take the diamond industry forward. We believe in a pro-active approach that anticipates challenges and acts to deal with them ahead of time rather than being caught flat-footed and having to scramble to put out fires.

The WFDB is very much in favor of industry unity and a strategic approach that will create a dynamic, growing and profitable business for all members of the diamond trade.

May I thank you for you for giving me this opportunity to speak, and I wish us all a fruitful meeting.