

Address of the President of South Africa, Thabo Mbeki, at the High Diamond Council, Antwerp, Belgium

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Chairperson,
Distinguished Guests,
Ladies and Gentlemen:

Thank you very much for giving me the possibility to make a brief address to this important meeting of the High Diamond Council.

From the very beginning, Chairperson, I must confess that what I am after are diamonds, and suppose that I could not have come to a better place to get them than the High Diamond Council. It may be that I have listened too often to the song "diamonds are a girl's best friend".

I say I am after diamonds because I would love to hear a popular song whose lyrics would include a phrase - "diamonds are Africa's best friend". I am therefore particularly pleased that you have given me the opportunity to be here this evening because at least I can deliver a plea in the name of millions of Africans throughout our continent, that we all work together to give practical meaning to the new song we will compose together, which will say - diamonds are Africa's best friend.

Very often I hear people around our continent speaking about "the curse of oil and diamonds". This reflects the fear that any of our countries blessed with natural deposits of oil and diamonds is more than likely to be cursed with all manner of problems, including instability and conflict, corruption and unhealthy interference by those from the rest of the world interested in laying their hands on these natural resources.

I am certain that you who are gathered here and the millions in Africa whose countries happen to have diamond deposits, share a common interest to eradicate any negative image that might attach to diamonds. Therefore together we should do the things that would make it natural for us as Africans to speak of diamonds as a blessing, and heartily to sing the song we are still to compose - diamonds are Africa's best friend!

In this context, we have to do everything possible to ensure that no basis exists to accuse Africa of being the source of what are described in a terrible phrase as "blood diamonds" or, to use a softer phrase, "conflict diamonds". Certainly we have to destroy the wrong belief among some that diamonds are a cause of conflict, as we have to ensure that diamonds are not misused to sustain destructive conflicts.

I do believe, Chairperson, that to the extent that the High Diamond Council would reflect on these and other related matters, this would be expressive of the partnerships we seek, to enable us successfully to address the challenges of democracy, peace and stability, and the eradication of poverty and underdevelopment on our continent.

The honoured delegates here are aware of the new efforts in which our Continent is engaged, to end what has happened in the past, which has projected an image of our continent as one of war, military dictatorships, millions of refugees and displaced peoples, hunger and deprivation. The efforts to which I refer are, of course, the African Union and the New Partnership for Africa's Development, NEPAD.

In this context, it was inevitable that we should focus on the issue of diamonds. This is for the simple reason that diamonds are an important part of Africa's very rich natural resource base.

We know that diamonds are a valued source of employment, foreign exchange, tax revenue, new investments and play a positive role in enhancing the overall economic well being of countries and local communities.

Since the discovery of diamonds in the various countries, the diamond industry has always had the potential to play a critical role in the development of the specific countries. Indeed, there are instances where the diamond industry has played such a role and has helped to address the challenges of poverty and underdevelopment.

Today, this industry still has the possibility to play a significant role in the economic reconstruction and development of Africa, and particularly in those diamond-producing countries whose economic infrastructure and social fabric have been destroyed by conflict and civil strife.

Furthermore, the diamond industry can play an important role in facilitating empowerment of the historically disadvantaged African people in the ownership and management of the mining and minerals industry. This is critical if we are to realise our objective of making the 21st Century, a century for the revival and regeneration of Africa.

We are happy that the campaign against conflict diamonds has been strengthened through the Kimberley Process Certification Scheme, which should fundamentally restructure the way that diamond entrepreneurs do business, particularly in Africa.

I am sure we would agree that the restructuring and transformation of this industry in Africa should deliver a diamond industry that embraces good corporate citizenship, is responsive to poverty alleviation, committed to local economic empowerment, and is a leading force in value adding investments in Africa.

Ladies and Gentlemen:

Undoubtedly, the need, extent and intensity of economic empowerment would differ in each diamond producing country but could involve some or more of the following:

- Participation of Women: sensitising the diamond industry to its role in developing women as major stakeholders in the industry.
- Since gender is crosscutting, it needs to be placed in the mainstream of the whole value chain, starting from access to resources e.g., land and mining rights, finance, capacity building and transfer of skills up to ensuring that it accommodates race, culture, class etc. and therefore overall gender needs and concerns.
- Ensuring broad-based empowerment that would include communities and workers in the industry.
- Skills development constitutes a critical part of the industry's growth strategy. Audits of skills should be undertaken and be utilized in order to identify gaps and develop sector implementation plans. Of course, these activities should build on current interventions. Existing legislative frameworks should be utilized to strengthen the process particularly as they relate to resources and institutional base for delivery.

Diamonds, like all minerals commodities are non-renewable resources. Accordingly, dependence on raw materials subjects a country's economy to primary commodity price fluctuations and cyclical volatility.

I believe that it is both incumbent upon, and would be of benefit to the international diamond industry to support and invest in the beneficiation and value-adding projects in African diamond producing countries to ensure economic sustainability beyond the depletion of the diamond resources.

As a country we are therefore greatly interested in promoting this process. It also relates to the correct view that I believe is now prevalent, that Africa should become fully integrated within the globalising global economy. This raises the important question of how this process of integration should be effected.

I believe that a global consensus exists that the process of globalisation has produced and is producing both positive and negative consequences. On the negative side is the growing disparity in wealth, income and growth and development potential between the rich and the poor both between and within countries.

There is therefore a widely shared view that all humanity should seek to make an impact on the globalisation process so that it does not result in the marginalisation and impoverishment of large numbers of people globally.

With regard to our own Continent, it is our firm view that this cannot be done on the basis of the perpetuation of the old relationship according to which we as colonies produced and exported raw materials and imported high value added manufactured goods from the colonising countries. This also led to the building of an infrastructure directed at servicing this particular relationship.

Among other things, through NEPAD, Africa must therefore work at restructuring its economy, focusing on adding value to the raw materials it produces, and thus increasing its output of industrial goods. Necessarily, this new development path must also take advantage on the possibilities arising out of the evolution of modern information and communication technologies as well as biotechnology.

And so let us return to the matter of diamonds. Among other things, as a country, we are therefore focusing on the further development of the jewellery industry.

There are a number of positive factors that have suggested to us that we should work to expand jewellery output, including more advanced diamond beneficiation and manufacturing, in South Africa. Among others, we have taken this route because:

- South Africa is the leading mine supplier of refined gold, which is the principal jewellery metal and platinum, whose demand for use in jewellery is rapidly growing;
- South Africa is also a leading supplier of gem-quality diamonds.
- World jewellery demand is growing very strongly. I am told that jewellery consumes more than three-quarters of annual gold demand, and about half of annual platinum demand.
- As you would be aware, both rough and polished gem diamond sales have generally kept pace with world economic growth.
- Currently, South Africa manufactures less than one per cent of the world's jewellery. All Africa, which is a very minor consumer, manufactures only slightly more than one per cent of world share.

I believe that all this once more underlines the potentially important role that diamonds can play not only to help us achieve higher rates of economic growth, but fundamentally to transform and modernise our societies to catch up with the rest of the world, which is constantly involved in a rapid process of change. We must, once again, say that all this indicates that we would not be wrong to say that diamonds are Africa's best friend.

Many of us in this room would be aware of the reform process in South Africa's mining and mineral industry through new Minerals Legislation and the Empowerment Charter.

Let me take this opportunity to reiterate the reasons for carrying out these important reforms. We had to proceed the way we did because among others:

o We could not continue with the exclusion of the majority of the South African population from ownership, management and meaningful participation in the mining industry;

o We had an obligation to bring South Africa's mineral and mining policy into alignment with global trends and practices;

o We had to realign this industry with new internal policy developments in other sectors, bearing, among other things, on such matters as the environment, labour, land ownership, the Bill of Rights and others.

Because of the unfortunate history of our country, we have a duty to ensure that the mining industry, like the rest of our society, reflects the reality of South Africa. It would be unsustainable for an industry to continue to be dominated by one section of society to the exclusion of the majority.

I am very pleased that our society as a whole, including the public and private sectors and civil society in general share the conviction that the success of our democracy depends on our success in eradicating the legacy of racism in our country that is over 300 years old.

As South Africans, and especially the Government, the mining companies and the trade unions we have sought to work together to design the new mining and minerals regime, determined to evolve such consensus among all these social partners so as to arrive at a win-win situation. We will continue to approach the continuing reform process in this cooperative and inclusive manner.

I would extend what I have said about the entrenchment of democracy in our country with the observation that the important struggle being waged by the peoples of Africa to achieve peace, democracy and respect for human rights must be underwritten by progress in the socio-economic sphere resulting in the material improvement of the lives of the people.

In this context, it is also vitally necessary that the African peoples should have the possibility fully to participate in the process of determining not only their political but also their economic destiny. This, the ownership of African development by Africans, must surely be one of the central purposes of the African renaissance of which we speak.

As the honourable members of the High Diamond Council would know and expect, what we have said about issues of empowerment and beneficiation of diamonds derives from our own experience and practice as a country. And as we have indicated, our national circumstances, dictated by the our specific historical past, make it inevitable that we should address these important matters of empowerment and adding value to the raw materials that we produce.

However, and without any suggestion of arrogance on our part, I would also like to point out that it is clear that other countries on our Continent are studying what we are trying to achieve in South Africa. Undoubtedly they will also draw whatever lessons they may, to empower them to embark on their own related transformation processes.

I therefore believe that the diamond industry should position itself to take the lead in joining the partnership for the transformation of Africa to make it the better and successful continent it should and will be.

I also mention the challenge of the diamond industry taking the lead, in the context of growing international concern about the functioning and operations of extractive industries, especially in Africa. As you know, issues raised in this regard include transparency about revenues received by the governments of the mining countries, environmental and other matters.

I am certain that all of us here are committed to the objective of ethical behaviour throughout the value chain of the diamond industry. The industry therefore has an outstanding possibility to demonstrate to everybody that it is committed to such behaviour in word and in deed.

As African governments we too must ensure that we work together with all entrepreneurs in the diamond industry to establish the industry as a leader in the process of establishing and entrenching a culture of good political and corporate governance on our Continent.

This would constitute a vital contribution to the extraordinary effort in which the peoples of Africa are involved, to achieve the renewal of our Continent, overcoming a most unfortunate past marked by regression even as other parts of our common globe advanced towards the achievement of the goal of a better life for all.

I am confident that working together, we have the possibility to use the important diamond industry for the benefit of our countries, the benefit of those who invest in the industry as well as workers and communities.

Thank you again for inviting me to this important meeting and best wishes for success in your important work which, among other things, will make the statement practically that diamonds are Africa's best friend.

I thank you.